



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

BUDGET & TREASURY

2016/17 MTREF

DRAFT BUDGET

ANNUAL BUDGET OF
HARRY GWALA
DISTRICT
MUNICIPALITY

2016/17 TO 2018/19
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 2016/17 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 2016/2017 Total Revenue is R 686, 5m broken down as follows;

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

Allocated as follows;

• Operational budget	R 368m
• Capital budget	R 356m

2016/2017 Consolidated Total Revenue is R 686, 8m broken down as follows;

• Government Grants and Subsidies – Capital	R 277, 6m
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- Government Grants and Subsidies – Operational R 335, 7m
- Own Revenue R 73, 4m

Allocated as follows;

- Operational budget R 368m
- Capital budget R 356m

The staff salaries budget has been budgeted at R125, 3m, representing 34% of the operational budget. Councilor's allowances have been budgeted at R7, 9m. The staff salaries budget for the consolidated has been budgeted at R133, 8million.

Local government equitable share

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

- ✓ Equitable share R 260 069 000

For 2016/17 Final Budget capital projects amounting to R 356 054 325 have been planned under the following categories;

PROJECT TYPE	AMOUNT
Water	R 309 106 542
Sanitation	R 33 665 783
Other Assets	R 12 282 000
Fencing	R 1 000 000
TOTAL	R 356 054 325

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

Budget or breakdown allocation per local Municipality is as follows:

Umzimkhulu	R	91 340 611	26%	Has a huge Backlogs
Ingwe	R	114 790 996	32%	Huge Backlogs
Ubuhlebezwe	R	96 276 718	27%	Backlogs has been reduced
Kokstad	R	13 000 000	4%	Few Backlogs
Kwasani	R	17 000 000	5%	And No Backlogs

HGDM & Wide	R	23 646 000	6%
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The Ingwe municipality infrastructure budget allocation includes an amount of R60million for the construction of the Bulwer Dam under the Regional Bulk Infrastructure Grant.

Local Economic Development and Tourism

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

Promoting efficient revenue and expenditure management in local government

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

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

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

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

See breakdown on the next page

DESCRIPTION	2016/17	2017/18	2018/19
SPORT DEVELOPMENT	R 4 000 000	R 4 000 000	R 4 000 000
ICT HUB	R 227 500	R 240 695	R 254 655
RURAL HORSE RIDING - GAMES (SUMMER CUP)	R 800 000	R 800 000	R 800 000
DISABLED PROGRAMMES	R 316 500	R 334 857	R 354 279
YOUTH DEV EMPOWERMENT PLAN	R 321 775	R 340 438	R 360 183
BURSARIES-COMMUNITY	R 500 000	R 529 000	R 559 682
MEDICAL BURSARIES	R 189 900	R 200 914	R 212 567
WOMENS EMPOWERMENT PROGRAMME	R 211 000	R 223 238	R 236 186
MENS FORUM AND CAPACITY BUILDING	R 210 000	R 210 000	R 210 000
GOLDEN GAMES	R 200 000	R 200 000	R 200 000
BACK TO SCHOOL CAMPAIGN	R 158 250	R 167 429	R 177 139
TO ATTEND UMKHOSI WOMHLANGA	R 50 000	R 50 000	R 50 000
HARRY GWALA DISTRICT MARATHON	R 1 000 000	R 1 000 000	R 1 000 000
YOUTH COUNCIL	R 250 000	R 250 000	R 250 000
TOTAL	R 8 434 925	R 8 546 571	R 8 664 691

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 30 March 2016 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 2016/17. 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 2016/17 and the multi-year capital appropriations as set out in the following tables:

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

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

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

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

1.1.5. Consolidated budget schedules A1 to A10.

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

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

1.2.1. Budgeted Financial Position as contained in Table A6;

1.2.2. Budgeted Cash Flows as contained in Table A7;

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

1.2.4. Asset management as contained in Table A9; and

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

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

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

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

3. The Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs for other services, as set out in tariffs policy.
4. The council, acting in terms of section 24 of the Municipal Finance Management Act, notes with effect from 30 March 2016 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 and 79 were used to guide the compilation of the 2016/17 MTREF.

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

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

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

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

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

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

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

R thousand	Adjustments Budget 2015/16	Budget Year 2016/17	Budget Year + 1 2017/18	Budget Year +2 2018/19
Total Operating Revenue	R 328 699 000	R 350 794 000	R 372 490 000	R 400 018 000
Total Operating Expenditure	R 387 050 000	R 368 353 000	R 391 813 000	R 415 420 000
(Surplus)/ Deficit for the year	R - 58 351 000	R - 17 559 000	R - 19 323 000	R - 15 402 000
Total Capital Expenditure	R 250 238 000	R 356 054 000	R 409 888 000	R 381 252 000

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

Total operating expenditure for the 2016/17 financial year has been appropriated at R368 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has decreased by 5% per cent in the 2016/17 budget. The operating deficit for the 2016/17 decreases by R 40m and then increased by a R1, 7 million in 2017/18 then decrease again in 2018/2019 by R 3, 9m. These deficits are caused by non-cash items which are depreciation and bad debts and the amount for 2016/2017 deficit is at R 17m whereas depreciation is at R31m.

The capital budget of R356 million for 2016/17 is 42% per cent more when compared to the 2015/16 Adjustment Budget. The increase is due to various grants gazzetted or received for the 2016/17 financial year to improve the backlog of water and sanitation within the district. The capital programme increases to R409million in the 2017/18 financial year and R381 million in 2018/19 financial year. The capital budget is largely funded from the Government Grants and Subsidies in the MTREF.

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

Table 2 Consolidated Overview of the 2016/17 MTREF

R thousand	Adjustments Budget 2015/16	Budget Year 2016/17	Budget Year + 1 2017/18	Budget Year +2 2018/19
Total Operating Revenue	R 377 191 000	R 350 999 000	R 372 705 000	R 400 244 000
Total Operating Expenditure	R 439 649 000	R 376 049 000	R 398 480 000	R 421 930 000
(Surplus)/ Deficit for the year	R -62 458 000	R -25 050 000	R -25 775 000	R -21 686 000
Total Capital Expenditure	R 278 348 000	R 357 919 000	R 411 846 000	R 383 309 000

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

1.4 OPERATING REVENUE FRAMEWORK

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for water and sanitation service charges in the MTREF;
- Achievement in the long term of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the district.

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

Table 3 Summary of revenue classified by main revenue source

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

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

Table 4 Percentage growth in revenue by main revenue source

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

Description R thousand	Current year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source								
Service charges - water revenue	38 329	12%	40 714	12%	43 157	12%	45 746	11%
Service charges - sanitation revenue	16 461	5%	17 449	5%	18 496	5%	19 605	5%
Service charges - other	1 032	0%	2 391	1%	2 534	1%	2 686	1%
Interest earned - external investments	3 375	1%	3 500	1%	3 710	1%	3 933	1%
Interest earned - outstanding debtors	8 000	2%	8 500	2%	9 000	2%	9 500	2%
Transfers recognised - operational	260 403	79%	277 632	79%	294 948	79%	317 863	79%
Other revenue	1 098	0%	609	0%	646	0%	685	0%
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)	328 699	100%	350 794	100%	372 490	100%	400 018	100%
Total Revenue from rates & Service Charges	55 822	17%	60 553	17%	64 187	17%	68 038	17%

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

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

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

Operating grants and transfers totals R277 m in the 2016/17 financial year and steadily increases to R294m 2017/18 and R317m in 2018/19. Note that the year-on-year growth on the operational grants for the 2016/17 financial year is 7% per cent and then flattens out to 6 % and 8 % per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 5 Operating Transfers and Grant Receipts

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Operating transfers and grants:									
National Government:									
Current year receipts	207 846	217 899	263 074	248 723	248 723	248 723	269 232	294 548	317 363
Conditions met - transferred to revenue	207 846	217 899	263 074	248 723	248 723	248 723	269 232	294 548	317 363
Provincial Government:									
Current year receipts	1 081	297	750	1 100	1 100	1 100	400	400	500
Conditions met - transferred to revenue	1 081	297	750	1 100	1 100	1 100	400	400	500
Total operating transfers and grants revenue	208 927	218 196	263 824	249 823	249 823	249 823	269 632	294 948	317 863
Capital transfers and grants:									
National Government:									
Current year receipts	136 033	180 634	257 533	270 790	270 790	270 790	343 772	401 643	373 080
Conditions met - transferred to revenue	136 033	180 634	257 533	270 790	270 790	270 790	343 772	401 643	373 080
Provincial Government:									
Current year receipts	26 073	3 617	-	-	-	-	-	-	-
Conditions met - transferred to revenue	26 073	3 617	-	-	-	-	-	-	-
Total capital transfers and grants revenue	162 106	184 251	257 533	270 790	270 790	270 790	343 772	401 643	373 080
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	371 033	402 447	521 357	520 613	520 613	520 613	613 404	696 591	690 943

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

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

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

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water, petrol, diesel, chemicals etc. The current challenge facing the District is managing the gap

between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the District has undertaken the tariff setting process relating to service charges as follows.

Sale of Water and Impact of Tariff Increases

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

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

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

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

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

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

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

- Sale of Water and Impact of Tariff Increases

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

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

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

Table 6 Proposed Water Tariffs

Residential

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

Commercial & Industrial

Commercial & Industrial						
Consumption Increments in R per KL	2015/16		2016/17		Increase	
0-100	R	9.75	R	10.34	R	0.59
101-200	R	13.12	R	13.91	R	0.79

201-300	R	21.75	R	23.06	R	1.31
301-400	R	23.26	R	24.65	R	1.39
401-500	R	24.75	R	26.24	R	1.49
500+	R	26.26	R	27.83	R	1.57

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

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

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

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

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

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

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

Sanitation and Impact of Tariff Increases

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

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

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

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

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

New connections

Disconnect/Reconnection IRO credit control

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

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

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

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

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

Overall impact of tariff increases on households

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

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

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

Table 10 MBRR Table SA14 – Household bills

DC43 Harry Gwala - Supporting Table SA14 Household bills

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

1.5 OPERATING EXPENDITURE FRAMEWORK

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

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

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

Table 11 Summary of operating expenditure by standard classification item

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type										
Employee related costs	79 228	99 943	106 345	114 031	116 031	116 031	116 031	125 313	135 338	146 165
Remuneration of councillors	4 622	5 249	5 688	7 321	7 321	7 321	7 321	7 906	8 539	9 222
Debt impairment	15 023	23 206	11 989	24 692	24 692	24 692	24 692	25 394	26 917	28 533
Depreciation & asset impairment	28 992	37 050	39 754	30 000	30 000	30 000	30 000	31 874	33 786	35 812
Finance charges	3 792	3 510	3 711	2 228	1 114	1 114	1 114	2 400	2 539	2 686
Bulk purchases	9 710	9 487	8 947	8 706	9 852	9 852	9 852	4 185	4 427	4 684
Contracted services	18 825	23 659	51 144	32 015	53 356	53 356	53 356	44 923	47 516	50 272
Transfers and grants	7 490	14 808	16 501	20 000	18 096	18 096	18 096	20 000	22 218	23 551
Other expenditure	172 399	159 420	142 663	106 629	126 589	126 589	126 589	106 358	110 532	114 494
Loss on disposal of PPE	138	25 116	9 953							
Total Expenditure	340 218	401 448	396 694	345 621	387 050	387 050	387 050	368 353	391 813	415 420

The budgeted allocation for employee related costs for the 2016/17 financial year totals R125, 3 m, which equals 34% per cent of the total operating expenditure, consolidated employee related costs for the 2016/2017 financial year totals to R133million. Based on the three year collective agreement, salary increases have been factored into this budget at a percentage increase of 8% as per the salary wage collective agreement started in 2015/16 and end to 2017/18. An annual increase of 8 per cent has been included in the next 2017/18 MTREF. Harry Gwala District Municipality budgeted at 8% salary increase for 2016/2017 financial year as per salary wage collective agreement. As part of the district's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards.

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

1. **The cost associated with the remuneration of 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 70 per cent and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R25m and R26m for 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.
3. **Provision for depreciation and asset impairment** has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R31m for the 2016/17 financial and equates to 9% per cent of the total operating expenditure. Depreciation for the budget year represents an increase from the 2015/16 adjustments budgets due to a number of projects or assets that are still on work in progress.
4. **Finance charges** consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1% per cent of operating expenditure. As previously noted, the District has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing. In 2013/14 the municipality paid off the Greater Kokstad infrastructure upgrade DBSA loan. The other loans from DBSA was settled in June 2015 and Absa in 2020/21 financial years respectively.
5. **Bulk purchases** are directly informed by the purchase of water from Umngeni Water in the Ubuhlebezwe area. The annual price increases of 8, 7% have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

6. **Contracted services** have been identified as a cost saving area for the Municipality. As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R44 million showing a decrease of 16 % from 2015/16, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 6% per cent of total operating expenditure. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2015/16 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

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

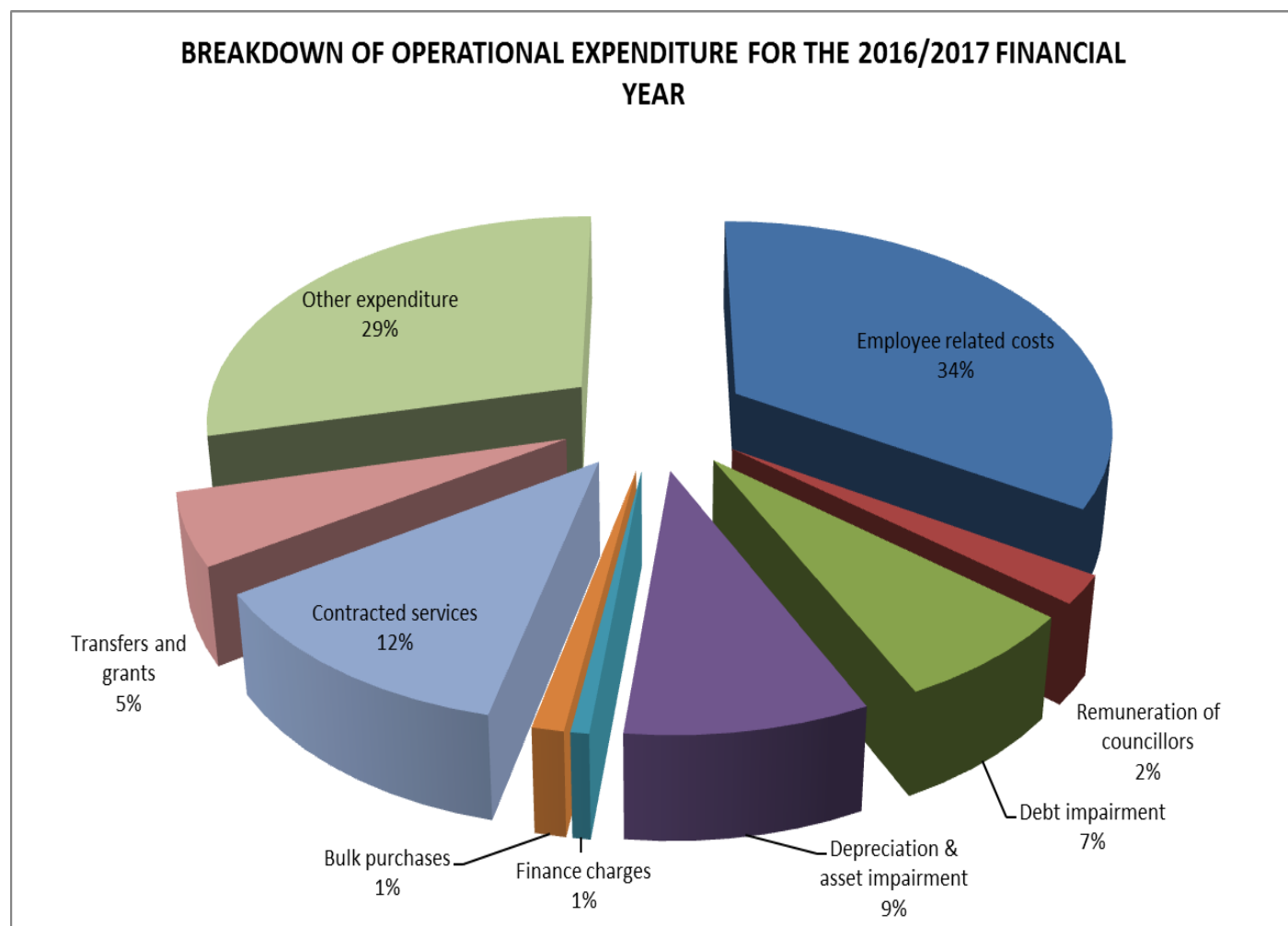


Figure 1 Main operational expenditure categories for the 2016/17 financial year

Priority given to repairs and maintenance

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

Table 12 Operational repairs and maintenance

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

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

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

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

Table 13 Repairs and maintenance per asset class

DC43 Harry Gwala - Table A9 Asset Management

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

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

Table A9 reveals a 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 23 000 or more indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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

1.6 CAPITAL EXPENDITURE

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

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

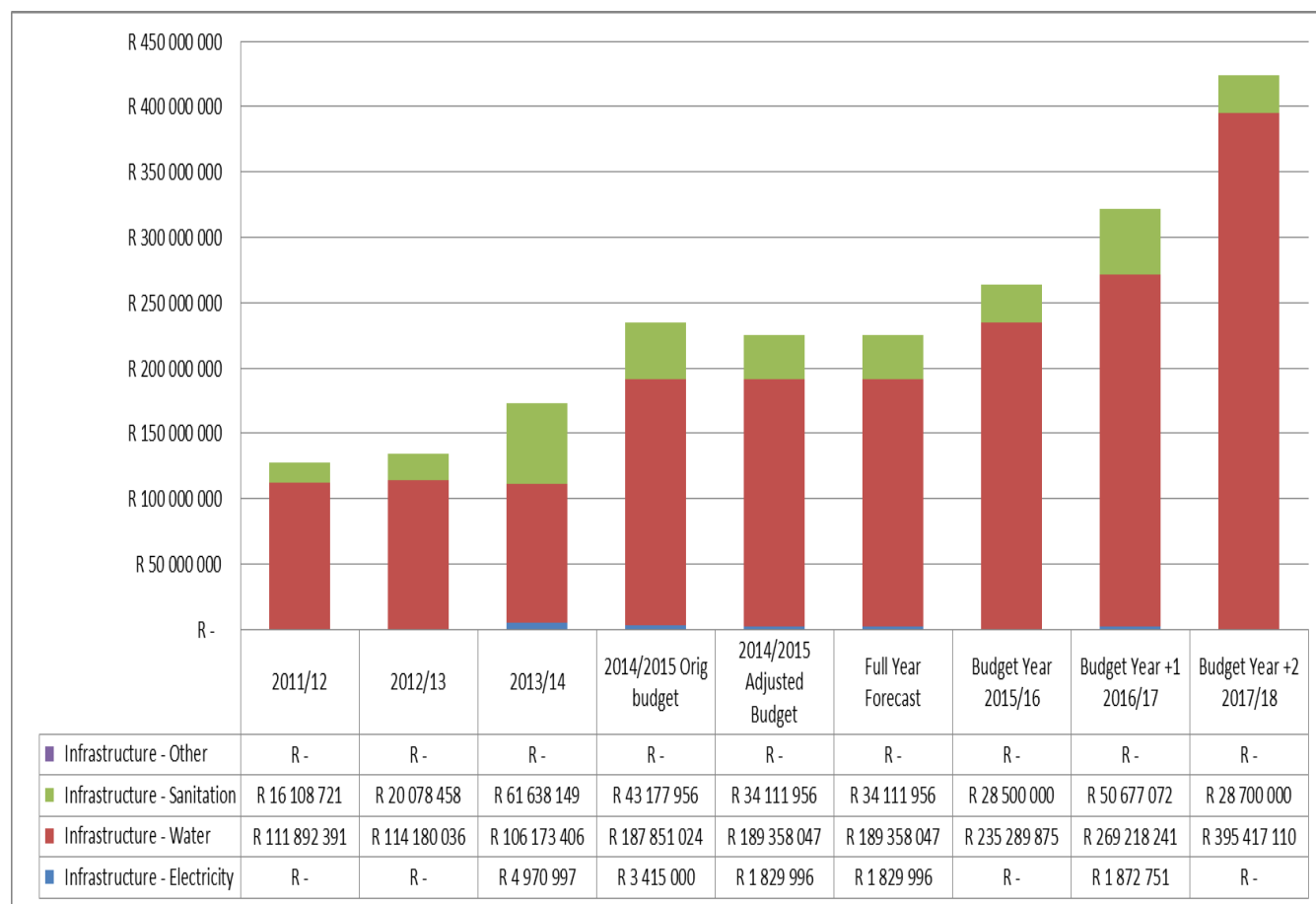
DC43 Harry Gwala - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Current Year 2015/2016		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 4 - Corporate Services	1 643	1%	4 624	1%	2 776	1%	2 937	1%
Vote 5 - Social & Development Planning	400	0%	1 117	0%	1 335	0%	854	0%
Vote 6 - Infrastructure Services	244 590	98%	345 272	97%	403 233	98%	374 765	98%
Vote 7 - Water Services	3 605	1%	5 042	1%	2 544	1%	2 697	1%
Capital multi-year expenditure sub-total	250 238	100%	356 054	100%	409 888	100%	381 252	100%

For 2016/17 an amount of R356 million has been appropriated for the development of infrastructure which represents 97% of the total capital budget. In the outer years this amount totals R409million, 98% and R381 million, 98% respectively for each of the financial years.

Total new assets represent 97 per cent or R3516million of the total capital budget while asset renewal equates to 1% per cent or R5million. Further detail relating to asset classes and proposed capital expenditure is contained in Table MBRR A9 (Asset Management). In addition to the MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Refer to table MBRR SA36 for the detailed listing of the capital projects.

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



Future operational cost of new infrastructure

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

1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

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

Table 15 MBRR Table A1 - Budget Summary

DC43 Harry Gwala - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Service charges	39 865	48 905	55 400	55 902	55 822	55 822	55 822	60 553	64 187	68 038
Investment revenue	2 988	3 344	3 476	4 375	3 375	3 375	3 375	3 500	3 710	3 933
Transfers recognised - operational	208 927	288 184	282 197	249 823	260 403	260 403	260 403	277 632	294 948	317 863
Other own revenue	2 210	7 497	8 828	7 328	9 098	9 098	9 098	9 109	9 646	10 185
Total Revenue (excluding capital transfers and contributions)	253 990	347 929	349 901	317 429	328 699	328 699	328 699	350 794	372 490	400 018
Employee costs	79 228	99 943	106 345	114 031	116 031	116 031	116 031	125 313	135 338	146 165
Remuneration of councillors	4 622	5 249	5 688	7 321	7 321	7 321	7 321	7 906	8 539	9 222
Depreciation & asset impairment	28 992	37 050	39 754	30 000	30 000	30 000	30 000	31 874	33 786	35 812
Finance charges	3 792	3 510	3 711	2 228	1 114	1 114	1 114	2 400	2 539	2 686
Materials and bulk purchases	9 710	9 487	8 947	8 706	9 852	9 852	9 852	4 185	4 427	4 684
Transfers and grants	7 490	14 808	16 501	20 000	18 096	18 096	18 096	20 000	22 218	23 551
Other expenditure	206 385	231 401	215 749	163 336	204 636	204 636	204 636	176 675	184 966	193 299
Total Expenditure	340 218	401 448	396 694	345 621	387 050	387 050	387 050	368 353	391 813	415 420
Surplus/(Deficit)	(86 228)	(53 519)	(46 793)	(28 193)	(58 351)	(58 351)	(58 351)	(17 559)	(19 323)	(15 402)
Transfers recognised - capital	246 502	146 077	218 421	270 790	244 290	244 290	244 290	335 772	401 643	373 080
Surplus/(Deficit) after capital transfers & contributions	160 274	92 558	171 628	242 597	185 939	185 939	185 939	318 213	382 320	357 678
Surplus/(Deficit) for the year	160 274	92 558	171 628	242 597	185 939	185 939	185 939	318 213	382 320	357 678
Capital expenditure & funds sources										
Capital expenditure	163 035	217 866	355 127	278 540	250 238	250 238	250 238	356 054	409 888	381 252
Transfers recognised - capital	162 106	199 128	348 318	270 790	244 290	244 290	244 290	343 772	401 643	373 080
Internally generated funds	929	18 738	6 809	7 750	5 948	5 948	5 948	12 282	8 245	8 173
Total sources of capital funds	163 035	217 866	355 127	278 540	250 238	250 238	250 238	356 054	409 888	381 252
Financial position										
Total current assets	87 169	45 472	68 952	85 442	42 606	42 606	42 606	102 949	185 149	317 555
Total non current assets	1 151 159	1 279 563	1 470 664	1 600 660	1 572 358	1 572 358	1 572 358	1 848 499	2 204 896	2 510 672
Total current liabilities	129 436	116 668	161 589	56 886	108 886	108 886	108 886	63 975	64 382	61 044
Total non current liabilities	37 053	41 121	39 153	31 018	31 018	31 018	31 018	27 921	28 060	28 493
Community wealth/Equity	1 071 839	1 167 247	1 338 874	1 598 198	1 475 060	1 475 060	1 475 060	1 859 551	2 297 603	2 738 690

DC43 Harry Gwala - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Cash flows										
Net cash from (used) operating	184 742	203 264	242 815	268 665	263 590	263 590	263 590	351 174	429 880	395 406
Net cash from (used) investing	(163 035)	(188 113)	(239 585)	(248 610)	(276 912)	(276 912)	(276 912)	(321 592)	(367 362)	(350 900)
Net cash from (used) financing	(5 060)	(5 863)	(6 833)	(3 684)	(2 694)	(2 694)	(2 694)	(2 834)	(2 145)	(2 398)
Cash/cash equivalents at the year end	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085
Cash backing/surplus reconciliation										
Cash and investments available	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085
Application of cash and investments	74 229	117 187	147 229	29 761	81 493	81 493	81 493	18 765	(7 600)	(44 656)
Balance - surplus (shortfall)	(54 043)	(87 712)	(121 358)	22 930	(71 638)	(71 638)	(71 638)	17 838	104 576	183 740
Asset management										
Asset register summary (WDV)	1 151 159	1 279 924	1 540 017	1 600 660	1 572 358	1 572 358	1 914 112	1 914 112	2 310 097	2 676 612
Depreciation & asset impairment	28 992	37 050	39 754	30 000	30 000	30 000	31 874	31 874	33 786	35 812
Renewal of Existing Assets	8 901	6 525	4 580	7 000	7 000	7 000	7 000	5 000	5 000	20 000
Repairs and Maintenance	61 148	64 817	70 254	73 875	73 875	73 875	88 791	88 791	114 105	139 419
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	4 455	4 455	5 006	5 306	5 306	5 306	5 306	5 306	4 886	5 179
Households below minimum service level										
Water:	33	31	32	32	32	32	33	33	35	37
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

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

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

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

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

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

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

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

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

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

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	210 829	213 917	252 538	249 598	255 059	255 059	274 973	300 452	323 572
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	210 347	213 452	252 538	249 598	255 059	255 059	274 973	300 452	323 572
Corporate services	481	465	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	9 433	742	750	1 100	1 100	1 100	400	400	500
Planning and development	9 433	742	750	1 100	1 100	1 100	400	400	500
<i>Trading services</i>	280 230	279 347	315 034	337 520	316 829	316 829	411 194	473 282	449 026
Water	40 521	49 182	52 600	61 230	56 539	56 539	60 550	64 183	68 034
Waste water management	239 709	230 165	262 434	276 290	260 290	260 290	350 644	409 099	380 992
Total Revenue - Standard	500 492	494 007	568 322	588 218	572 988	572 988	686 567	774 133	773 098
Expenditure - Standard									
<i>Governance and administration</i>	98 509	122 454	137 056	133 932	131 608	131 608	144 091	152 941	160 931
Executive and council	12 760	16 695	23 099	28 719	24 484	24 484	29 224	30 221	32 363
Budget and treasury office	45 752	58 717	65 591	59 527	63 444	63 444	64 506	69 100	71 473
Corporate services	39 997	47 042	48 365	45 686	43 680	43 680	50 362	53 620	57 095
<i>Economic and environmental services</i>	36 438	67 456	52 368	54 286	52 428	52 428	58 937	63 416	67 282
Planning and development	36 438	67 456	52 368	54 286	52 428	52 428	58 937	63 416	67 282
<i>Trading services</i>	205 270	211 539	207 270	157 403	203 013	203 013	165 326	175 456	187 207
Water	129 878	105 830	157 332	134 197	159 142	159 142	138 344	146 490	156 283
Waste water management	75 392	105 708	49 938	23 206	43 872	43 872	26 982	28 967	30 924
Total Expenditure - Standard	340 218	401 448	396 694	345 621	387 050	387 050	368 353	391 813	415 420
Surplus/(Deficit) for the year	160 274	92 558	171 628	242 597	185 939	185 939	318 213	382 320	357 678

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

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

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

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

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

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

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

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	210 347	213 452	252 538	249 598	255 059	255 059	274 973	300 452	323 572
Vote 4 - Corporate Services	481	465	-	-	-	-	-	-	-
Vote 5 - Social & Development Planning	9 433	742	750	1 100	1 100	1 100	400	400	500
Vote 6 - Infrastructure Services	239 709	230 165	262 434	276 290	260 290	260 290	350 644	409 099	380 992
Vote 7 - Water Services	40 521	49 182	52 600	61 230	56 539	56 539	60 550	64 183	68 034
Total Revenue by Vote	500 492	494 007	568 322	588 218	572 988	572 988	686 567	774 133	773 098
Expenditure by Vote to be appropriated									
Vote 1 - Council	7 363	8 861	10 517	13 164	12 024	12 024	12 382	13 274	14 232
Vote 2 - Municipal Manager	5 398	7 834	12 582	15 555	12 460	12 460	16 841	16 947	18 131
Vote 3 - Budget & Treasury Office	45 752	58 717	65 591	59 527	63 444	63 444	64 506	69 100	71 473
Vote 4 - Corporate Services	39 997	47 042	48 365	45 686	43 680	43 680	50 362	53 620	57 095
Vote 5 - Social & Development Planning	36 438	67 456	52 368	54 286	52 428	52 428	58 937	63 416	67 282
Vote 6 - Infrastructure Services	75 392	105 708	49 938	23 206	43 872	43 872	26 982	28 967	30 924
Vote 7 - Water Services	129 878	105 830	157 332	134 197	159 142	159 142	138 344	146 490	156 283
Total Expenditure by Vote	340 218	401 448	396 694	345 621	387 050	387 050	368 353	391 813	415 420
Surplus/(Deficit) for the year	160 274	92 558	171 628	242 597	185 939	185 939	318 213	382 320	357 678

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

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

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

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 7 - Water Services	40 521	49 182	52 600	61 230	56 539	56 539	60 550	64 183	68 034
Vote 7 - Water Services	129 878	105 830	157 332	134 197	159 142	159 142	138 344	146 490	156 283
Surplus /Deficit for the Year	(89 357)	(56 648)	(104 733)	(72 967)	(102 603)	(102 603)	(77 794)	(82 307)	(88 249)
Percentage Surplus	-45%	-87%	-50%	-84%	-55%	-55%	-78%	-78%	-77%

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

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

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source										
Service charges - water revenue	27 833	34 233	38 780	38 409	38 329	38 329	38 329	40 714	43 157	45 746
Service charges - sanitation revenue	12 033	14 671	16 620	16 461	16 461	16 461	16 461	17 449	18 496	19 605
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-
Service charges - other				1 032	1 032	1 032	1 032	2 391	2 534	2 686
Interest earned - external investments	2 988	3 344	3 476	4 375	3 375	3 375	3 375	3 500	3 710	3 933
Interest earned - outstanding debtors		5 638	7 446	6 360	8 000	8 000	8 000	8 500	9 000	9 500
Transfers recognised - operational	208 927	288 184	282 197	249 823	260 403	260 403	260 403	277 632	294 948	317 863
Other revenue	2 210	1 859	1 382	968	1 098	1 098	1 098	609	646	685
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)	253 990	347 929	349 901	317 429	328 699	328 699	328 699	350 794	372 490	400 018
Expenditure By Type										
Employee related costs	79 228	99 943	106 345	114 031	116 031	116 031	116 031	125 313	135 338	146 165
Remuneration of councillors	4 622	5 249	5 688	7 321	7 321	7 321	7 321	7 906	8 539	9 222
Debt impairment	15 023	23 206	11 989	24 692	24 692	24 692	24 692	25 394	26 917	28 533
Depreciation & asset impairment	28 992	37 050	39 754	30 000	30 000	30 000	30 000	31 874	33 786	35 812
Finance charges	3 792	3 510	3 711	2 228	1 114	1 114	1 114	2 400	2 539	2 686
Bulk purchases	9 710	9 487	8 947	8 706	9 852	9 852	9 852	4 185	4 427	4 684
Contracted services	18 825	23 659	51 144	32 015	53 356	53 356	53 356	44 923	47 516	50 272
Transfers and grants	7 490	14 808	16 501	20 000	18 096	18 096	18 096	20 000	22 218	23 551
Other expenditure	172 399	159 420	142 663	106 629	126 589	126 589	126 589	106 358	110 532	114 494
Loss on disposal of PPE	138	25 116	9 953							
Total Expenditure	340 218	401 448	396 694	345 621	387 050	387 050	387 050	368 353	391 813	415 420
Surplus/(Deficit)	(86 228)	(53 519)	(46 793)	(28 193)	(58 351)	(58 351)	(58 351)	(17 559)	(19 323)	(15 402)
Transfers recognised - capital	246 502	146 077	218 421	270 790	244 290	244 290	244 290	335 772	401 643	373 080
Surplus/(Deficit) after capital transfers & contributions	160 274	92 558	171 628	242 597	185 939	185 939	185 939	318 213	382 320	357 678
Surplus/(Deficit) after taxation	160 274	92 558	171 628	242 597	185 939	185 939	185 939	318 213	382 320	357 678
Surplus/(Deficit) attributable to municipality	160 274	92 558	171 628	242 597	185 939	185 939	185 939	318 213	382 320	357 678
Surplus/(Deficit) for the year	160 274	92 558	171 628	242 597	185 939	185 939	185 939	318 213	382 320	357 678

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

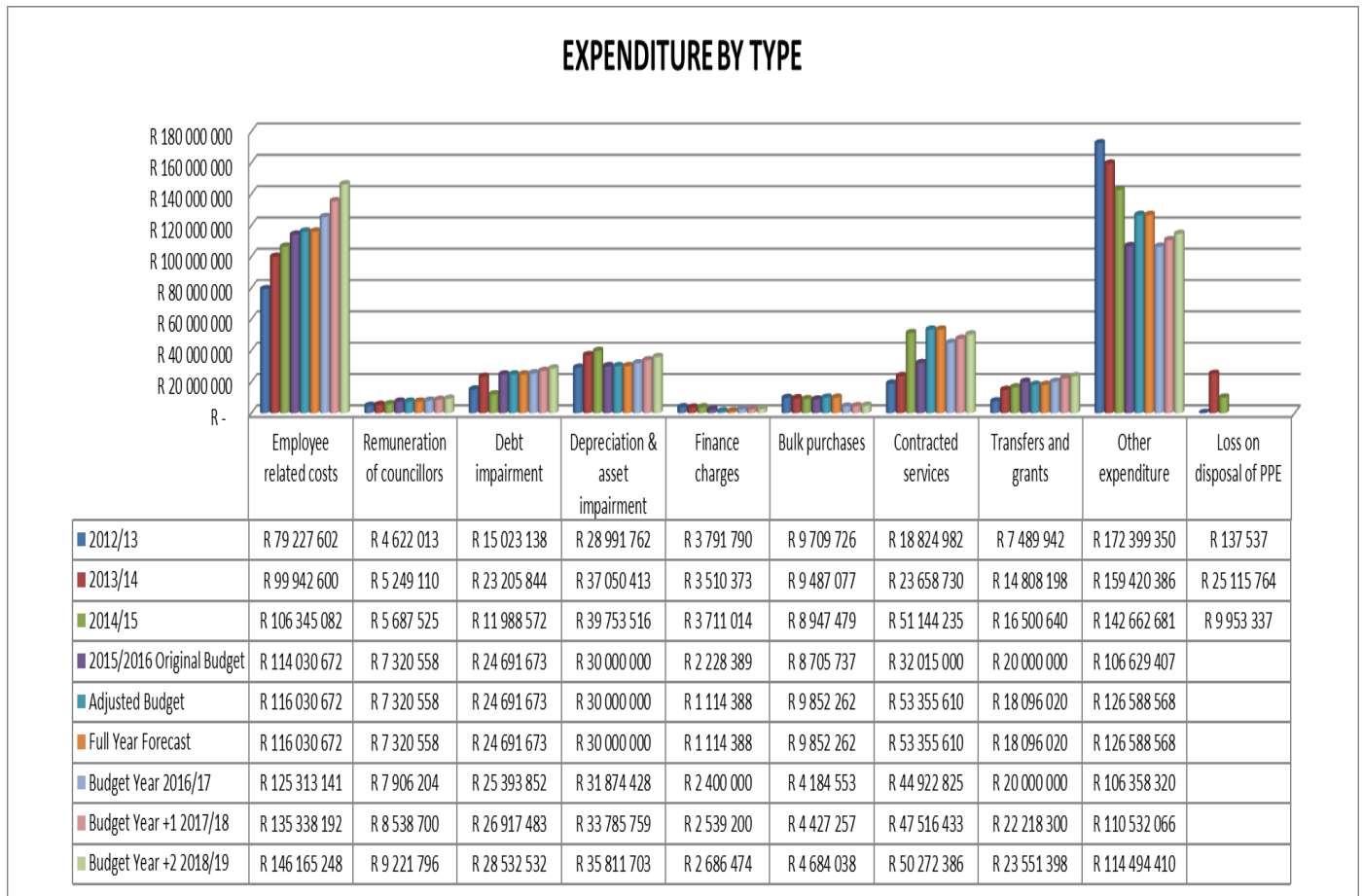
Total operating revenue is R350 million in 2016/17 and escalates to R372 million by 2017/18. This represents an increase of 7 per cent for the 2016/17 financial year and an increase of 6 per cent for the 2017/18 and 7 % in 2018/19 financial year.

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

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

The following graph illustrates the major expenditure items per type.

Figure 2 Expenditure by major type



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

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

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

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 3 - Budget & Treasury Office	72	141	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1 567	24 139	2 104	2 650	1 643	1 643	1 643	4 624	2 776	2 937
Vote 5 - Social & Development Planning	3 200	957	800	800	400	400	400	1 117	1 335	854
Vote 6 - Infrastructure Services	157 501	192 629	348 318	270 790	244 590	244 590	244 590	345 272	403 233	374 765
Vote 7 - Water Services	695	-	3 905	4 300	3 605	3 605	3 605	5 042	2 544	2 697
Capital multi-year expenditure sub-total	163 035	217 866	355 127	278 540	250 238	250 238	250 238	356 054	409 888	381 252
Total Capital Expenditure - Vote	163 035	217 866	355 127	278 540	250 238	250 238	250 238	356 054	409 888	381 252
Capital Expenditure - Standard										
Governance and administration	1 640	24 280	2 104	2 650	1 643	1 643	1 643	4 624	2 776	2 937
Budget and treasury office	72	141	-	-	-	-	-	-	-	-
Corporate services	1 567	24 139	2 104	2 650	1 643	1 643	1 643	4 624	2 776	2 937
Economic and environmental services	3 200	957	800	800	400	400	400	1 117	1 335	854
Planning and development	3 200	957	800	800	400	400	400	1 117	1 335	854
Trading services	158 196	192 629	352 223	275 090	248 195	248 195	248 195	350 314	405 777	377 462
Water	695	-	3 905	4 300	3 605	3 605	3 605	5 042	2 544	2 697
Waste water management	157 501	192 629	348 318	270 790	244 590	244 590	244 590	345 272	403 233	374 765
Total Capital Expenditure - Standard	163 035	217 866	355 127	278 540	250 238	250 238	250 238	356 054	409 888	381 252
Funded by:										
National Government	139 304	184 071	348 318	270 790	244 290	244 290	244 290	343 772	401 643	373 080
Provincial Government	22 802	15 057	-	-	-	-	-	-	-	-
Transfers recognised - capital	162 106	199 128	348 318	270 790	244 290	244 290	244 290	343 772	401 643	373 080
Internally generated funds	929	18 738	6 809	7 750	5 948	5 948	5 948	12 282	8 245	8 173
Total Capital Funding	163 035	217 866	355 127	278 540	250 238	250 238	250 238	356 054	409 888	381 252

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

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

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/17 R356 million has been allocated of the total R345 million infrastructural budgets, which totals 97 per cent. This capital budget allocation escalates to R409 million in 2017/18 and then decrease to R381 million in 2018/19.

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

The capital programme is funded mainly from national and provincial grants and subsidies. For 2016/17 capital transfers totals R343 million and escalates to R401 million by 2017/18 and then in 2018/2019 decrease to R373million. No borrowing applications are expected to result in the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 21 MBRR Table A6 - Budgeted Financial Position

DC43 Harry Gwala - Table A6 Budgeted Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS										
Current assets										
Cash	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085
Consumer debtors	5 738	6 928	25 704	16 091	16 091	16 091	16 091	53 173	74 194	163 643
Other debtors	60 980	8 800	17 114	12 065	12 065	12 065	12 065	12 789	13 556	14 369
Current portion of long-term receivables	-	-	-	4 246	4 246	4 246	4 246	-	-	-
Inventory	265	269	263	349	349	349	349	384	423	458
Total current assets	87 169	45 472	68 952	85 442	42 606	42 606	42 606	102 949	185 149	317 555
Non current assets										
Property, plant and equipment	1 150 387	1 278 956	1 470 186	1 599 476	1 571 174	1 571 174	1 571 174	1 847 203	2 203 525	2 509 222
Intangible	772	607	478	1 184	1 184	1 184	1 184	1 296	1 371	1 451
Total non current assets	1 151 159	1 279 563	1 470 664	1 600 660	1 572 358	1 572 358	1 572 358	1 848 499	2 204 896	2 510 672
TOTAL ASSETS	1 238 328	1 325 035	1 539 616	1 686 102	1 614 964	1 614 964	1 614 964	1 951 447	2 390 046	2 828 227
LIABILITIES										
Current liabilities										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Borrowing	3 297	3 415	3 266	3 592	3 592	3 592	3 592	2 400	2 539	2 686
Consumer deposits	1 010	1 114	1 257	1 415	1 415	1 415	1 415	1 500	1 590	1 686
Trade and other payables	117 863	111 932	156 707	43 710	95 710	95 710	95 710	55 770	55 879	52 224
Provisions	7 266	207	360	8 169	8 169	8 169	8 169	4 305	4 374	4 447
Total current liabilities	129 436	116 688	161 589	56 886	108 886	108 886	108 886	63 975	64 382	61 044
Non current liabilities										
Borrowing	27 685	27 193	22 481	16 683	16 683	16 683	16 683	14 283	11 744	9 058
Provisions	9 369	13 928	16 672	14 334	14 334	14 334	14 334	13 638	16 316	19 436
Total non current liabilities	37 053	41 121	39 153	31 018	31 018	31 018	31 018	27 921	28 060	28 493
TOTAL LIABILITIES	166 489	157 789	200 742	87 904	139 904	139 904	139 904	91 897	92 442	89 538
NET ASSETS	1 071 839	1 167 246	1 338 874	1 598 198	1 475 060	1 475 060	1 475 060	1 859 551	2 297 603	2 738 690
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	1 071 839	1 167 247	1 338 874	1 598 198	1 475 060	1 475 060	1 475 060	1 859 551	2 297 603	2 738 690
TOTAL COMMUNITY WEALTH/EQUITY	1 071 839	1 167 247	1 338 874	1 598 198	1 475 060	1 475 060	1 475 060	1 859 551	2 297 603	2 738 690

Explanatory notes to Table A6 - Budgeted Financial Position

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

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

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

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

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

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

Table 22 MBRR Table A7 - Budgeted Cash Flow Statement

DC43 Harry Gwala - Table A7 Budgeted Cash Flows

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Service charges	31 216	23 602	25 156	30 746	30 746	30 746	30 746	38 539	52 765	42 571
Other revenue	2 210	7 497	-	581	2 034	2 034	2 034	542	646	-
Government - operating	218 281	277 694	250 668	249 823	260 403	260 403	260 403	269 632	294 548	317 363
Government - capital	196 780	190 609	238 878	270 790	244 290	244 290	244 290	343 772	401 643	373 080
Interest	2 988	3 344	3 476	7 654	8 294	8 294	8 294	8 819	10 344	12 360
Dividends				-	-	-	-	-	-	-
Payments										
Suppliers and employees	(255 451)	(281 163)	(250 764)	(268 701)	(262 968)	(262 968)	(262 968)	(287 730)	(305 308)	(323 730)
Finance charges	(3 792)	(3 510)	(3 200)	(2 228)	(1 114)	(1 114)	(1 114)	(2 400)	(2 539)	(2 686)
Transfers and Grants	(7 490)	(14 808)	(21 400)	(20 000)	(18 096)	(18 096)	(18 096)	(20 000)	(22 218)	(23 551)
NET CASH FROM/(USED) OPERATING ACTIVITIES	184 742	203 264	242 815	268 665	263 590	263 590	263 590	351 174	429 880	395 406
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Decrease (increase) other non-current receivables								-	-	-
Payments										
Capital assets	(163 035)	(188 113)	(239 585)	(248 610)	(276 912)	(276 912)	(276 912)	(321 592)	(367 362)	(350 900)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(163 035)	(188 113)	(239 585)	(248 610)	(276 912)	(276 912)	(276 912)	(321 592)	(367 362)	(350 900)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Increase (decrease) in consumer deposits	-	-	-	151	151	151	151	166	167	169
Payments										
Repayment of borrowing	(5 060)	(5 863)	(6 833)	(3 835)	(2 845)	(2 845)	(2 845)	(3 000)	(2 312)	(2 567)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5 060)	(5 863)	(6 833)	(3 684)	(2 694)	(2 694)	(2 694)	(2 834)	(2 145)	(2 398)
NET INCREASE/ (DECREASE) IN CASH HELD	16 647	9 288	(3 603)	16 371	(16 016)	(16 016)	(16 016)	26 748	60 373	42 108
Cash/cash equivalents at the year begin:	3 539	20 186	29 474	36 320	25 871	25 871	25 871	9 855	36 603	96 976
Cash/cash equivalents at the year end:	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085

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 2012/13 to 2013/14 period owing directly to a decrease in cash for the 2014/15 financial year.

As part of the 2015/16 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalisation of spending priorities.

The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Cash and cash equivalents totals R36 million as at the end of the 2016/17 financial year and escalates to R139 million by 2018/19.

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

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

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available										
Cash/cash equivalents at the year end	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085
Other current investments > 90 days	0	(0)	(0)	-	-	-	-	-	-	-
Cash and investments available:	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085
Application of cash and investments										
Unspent conditional transfers	30 551	19 552	10 980	12 692	12 692	12 692	12 692	7 234	4 124	2 350
Other provisions	9 369	13 928	7 293							
Total Application of cash and investments:	39 920	33 480	18 274	12 692	12 692	12 692	12 692	7 234	4 124	2 350
Surplus(shortfall)	(19 734)	(4 006)	7 597	39 999	(2 837)	(2 837)	(2 837)	29 369	92 852	136 734

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 2016/17 to 2018/19 the surplus escalates from R29million to R136 million again in 2018/19.

Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 Adjusted Budget MTREF was not funded owing to the significant deficit.

As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

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

Table 24 MBRR Table A9 - Asset Management

DC43 Harry Gwala - Table A9 Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	154 134	211 341	350 547	271 540	243 238	243 238	351 054	404 888	361 252
Infrastructure - Road transport	-	-	-	-	-	-	500	530	562
Infrastructure - Electricity	-	4 971	1 830	-	-	-	8 000	-	-
Infrastructure - Water	114 180	121 050	249 750	231 990	203 688	203 688	297 107	334 045	297 655
Infrastructure - Sanitation	20 078	76 515	79 504	28 500	28 500	28 500	33 666	62 598	55 424
Infrastructure	134 258	202 535	331 085	260 490	232 188	232 188	339 272	397 173	353 641
Community	8 704	-	-	-	-	-	-	-	-
Other assets	10 416	8 605	19 262	9 950	9 950	9 950	10 533	6 710	6 548
Intangibles	756	200	200	1 100	1 100	1 100	1 250	1 005	1 063
Total Renewal of Existing Assets	8 901	6 525	4 580	7 000	7 000	7 000	5 000	5 000	20 000
Infrastructure - Water	1 136	6 525	4 580	7 000	7 000	7 000	5 000	5 000	20 000
Infrastructure - Sanitation	7 765	-	-	-	-	-	-	-	-
Infrastructure	8 901	6 525	4 580	7 000	7 000	7 000	5 000	5 000	20 000
Total Capital Expenditure									
Infrastructure - Road transport	-	-	-	-	-	-	500	530	562
Infrastructure - Electricity	-	4 971	1 830	-	-	-	8 000	-	-
Infrastructure - Water	115 316	127 575	254 331	238 990	210 688	210 688	302 107	339 045	317 655
Infrastructure - Sanitation	27 844	76 515	79 504	28 500	28 500	28 500	33 666	62 598	55 424
Infrastructure	143 160	209 061	335 665	267 490	239 188	239 188	344 272	402 173	373 641
Community	8 704	-	-	-	-	-	-	-	-
Other assets	10 416	8 605	19 262	9 950	9 950	9 950	10 533	6 710	6 548
Intangibles	756	200	200	1 100	1 100	1 100	1 250	1 005	1 063
TOTAL CAPITAL EXPENDITURE - Asset class	163 035	217 866	355 127	278 540	250 238	250 238	356 054	409 888	381 252
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Electricity	5 660	6 295	6 037	6 272	6 272	6 272	7 641	9 221	10 684
Infrastructure - Water	795 492	884 648	1 066 111	1 107 617	1 079 315	1 079 315	1 314 895	1 586 916	1 838 693
Infrastructure - Sanitation	269 097	299 256	360 265	374 290	374 290	374 290	455 986	550 319	637 631
Infrastructure - Other	23 741	26 401	31 966	33 210	33 210	33 210	40 459	48 829	56 576
Infrastructure	1 093 991	1 216 600	1 464 379	1 521 389	1 493 087	1 493 087	1 818 981	2 195 286	2 543 585
Community	40 867	45 225	54 757	56 889	56 889	56 889	69 306	83 644	96 915
Other assets	15 728	17 491	20 403	21 198	21 198	21 198	24 529	29 796	34 661
Intangibles	772	607	478	1 184	1 184	1 184	1 296	1 371	1 451
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 151 159	1 279 924	1 540 017	1 600 660	1 572 358	1 572 358	1 914 112	2 310 097	2 676 612
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	28 992	37 050	39 754	30 000	30 000	30 000	31 874	33 786	35 812
Repairs and Maintenance by Asset Class	61 148	64 817	70 254	73 875	73 875	73 875	88 791	114 105	139 419
Infrastructure - Water	36 237	38 412	40 716	48 590	48 590	48 590	58 400	75 050	91 700
Infrastructure - Sanitation	24 911	26 405	27 990	21 600	21 600	21 600	25 961	33 363	40 764
Infrastructure	61 148	64 817	68 706	70 190	70 190	70 190	84 362	108 413	132 464
Other assets	-	-	1 548	3 686	3 686	3 686	4 430	5 693	6 956
TOTAL EXPENDITURE OTHER ITEMS	90 140	101 867	110 008	103 875	103 875	103 875	120 666	147 891	175 231
Renewal of Existing Assets as % of total capex	5,5%	3,0%	1,3%	2,5%	2,8%	2,8%	1,4%	1,2%	5,2%
Renewal of Existing Assets as % of deprecn"	30,7%	17,6%	11,5%	23,3%	23,3%	23,3%	15,7%	14,8%	55,8%
R&M as a % of PPE	5,3%	5,1%	4,8%	4,6%	4,7%	4,7%	4,8%	5,2%	5,6%
Renewal and R&M as a % of PPE	6,0%	6,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	6,0%

Explanatory notes to Table A9 - Asset Management

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

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

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

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

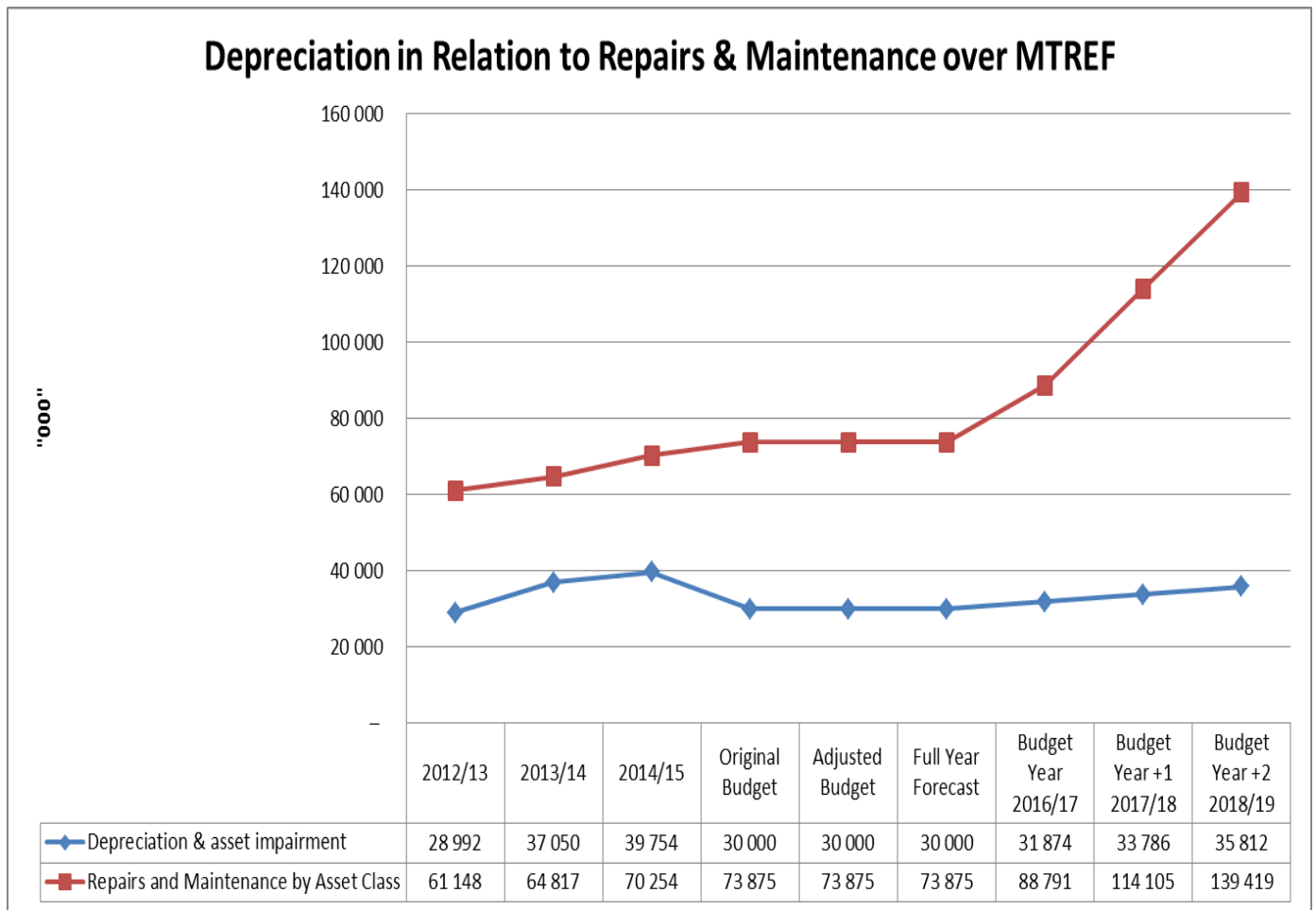


Table 25 MBRR Table A10 - Basic Service Delivery Measurement

DC43 Harry Gwala - Table A10 Basic service delivery measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets									
Water:									
Piped water inside dwelling	43 367	41 595	41 985	44 069	44 069	44 069	46 273	48 586	51 016
Piped water inside yard (but not in dwelling)	19 860	19 048	19 227	19 323	19 323	19 323	20 290	21 304	22 369
Using public tap (at least min.service level)	23 633	22 667	22 880	22 606	22 606	22 606	23 736	24 923	26 169
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	86 861	83 311	84 093	85 998	85 998	85 998	90 298	94 813	99 554
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	32 769	31 430	31 725	31 819	31 819	31 819	33 410	35 081	36 835
<i>Below Minimum Service Level sub-total</i>	32 769	31 430	31 725	31 819	31 819	31 819	33 410	35 081	36 835
Total number of households	119 630	114 741	115 818	117 818	117 818	117 818	123 709	129 894	136 389
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	58 430	56 042	56 568	57 545	57 545	57 545	60 422	63 443	66 615
Flush toilet (with septic tank)	12 148	11 651	11 761	11 964	11 964	11 964	12 562	13 190	13 850
Pit toilet (ventilated)	49 052	47 047	47 489	48 309	48 309	48 309	50 725	53 261	55 924
<i>Minimum Service Level and Above sub-total</i>	119 630	114 741	115 818	117 818	117 818	117 818	123 709	129 894	136 389
Total number of households	119 630	114 741	115 818	117 818	117 818	117 818	123 709	129 894	136 389
Highest level of free service provided per household									
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Water (in excess of 6 kilolitres per indigent household per month)	4 455	4 455	5 006	5 306	5 306	5 306	5 306	4 886	5 179
Total revenue cost of subsidised services provided	4 455	4 455	5 006	5 306	5 306	5 306	5 306	4 886	5 179

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 9796 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services.

It is anticipated that these Free Basic Services will cost the municipality R6.8 million in the MTREF. This is covered by the municipality’s equitable share allocation from national government.

2 CONSOLIDATED SCHEDULES

DC43 Harry Gwala - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Service charges	39 865	48 905	52 603	55 902	55 902	55 902	55 902	60 553	64 187	68 038
Investment revenue	2 988	3 344	3 565	4 435	3 675	3 675	3 675	3 700	3 920	4 153
Transfers recognised - operational	208 927	218 196	308 114	302 323	308 503	308 503	308 503	277 632	294 948	317 863
Other own revenue	2 210	7 497	17 978	7 338	9 110	9 110	9 110	9 114	9 651	10 190
Total Revenue (excluding capital transfers and contributions)	253 990	277 941	382 261	369 999	377 191	377 191	377 191	350 999	372 705	400 244
Employee costs	79 228	99 943	116 550	122 391	124 391	124 391	124 391	134 240	144 711	156 007
Remuneration of councillors	4 622	5 249	6 655	7 321	7 321	7 321	7 321	7 906	8 539	9 222
Depreciation & asset impairment	28 992	37 050	36 396	30 300	30 600	30 600	30 600	32 374	34 311	36 363
Finance charges	3 792	3 510	3 211	2 278	1 164	1 164	1 164	2 425	2 565	2 714
Materials and bulk purchases	9 710	9 487	8 481	8 706	9 852	9 852	9 852	4 185	4 427	4 684
Other expenditure	213 875	246 209	250 592	226 586	266 321	266 321	266 321	194 919	203 927	212 941
Total Expenditure	340 218	401 448	421 887	397 581	439 649	439 649	439 649	376 049	398 480	421 930
Surplus/(Deficit)	(86 228)	(123 508)	(39 626)	(27 583)	(62 458)	(62 458)	(62 458)	(25 050)	(25 775)	(21 686)
Transfers recognised - capital	246 502	260 886	252 033	298 290	244 290	244 290	244 290	337 637	403 602	375 136
Surplus/(Deficit) after capital transfers & contributions	160 274	137 379	212 407	270 707	181 831	181 831	181 831	312 587	377 827	353 450
Surplus/(Deficit) for the year	160 274	137 379	212 407	270 707	181 831	181 831	181 831	312 587	377 827	353 450
Capital expenditure & funds sources										
Capital expenditure	163 035	188 113	264 342	306 650	278 348	278 348	278 348	357 919	411 846	383 309
Transfers recognised - capital	162 106	184 251	257 533	298 290	271 790	271 790	271 790	343 772	401 643	373 080
Internally generated funds	929	3 862	6 809	8 360	6 558	6 558	6 558	14 147	10 203	10 229
Total sources of capital funds	163 035	188 113	264 342	306 650	278 348	278 348	278 348	357 919	411 846	383 309
Financial position										
Total current assets	87 169	90 805	43 019	91 002	138 284	138 284	138 284	102 949	185 149	317 555
Total non current assets	1 151 159	1 280 150	1 540 028	1 629 257	1 573 156	1 573 156	1 573 156	1 914 112	2 310 097	2 676 612
Total current liabilities	129 436	120 616	64 952	58 662	110 662	110 662	110 662	129 589	169 583	226 984
Total non current liabilities	37 053	41 121	31 936	31 018	31 018	31 018	31 018	27 921	28 060	28 493
Community wealth/Equity	1 071 839	1 209 217	1 486 158	1 630 580	1 479 642	1 479 642	1 479 642	1 859 551	2 297 603	2 738 690
Cash flows										
Net cash from (used) operating	184 742	203 264	291 125	296 494	263 109	263 109	-	371 254	450 964	417 546
Net cash from (used) investing	(163 035)	(188 113)	(280 346)	(248 610)	(276 912)	(276 912)	-	(323 457)	(369 320)	(352 956)
Net cash from (used) financing	(5 060)	(5 863)	(3 372)	(3 684)	(2 694)	(2 694)	-	(2 834)	(2 145)	(2 398)
Cash/cash equivalents at the year end	20 186	29 474	41 417	80 520	19 619	19 619	-	54 818	134 317	196 509
Cash backing/surplus reconciliation										
Cash and investments available	20 186	29 474	31 426	58 212	15 376	15 376	15 376	36 603	96 976	139 085
Application of cash and investments	76 631	77 696	53 974	46 108	53 201	53 201	97 486	65 446	72 648	71 115
Balance - surplus (shortfall)	(56 445)	(48 221)	(22 548)	12 104	(37 825)	(37 825)	(82 109)	(28 843)	24 328	67 969
Asset management										
Asset register summary (WDV)	1 151 159	1 280 150	1 540 924	1 600 847	1 545 045	1 545 045	1 914 112	1 914 112	2 310 097	2 676 612
Depreciation & asset impairment	28 992	37 050	36 396	30 300	30 600	30 600	32 374	32 374	34 311	36 363
Renewal of Existing Assets	8 901	6 525	1 500	7 000	7 000	7 000	7 000	5 000	5 000	20 000
Repairs and Maintenance	61 148	64 817	70 254	73 875	73 675	73 675	88 791	88 791	114 105	139 419
Free services										
Revenue cost of free services provided	-	-	5 006	5 306	5 306	5 306	5 306	5 306	4 886	5 179
Households below minimum service level										
Water:	32	33	31	32	32	32	32	32	32	32

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

Standard Classification Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard									
<i>Governance and administration</i>	210 829	228 858	252 538	249 598	255 059	255 059	274 973	300 452	323 572
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	210 347	228 392	252 538	249 598	255 059	255 059	274 973	300 452	323 572
Corporate services	481	465	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	9 433	742	46 856	81 170	49 512	49 512	605	615	726
Planning and development	9 433	742	46 856	81 170	49 512	49 512	605	615	726
<i>Trading services</i>	280 230	309 228	334 901	337 520	316 909	316 909	411 194	473 282	449 026
Water	40 521	49 182	52 600	61 230	56 539	56 539	60 550	64 183	68 034
Waste water management	239 709	260 045	282 301	276 290	260 370	260 370	350 644	409 099	380 992
Total Revenue - Standard	500 492	538 827	634 294	668 288	621 481	621 481	686 772	774 349	773 324
Expenditure - Standard									
<i>Governance and administration</i>	98 509	122 454	123 447	127 610	125 285	125 285	144 091	152 941	160 931
Executive and council	12 760	16 695	23 099	28 719	24 484	24 484	29 224	30 221	32 363
Budget and treasury office	45 752	58 717	58 787	53 204	57 122	57 122	64 506	69 100	71 473
Corporate services	39 997	47 042	41 561	45 686	43 680	43 680	50 362	53 620	57 095
<i>Economic and environmental services</i>	36 438	67 456	97 974	121 275	120 056	120 056	66 633	70 083	73 792
Planning and development	36 438	67 456	97 974	121 275	120 056	120 056	66 633	70 083	73 792
<i>Trading services</i>	205 270	211 539	200 466	148 697	194 308	194 308	165 326	175 456	187 207
Water	129 878	105 830	150 528	125 491	150 436	150 436	138 344	146 490	156 283
Waste water management	75 392	105 708	49 938	23 206	43 872	43 872	26 982	28 967	30 924
Total Expenditure - Standard	340 218	401 448	421 887	397 581	439 649	439 649	376 049	398 480	421 930
Surplus/(Deficit) for the year	160 274	137 379	212 407	270 707	181 831	181 831	310 722	375 868	351 394

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

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	210 347	228 392	252 538	249 598	255 059	255 059	274 973	300 452	323 572
Vote 4 - Corporate Services	481	465	-	-	-	-	-	-	-
Vote 5 - Social & Development Planning	9 433	742	46 856	81 170	49 512	49 512	605	615	726
Vote 6 - Infrastructure Services	239 709	260 045	282 301	276 290	260 370	260 370	350 644	409 099	380 992
Vote 7 - Water Services	40 521	49 182	52 600	61 230	56 539	56 539	60 550	64 183	68 034
Total Revenue by Vote	500 492	538 827	634 294	668 288	621 481	621 481	686 772	774 349	773 324
Expenditure by Vote to be appropriated									
Vote 1 - Council	7 363	8 861	10 517	13 164	12 024	12 024	12 382	13 274	14 232
Vote 2 - Municipal Manager	5 398	7 834	12 582	15 555	12 460	12 460	16 841	16 947	18 131
Vote 3 - Budget & Treasury Office	45 752	58 717	58 717	53 204	57 122	57 122	64 506	69 100	71 473
Vote 4 - Corporate Services	39 997	47 042	41 561	45 686	43 680	43 680	50 362	53 620	57 095
Vote 5 - Social & Development Planning	36 438	67 456	97 974	121 275	120 056	120 056	66 633	70 083	73 792
Vote 6 - Infrastructure Services	75 392	105 708	49 938	23 206	43 872	43 872	26 982	28 967	30 924
Vote 7 - Water Services	129 878	105 830	150 598	125 491	150 436	150 436	138 344	146 490	156 283
Total Expenditure by Vote	340 218	401 448	421 887	397 581	439 649	439 649	376 049	398 480	421 930
Surplus/(Deficit) for the year	160 274	137 379	212 407	270 707	181 831	181 831	310 722	375 868	351 394

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source										
Service charges - electricity revenue	–	–	–	38 409	38 409	38 409	38 409	40 714	43 157	45 746
Service charges - water revenue	27 833	35 855	36 235	16 461	16 461	16 461	16 461	17 449	18 496	19 605
Service charges - sanitation revenue	12 033	13 050	15 529	–	–	–	–	–	–	–
Service charges - other	–	–	839	1 032	1 032	1 032	1 032	2 391	2 534	2 686
Interest earned - external investments	2 988	3 344	3 565	4 435	3 675	3 675	3 675	3 700	3 920	4 153
Interest earned - outstanding debtors	–	5 638	6 000	6 360	8 000	8 000	8 000	8 500	9 000	9 500
Transfers recognised - operational	208 927	218 196	308 114	302 323	308 503	308 503	308 503	277 632	294 948	317 863
Other revenue	2 210	1 859	11 978	978	1 110	1 110	1 110	614	651	690
Total Revenue (excluding capital transfers and contributions)	253 990	277 941	382 261	369 999	377 191	377 191	377 191	350 999	372 705	400 244
Expenditure By Type										
Employee related costs	79 228	99 943	116 550	122 391	124 391	124 391	124 391	134 240	144 711	156 007
Remuneration of councillors	4 622	5 249	6 655	7 321	7 321	7 321	7 321	7 906	8 539	9 222
Debt impairment	15 023	23 206	23 000	24 692	24 692	24 692	24 692	25 394	26 917	28 533
Depreciation & asset impairment	28 992	37 050	36 396	30 300	30 600	30 600	30 600	32 374	34 311	36 363
Finance charges	3 792	3 510	3 211	2 278	1 164	1 164	1 164	2 425	2 565	2 714
Bulk purchases	9 710	9 487	8 009	8 706	9 852	9 852	9 852	4 185	4 427	4 684
Other materials	–	–	472	–	–	–	–	–	–	–
Contracted services	18 825	23 659	37 057	32 015	53 356	53 356	53 356	44 973	47 569	50 328
Other expenditure	179 889	174 229	190 536	169 879	188 274	188 274	188 274	124 553	129 440	134 081
Loss on disposal of PPE	138	25 116	–	–	–	–	–	–	–	–
Total Expenditure	340 218	401 448	421 887	397 581	439 649	439 649	439 649	376 049	398 480	421 930
Surplus/(Deficit)	(86 228)	(123 508)	(39 626)	(27 583)	(62 458)	(62 458)	(62 458)	(25 050)	(25 775)	(21 686)
Transfers recognised - capital	246 502	260 886	252 033	298 290	244 290	244 290	244 290	337 637	403 602	375 136
Surplus/(Deficit) after capital transfers & contributions	160 274	137 379	212 407	270 707	181 831	181 831	181 831	312 587	377 827	353 450
Surplus/(Deficit) after taxation	160 274	137 379	212 407	270 707	181 831	181 831	181 831	312 587	377 827	353 450
Surplus/(Deficit) attributable to municipality	160 274	137 379	212 407	270 707	181 831	181 831	181 831	312 587	377 827	353 450
Surplus/(Deficit) for the year	160 274	137 379	212 407	270 707	181 831	181 831	181 831	312 587	377 827	353 450

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

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	72	141	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1 567	9 262	2 104	2 650	1 643	1 643	1 643	4 624	2 776	2 937
Vote 5 - Social & Development Planning	3 200	957	1 300	28 910	28 510	28 510	28 510	2 982	3 293	2 910
Vote 6 - Infrastructure Services	157 501	177 753	257 533	270 790	244 290	244 290	244 290	345 272	403 233	374 765
Vote 7 - Water Services	695	-	3 905	4 300	3 605	3 605	3 605	5 042	2 544	2 697
Capital multi-year expenditure sub-total	163 035	188 113	264 842	306 650	278 048	278 048	278 048	357 919	411 846	383 309
Total Capital Expenditure - Vote	163 035	188 113	264 842	306 650	278 048	278 048	278 048	357 919	411 846	383 309
Capital Expenditure - Standard										
Governance and administration	1 640	9 404	2 104	2 650	1 643	1 643	1 643	4 624	2 776	2 937
Executive and council	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	72	141	-	-	-	-	-	-	-	-
Corporate services	1 567	9 262	2 104	2 650	1 643	1 643	1 643	4 624	2 776	2 937
Economic and environmental services	3 200	957	800	28 910	28 510	28 510	28 510	2 982	3 293	2 910
Planning and development	3 200	957	800	28 910	28 510	28 510	28 510	2 982	3 293	2 910
Trading services	158 196	177 753	261 438	275 090	248 195	248 195	248 195	350 314	405 777	377 462
Water	695	-	3 905	4 300	3 605	3 605	3 605	5 042	2 544	2 697
Waste water management	157 501	177 753	257 533	270 790	244 590	244 590	244 590	345 272	403 233	374 765
Total Capital Expenditure - Standard	163 035	188 113	264 342	306 650	278 348	278 348	278 348	357 919	411 846	383 309
Funded by:										
National Government	139 304	169 194	257 533	270 790	244 290	244 290	244 290	343 772	401 643	373 080
Provincial Government	22 802	15 057		27 500	27 500	27 500	27 500			
Transfers recognised - capital	162 106	184 251	257 533	298 290	271 790	271 790	271 790	343 772	401 643	373 080
Internally generated funds	929	3 862	6 809	8 360	6 558	6 558	6 558	14 147	10 203	10 229
Total Capital Funding	163 035	188 113	264 342	306 650	278 348	278 348	278 348	357 919	411 846	383 309

DC43 Harry Gwala - Table A6 Budgeted Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS										
Current assets										
Cash	20 186	29 474	31 426	53 799	10 963	10 963	10 963	36 603	96 976	139 085
Call investment deposits	–	–	–	4 413	4 413	4 413	4 413	–	–	–
Consumer debtors	5 738	6 923	307	16 091	106 208	106 208	106 208	53 173	74 194	163 643
Other debtors	46 163	48 344	10 968	12 104	12 104	12 104	12 104	12 789	13 556	14 369
Current portion of long-term receivables	14 817	5 794	–	4 246	4 246	4 246	4 246	–	–	–
Inventory	265	269	318	349	349	349	349	384	423	458
Total current assets	87 169	90 805	43 019	91 002	138 284	138 284	138 284	102 949	185 149	317 555
Non current assets										
Property, plant and equipment	1 150 387	1 279 317	1 538 643	1 627 913	1 571 812	1 571 812	1 571 812	1 912 816	2 308 726	2 675 161
Intangible	772	833	1 384	1 344	1 344	1 344	1 344	1 296	1 371	1 451
Other non-current assets								–	–	–
Total non current assets	1 151 159	1 280 150	1 540 028	1 629 257	1 573 156	1 573 156	1 573 156	1 914 112	2 310 097	2 676 612
TOTAL ASSETS	1 238 328	1 370 954	1 583 046	1 720 259	1 711 439	1 711 439	1 711 439	2 017 061	2 495 246	2 994 167
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	3 297	3 415	3 266	3 592	3 592	3 592	3 592	2 400	2 539	2 686
Consumer deposits	1 010	1 114	1 265	1 415	1 415	1 415	1 415	1 500	1 590	1 686
Trade and other payables	117 863	108 169	53 128	45 486	97 486	97 486	97 486	121 384	161 079	218 164
Provisions	7 266	7 918	7 293	8 169	8 169	8 169	8 169	4 305	4 374	4 447
Total current liabilities	129 436	120 616	64 952	58 662	110 662	110 662	110 662	129 589	169 583	226 984
Non current liabilities										
Borrowing	27 685	27 193	18 683	16 683	16 683	16 683	16 683	14 283	11 744	9 058
Provisions	9 369	13 928	13 253	14 334	14 334	14 334	14 334	13 638	16 316	19 436
Total non current liabilities	37 053	41 121	31 936	31 018	31 018	31 018	31 018	27 921	28 060	28 493
TOTAL LIABILITIES	166 489	161 737	96 888	89 680	141 680	141 680	141 680	157 510	197 643	255 477
NET ASSETS	1 071 839	1 209 217	1 486 158	1 630 580	1 569 760	1 569 760	1 569 760	1 859 551	2 297 603	2 738 690
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	1 071 839	1 209 217	1 486 158	1 630 580	1 479 642	1 479 642	1 479 642	1 859 551	2 297 603	2 738 690
TOTAL COMMUNITY WEALTH/EQUITY	1 071 839	1 209 217	1 486 158	1 630 580	1 479 642	1 479 642	1 479 642	1 859 551	2 297 603	2 738 690

DC43 Harry Gwala - Table A7 Budgeted Cash Flows

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges	31 216	23 602	37 398	30 746	30 746	30 746	38 539	52 765	42 571
Other revenue	2 210	7 497	2 965	10	1 465	1 465	20 542	21 646	22 050
Government - operating	218 281	277 694	308 114	302 323	308 503	308 503	269 632	294 548	317 363
Government - capital	196 780	190 609	252 033	298 290	244 290	244 290	343 772	401 643	373 080
Interest	2 988	3 344	6 702	7 714	8 594	8 594	9 019	10 554	12 581
Payments									
Suppliers and employees	(262 941)	(295 971)	(312 876)	(340 356)	(331 254)	(331 254)	(307 825)	(327 626)	(347 387)
Finance charges	(3 792)	(3 510)	(3 211)	(2 233)	(1 139)	(1 139)	(2 425)	(2 565)	(2 712)
Transfers and Grants	-	-	-	-	1 904	1 904	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	184 742	203 264	291 125	296 494	263 109	263 109	371 254	450 964	417 546
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(163 035)	(188 113)	(280 346)	(248 610)	(276 912)	(276 912)	(323 457)	(369 320)	(352 956)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(163 035)	(188 113)	(280 346)	(248 610)	(276 912)	(276 912)	(323 457)	(369 320)	(352 956)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	(1 778)	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	(16)	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	130	151	151	151	166	167	169
Payments									
Repayment of borrowing	(3 282)	(5 863)	(3 486)	(3 835)	(2 845)	(2 845)	(3 000)	(2 312)	(2 567)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5 060)	(5 863)	(3 372)	(3 684)	(2 694)	(2 694)	(2 834)	(2 145)	(2 398)
NET INCREASE/ (DECREASE) IN CASH HELD	16 647	9 288	7 407	44 200	(16 497)	(16 497)	44 963	79 499	62 192
Cash/cash equivalents at the year begin:	3 539	20 186	34 010	36 320	36 115	36 115	9 855	54 818	134 317
Cash/cash equivalents at the year end:	20 186	29 474	41 417	80 520	19 619	19 619	54 818	134 317	196 509

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available										
Cash/cash equivalents at the year end	20 186	29 474	41 417	80 520	19 619	19 619	-	54 818	134 317	196 509
Other current investments > 90 days	0	(0)	(9 991)	(22 308)	(4 242)	(4 242)	15 376	(18 215)	(37 341)	(57 425)
Cash and investments available:	20 186	29 474	31 426	58 212	15 376	15 376	15 376	36 603	96 976	139 085
Application of cash and investments										
Unspent conditional transfers	30 551	19 772	15 865	12 692	12 692	12 692	12 692	7 234	4 124	2 350
Statutory requirements										
Other working capital requirements	46 080	57 924	30 815	19 082	26 175	26 175	84 794	58 211	68 524	68 765
Other provisions			7 293	14 334	14 334	14 334				
Total Application of cash and investments:	76 631	77 696	53 974	46 108	53 201	53 201	97 486	65 446	72 648	71 115
Surplus(shortfall)	(56 445)	(48 221)	(22 548)	12 104	(37 825)	(37 825)	(82 109)	(28 843)	24 328	67 969

DC43 Harry Gwala - Table A9 Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	154 134	181 588	263 342	299 650	250 848	250 848	351 054	404 888	361 252
Infrastructure - Road transport	-	-	-	-	-	-	500	530	562
Infrastructure - Electricity	-	4 971	-	-	-	-	8 000	-	-
Infrastructure - Water	114 180	106 173	227 178	239 400	214 598	214 598	297 107	334 045	297 655
Infrastructure - Sanitation	20 078	61 638	22 103	28 500	28 500	28 500	33 666	62 598	55 424
Infrastructure	134 258	172 783	249 281	267 900	243 098	243 098	339 272	397 173	353 641
Community	8 704	-	-	24 000	-	-	-	-	-
Other assets	10 416	8 605	10 877	6 650	6 650	6 650	10 533	6 710	6 548
Intangibles	756	200	3 184	1 100	1 100	1 100	1 250	1 005	1 063
Total Renewal of Existing Assets	8 901	6 525	1 500	7 000	7 000	7 000	5 000	5 000	20 000
Infrastructure - Water	1 136	6 525	1 500	7 000	7 000	7 000	5 000	5 000	20 000
Infrastructure - Sanitation	7 765	-	-	-	-	-	-	-	-
Infrastructure	8 901	6 525	1 500	7 000	7 000	7 000	5 000	5 000	20 000
Total Capital Expenditure									
Infrastructure - Road transport	-	-	-	-	-	-	500	530	562
Infrastructure - Electricity	-	4 971	-	-	-	-	8 000	-	-
Infrastructure - Water	115 316	112 699	228 678	246 400	221 598	221 598	302 107	339 045	317 655
Infrastructure - Sanitation	27 844	61 638	22 103	28 500	28 500	28 500	33 666	62 598	55 424
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	143 160	179 308	250 781	274 900	250 098	250 098	344 272	402 173	373 641
Community	8 704	-	-	24 000	-	-	-	-	-
Other assets	10 416	8 605	10 877	6 650	6 650	6 650	10 533	6 710	6 548
Intangibles	756	200	3 184	1 100	1 100	1 100	1 250	1 005	1 063
TOTAL CAPITAL EXPENDITURE - Asset class	163 035	188 113	264 842	306 650	257 848	257 848	356 054	409 888	381 252
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Electricity	5 660	6 295	6 037	6 272	6 272	6 272	7 641	9 221	10 684
Infrastructure - Water	795 492	884 648	1 066 111	1 107 617	1 079 315	1 079 315	1 314 895	1 586 916	1 838 693
Infrastructure - Sanitation	269 097	299 256	360 265	374 290	374 290	374 290	455 986	550 319	637 631
Infrastructure - Other	23 741	26 401	31 966	33 238	5 738	5 738	40 459	48 829	56 576
Infrastructure	1 093 991	1 216 600	1 464 379	1 521 416	1 465 614	1 465 614	1 818 981	2 195 286	2 543 585
Community	40 667	45 225	54 757	56 889	56 889	56 889	69 306	83 644	96 915
Other assets	15 728	17 491	20 403	21 198	21 198	21 198	24 529	29 796	34 661
Intangibles	772	833	1 384	1 344	1 344	1 344	1 296	1 371	1 451
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 151 159	1 280 150	1 540 924	1 600 847	1 545 045	1 545 045	1 914 112	2 310 097	2 676 612
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	28 992	37 050	36 396	30 300	30 600	30 600	32 374	34 311	36 363
Repairs and Maintenance by Asset Class	61 148	64 817	70 254	73 875	73 675	73 675	88 791	114 105	139 419
Infrastructure - Water	36 237	38 412	40 716	48 590	48 590	48 590	58 400	75 050	91 700
Infrastructure - Sanitation	24 911	26 405	27 990	21 600	21 600	21 600	25 961	33 363	40 764
Infrastructure	61 148	64 817	68 706	70 190	70 190	70 190	84 362	108 413	132 464
Other assets	-	-	1 548	3 686	3 486	3 486	4 430	5 693	6 956
TOTAL EXPENDITURE OTHER ITEMS	90 140	101 867	106 650	104 175	104 275	104 275	121 166	148 416	175 782

DC43 Harry Gwala - Table A9 Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
<i>Renewal of Existing Assets as % of total capex</i>	5,5%	3,5%	0,6%	2,3%	2,7%	2,7%	1,4%	1,2%	5,2%
<i>Renewal of Existing Assets as % of deprecn"</i>	30,7%	17,6%	4,1%	23,1%	22,9%	22,9%	15,4%	14,6%	55,0%
<i>R&M as a % of PPE</i>	5,3%	5,1%	4,6%	4,5%	4,7%	4,7%	4,6%	4,9%	5,2%
<i>Renewal and R&M as a % of PPE</i>	6,0%	6,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	6,0%

DC43 Harry Gwala - Table A10 Basic service delivery measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets									
Water:									
Piped water inside dwelling	42 517	43 367	41 595	41 985	41 985	41 985	44 069	44 157	46 246
Piped water inside yard (but not in dwelling)	19 471	19 860	19 048	19 227	19 227	19 227	19 323	19 420	19 517
Using public tap (at least min.service level)	23 170	23 633	22 667	22 880	22 880	22 880	22 606	22 334	22 066
<i>Minimum Service Level and Above sub-total</i>	85 158	86 861	83 311	84 093	84 093	84 093	85 998	85 912	87 829
Other water supply (< min.service level)	32 127	32 769	31 430	31 725	31 725	31 725	31 819	31 910	31 996
<i>Below Minimum Service Level sub-total</i>	32 127	32 769	31 430	31 725	31 725	31 725	31 819	31 910	31 996
Total number of households	117 284	119 630	114 741	115 818	115 818	115 818	117 818	117 822	119 826
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	60 753	61 968	66 981	70 330	70 330	70 330	57 545	57 547	58 526
Flush toilet (with septic tank)	12 631	12 883	13 926	14 622	14 622	14 622	11 964	11 964	12 168
Pit toilet (ventilated)	51 003	52 023	56 231	59 042	59 042	59 042	48 309	48 311	49 133
<i>Minimum Service Level and Above sub-total</i>	124 387	126 875	137 137	143 993	143 993	143 993	117 818	117 822	119 826
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	124 387	126 875	137 137	143 993	143 993	143 993	117 818	117 822	119 826
Energy:									
Highest level of free service provided per household									
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	-	-	5 006	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	5 306	5 306	5 306	5 306	4 886	5 179
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	-	-	5 006	5 306	5 306	5 306	5 306	4 886	5 179

Part 2 – Supporting Documentation

3.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

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

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

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

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

Budget Process Overview

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

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

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

- d) **January 2016** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- e) **January 2016** - Council considers the 2015/16 Mid-year Review and Adjustments Budget;
- f) **February 2016** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2016/17 MTREF is revised accordingly;
- g) **31 MARCH 2016** - Tabling in Council of the draft 2016/17 IDP and 2016/17 MTREF for public consultation;
- h) **5 to 23 April 2016** – Public consultation;
- i) **6 May 2016** - Closing date for written comments;
- j) **6 to 26 May 2016** – finalization of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- k) **30 May 2016** - Tabling of the 2016/17 MTREF before Council for consideration and approval.

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

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

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

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

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

Financial Modeling and Key Planning Drivers

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

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

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

Community Consultation

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

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

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

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

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

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

3.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

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

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

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

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

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

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

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

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

Table 26 IDP Strategic Objectives

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

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

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

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

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

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

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

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

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

Integrated Social Services for empowered and sustainable communities

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

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

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

Promote sound governance through:

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

Ensure financial sustainability through:

- b) Reviewing the use of contracted services

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

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

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

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

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

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

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

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

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

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

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

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Good Governance	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	2 592	2 790	-	3 068	3 018	-	-	-	-
Financial Viability and Sustainability	Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents.	209 205	225 229	252 538	247 664	243 629	246 398	295 239	332 894	332 449
Muni Trans & Instit Dev	Meet Basic Service & address Backlogs	943	1 016	-	1 117	1 099	-	-	-	-
Socio Economic Development	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	2 457	2 645	750	2 909	2 861	732	877	989	987
Infrastructure & Services	Infrastructure Services	255 759	234 421	262 434	302 776	292 277	274 618	329 053	371 022	370 526
Water Services	Meet Basic Service & address Backlogs	29 536	27 905	52 600	30 685	30 105	51 241	61 398	69 229	69 136
Total Revenue (excluding capital transfers and contributions)		500 492	494 007	568 322	588 218	572 988	572 988	686 567	774 133	773 098

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

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

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Good Governance	Promote the Support of Activities of Sport & Recreation, Youth Development, Elderly, Women & Physically-Challenged	19 061	14 008	14 700				14 390	15 307	16 229
Good Governance	Ensure Accessibility & Promote Governance	24 305	15 600	18 250	19 475	13 505	15 121	17 865	19 003	20 148
Good Governance	To Create an Efficient & Accountable Administration	19 843	11 300	16 340	24 834	15 040	18 772	15 996	17 014	18 040
Financial Viability and Sustainability	Strategic & Sustainability Budgeting, Revenue Enhancement & Value for Money Spending	33 227	58 717	58 787	20 275	10 895	16 808	57 548	61 213	64 901
Muni Trans & Insitt Dev	HR Dev. (Including Healthy & Productive Employees) & Organisational dev.	14 618	15 770	13 261	33 951	56 611	60 469	12 982	13 808	14 640
Muni Trans & Insitt Dev	Effective & Efficient Admin & IT Support Service Provision	31 877	23 426	22 428	14 936	15 204	13 641	21 955	23 354	24 761
Muni Trans & Insitt Dev	Efficient Fleet Management Service	7 785	7 845	5 872	32 570	22 586	23 070	5 748	6 114	6 483
Socio Economic Development	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	35 343	34 221	17 050	7 954	7 564	6 040	16 691	17 754	18 823
Socio Economic Development	To create the disaster management unit that seeks to prevent; mitigate; preparedness; response; recovery and rehabilitation to disasters	1 456	1 070	1 372	36 112	32 994	17 538	1 343	1 429	1 515
Socio Economic Development	Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents.	8 565	7 953	7 756	1 488	1 032	1 411	7 593	8 076	8 563
Infrastructure & Services	Infrastructure Services	38 135	105 708	49 938	8 751	7 668	7 978	48 886	51 999	55 132
Water Services	Meet Basic Service & address Backlogs	106 002	105 830	170 940	38 965	101 917	51 367	147 356	156 741	166 185
Allocations to other priorities										
Total Expenditure		340 218	401 448	396 694	345 621	387 050	387 050	368 353	391 813	415 420

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

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

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Financial Viability and Sustainability	Strategic & Sustainability Budgeting, Revenue Enhancement & Value for Money Spending	72	141	-	124	188	-	-	-	-
Muni Trans & Insitit Dev	Effective & Efficient Admin & IT Support Service Provision	1 567	9 262	2 104	2 677	12 321	1 992	2 834	3 262	3 034
Muni Trans & Insitit Dev	Efficient Fleet Management Service	-	-	-	-	-	-	-	-	-
Socio Economic Development	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	3 200	957	800	5 467	1 272	757	1 078	1 240	1 154
Infrastructure & Services	Infrastructure Services	157 501	207 506	348 318	269 085	236 456	243 792	346 883	399 330	371 432
Water Services	Meet Basic Service & address Backlogs	695	-	3 905	1 187	-	3 697	5 260	6 055	5 632
Total Capital Expenditure		163 035	217 866	355 127	278 540	250 238	250 238	356 054	409 888	381 252

3.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

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

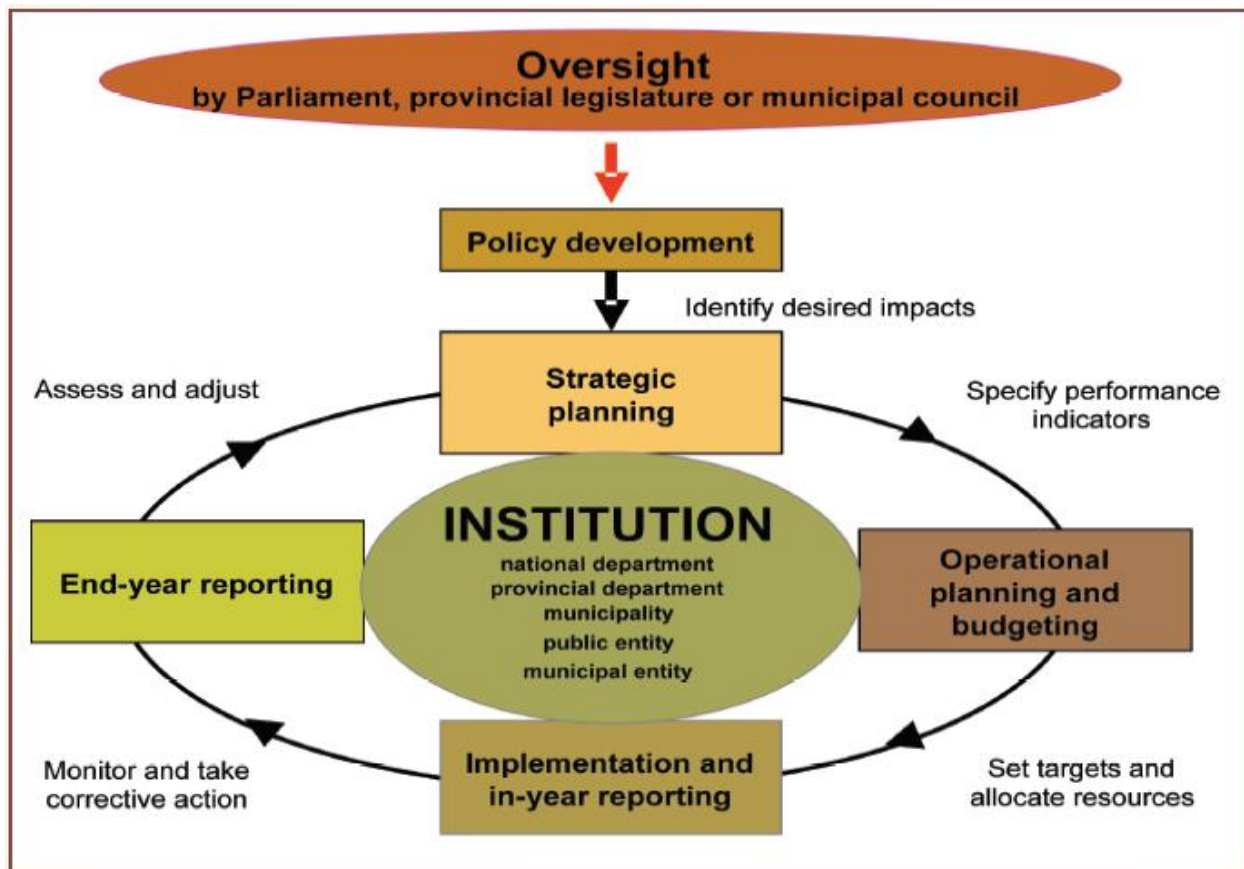


Figure 4 Planning, budgeting and reporting cycle

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

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

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

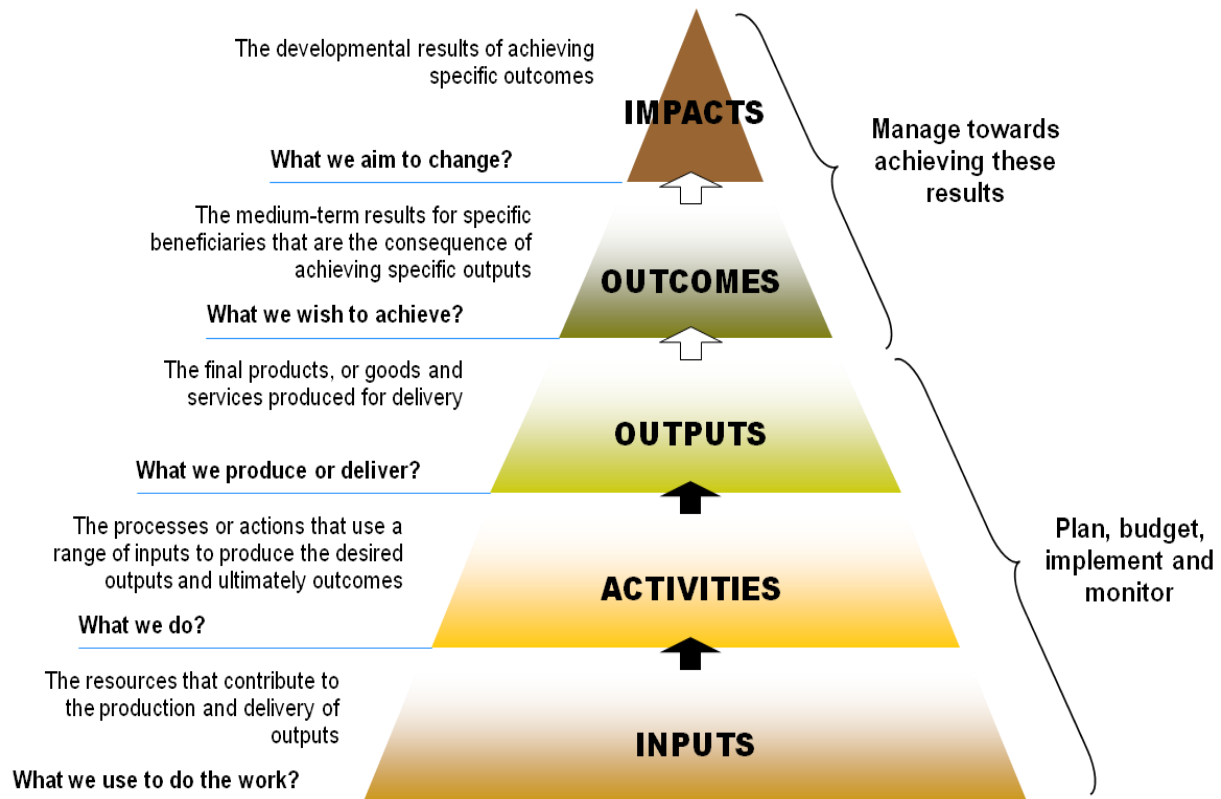


Figure 5 Definition of performance information concepts

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

Table 30 MBRR Table SA7 - Measurable performance objectives

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

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<i>Sub-function 3 - Disaster Management</i>										
Turnaround time to respond to any disaster	% Enforcements undertaken	5 Hrs turnaround time	5 Hrs turnaround time	5 Hrs turnaround time	5 Hrs turnaround time	5 Hrs turnaround time	5 Hrs turnaround time	5 Hrs turnaround time	5 Hrs turnaround time	5 Hrs turnaround time
	Construction of Disaster Management Centre	0,0%								
Vote5 - Infrastructure Services										
Function 1 - Waste Water Infrastructure										
<i>Sub-function 1 - Water</i>										
Reduction in water backlogs	Total number of HH with access to water	5304,00	5894,00	6435,00	6893,00	6755,00	6755,00	6800,00	6950,00	67,0%
	Bulk Water & Sewer Infrastructure									
	Number of household with new access to VIP sanitation	5894,0%	6435,0%	6893,0%	6755,0%	6755,0%	6755,0%	1700,0%	1829,0%	1829,0%
<i>Sub-function 2 - Sanitation</i>										
Reduction in sanitation backlogs	No of hh with electricity connection in the water scheme	1844,0%	1956,0%	2043,0%	1941,0%	1941,0%	1941,0%	1940,0%	1940,0%	1940,0%
<i>Sub-function 3 - Electricity</i>										
To provide electricity to the existing water schemes	No of KM or road provided	90,0%	95,0%	100,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%
<i>Sub-function 4 - Roads</i>										
Provision of new access roads	Frequency of building maintenance	85,0%	90,0%	95,0%	100,0%	98,0%	98,0%	98,0%	98,0%	98,0%
<i>Sub-function 5 - Electricity</i>										
To ensure the maintenance of municipal building to enhance safety environment										
Vote6 - Water Services										
Function 1 - Water										
Sub-function 1 - Water & Sanitation infrastructure Planning & Design	Water Feasibility Studies, Business Plans Approved	10,0%	10,0%	10,0%	8,0%	8,0%	8,0%	10,0%	8,0%	8,0%
To ensure the effective management of all water Infrastructure	Sanitation Feasibility Studies, Business Plans Approved	4,0%	5,0%	4,0%	5,0%	5,0%	5,0%	4,0%	5,0%	5,0%
Sub-function 2 - Water & Sanitation Services Operations and Maintenance	% Reduction in water losses Minimum Night Flows in main supply areas	90,0%	95,0%	100,0%	98,0%	98,0%	98,0%	100,0%	98,0%	98,0%
To render effective water & sanitation services	% reduction in the number of sewer overflows	90,0%	95,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	% Progress made towards Blue drop and Green drop Status DWA	50,0%	50,0%	50,0%	50,0%	50,0%	50,0%	50,0%	50,0%	50,0%
And so on for the rest of the Votes										

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

Table 31 MBRR Table SA8 - Performance indicators and benchmarks

DC43 Harry Gwala - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Borrowing Management											
Credit Rating		n/a	n/a	n/a							
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2,6%	2,3%	2,7%	1,8%	1,0%	1,0%	1,0%	1,5%	1,2%	1,3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	19,6%	15,7%	15,6%	9,0%	5,8%	5,8%	5,8%	7,4%	6,3%	6,4%
Borrowed funding of 'ow n' 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	0,7	0,4	0,4	1,5	0,4	0,4	0,4	0,8	1,1	1,4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,7	0,4	0,4	1,5	0,4	0,4	0,4	0,8	1,1	1,4
Liquidity Ratio	Monetary Assets/Current Liabilities	0,2	0,3	0,2	0,9	0,1	0,1	0,1	0,3	0,6	0,6
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		78,3%	48,3%	45,4%	55,0%	55,1%	55,1%	55,1%	63,6%	82,2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		78,3%	48,3%	45,4%	55,0%	55,1%	55,1%	55,1%	63,6%	82,2%	62,6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	26,3%	4,5%	12,2%	10,2%	9,9%	9,9%	9,9%	18,8%	23,6%	44,5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0,0%	0,0%	0,0%							
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	73,0%	75,0%	80,0%							
Creditors to Cash and Investments		432,5%	313,4%	563,3%	58,9%	842,4%	842,4%	842,4%	311,9%	161,8%	155,2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0	0	0							
	Total Cost of Losses (Rand '000)	-	-	-							
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	-	-	-							
	Total Volume Losses (kℓ)	1 795	1 563	1 449							
Employee costs	Total Cost of Losses (Rand '000)	40%	41%	38%							
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	31,2%	28,7%	30,4%	35,9%	35,3%	35,3%	35,3%	35,7%	36,3%	36,5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33,0%	33,7%	37,5%	38,2%	37,5%	37,5%	37,5%	38,0%	38,6%	38,8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	24,1%	18,6%	20,1%	23,3%	22,5%	22,5%	22,5%	25,3%	30,6%	34,9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12,9%	11,7%	12,4%	10,2%	9,5%	9,5%	9,5%	9,8%	9,8%	9,6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	4,9	5,8	5,9	6,1	6,1	6,1	5,8	5,8	5,2	5,5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	167,4%	32,2%	77,3%	58,0%	58,0%	58,0%	58,0%	108,9%	136,7%	261,6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1,2	1,5	1,2	2,6	0,4	0,4	0,4	1,6	4,0	5,4

PERFORMANCE INDICATORS AND BENCHMARKS

Borrowing Management

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

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

No projects are funded from Borrowing in the MTREF

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

Liquidity (reference SA8)

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

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.3 and it has been increased to 0.6 in the 2017/18 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the District. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

Revenue Management

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

Creditors Management

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

Other Indicators

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

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

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

Free Basic Services: basic social services package for indigent households

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

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

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

Providing clean water and managing waste water

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

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

The following is briefly the main challenges facing the district:

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

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

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

3.4 OVERVIEW OF BUDGET RELATED-POLICIES

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

Review of credit control and debt collection procedures/policies

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

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

Asset Management, Infrastructure Investment and Funding Policy

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

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

Budget Adjustment Policy

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

Supply Chain Management Policy

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

Budget and Virement Policy

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

Cash Management and Investment Policy

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

Tariff Policies

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

Financial Modelling and Scenario Planning Policy

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

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

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

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

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

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

3.5 OVERVIEW OF BUDGET ASSUMPTIONS

External factors

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

General inflation outlook and its impact on the municipal activities

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

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

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

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

Growth or decline in tax base of the municipality

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

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

Salary increases

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

Impact of national, provincial and local policies

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

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

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

Ability of the municipality to spend and deliver on the programmes

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

3.6 OVERVIEW OF BUDGET FUNDING

Medium-term outlook: operating revenue

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

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

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

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

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

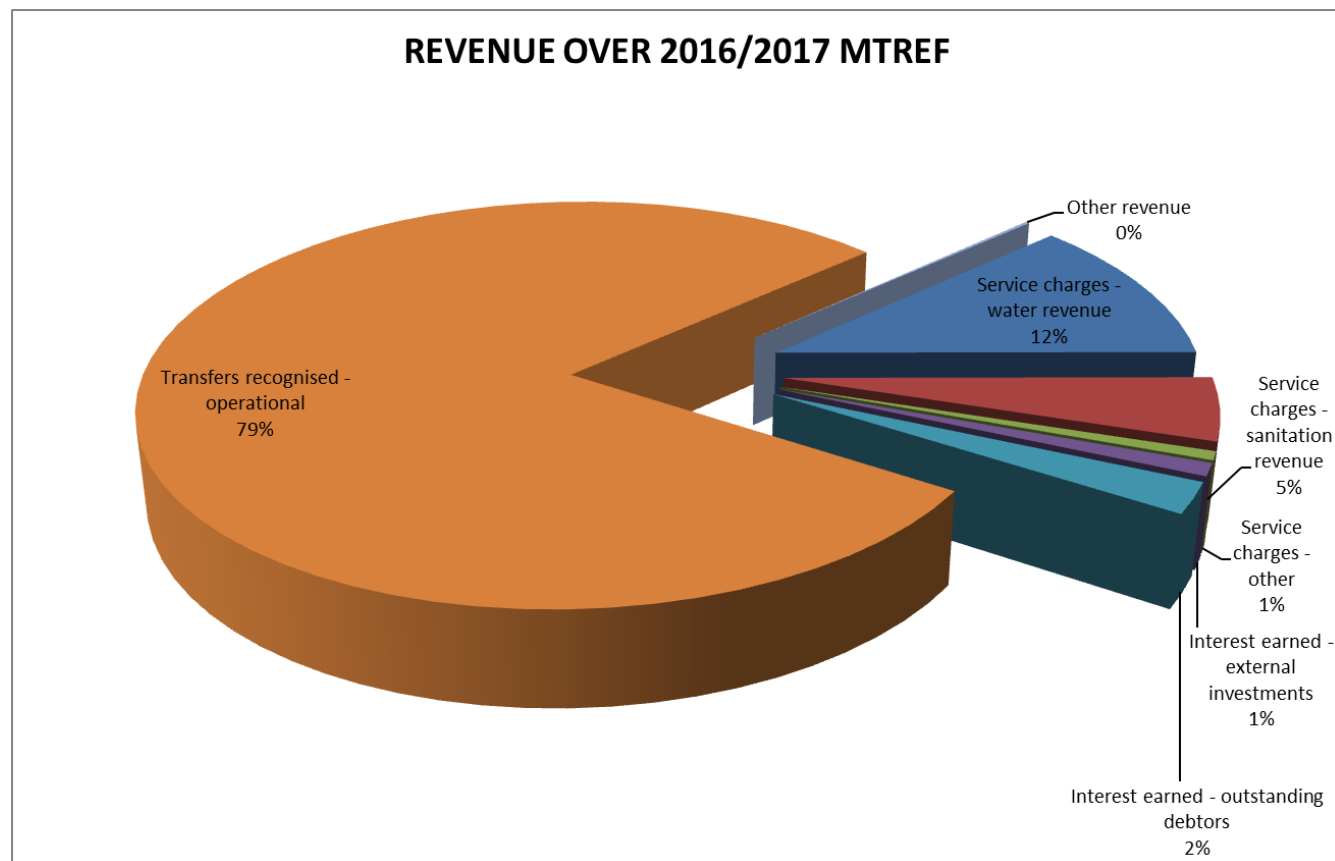


Figure 6 Breakdown of operating revenue over the 2016/17 MTREF

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

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

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

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

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 33 Proposed tariff increases over the medium-term

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

Services charges relating to water and sanitation constitute the biggest component of the revenue basket of the district totaling R548 million for the 2016/17 financial year and increasing to R616 million by 2018/19. For the 2016/17 financial year services charges amount to 10 per cent of the total revenue base and decrease by 1 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 R277 million, R294 million and R317 million for each of the respective financial years of the MTREF, or 7%, 6%, 86 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 by 22 per cent and 14 per cent for 2017/18, 5 per cent for the 2018/19. 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 R3.5 million, R3.7 million and R3.9 million for the respective three financial years of the 2016/17 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 34 MBRR SA15 – Detail Investment Information

Harry Gwala District Municipality does not have investments.

DC43 Harry Gwala - Supporting Table SA15 Investment particulars by type									
Investment type	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
Parent municipality									
Deposits - Bank	5 000	10 000	12 500	-	-	-	-	-	-
Municipality sub-total	5 000	10 000	12 500	-	-	-	-	-	-
Consolidated total:	5 000	10 000	12 500	-	-	-	-	-	-

Table 35 MBRR SA16 – Investment particulars by maturity

DC43 Harry Gwala - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Expiry date of investment
	Yrs/Months					
Parent municipality						
FIRST NATIONAL BANK	n/a	MONEY MARKET	No	Variable	n/a	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a	n/a
INVESTEC	n/a	FIXED DEPOSIT	No	Variable	n/a	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a	n/a
FIRST NATIONAL BANK	n/a	CALL ACCOUNT	No	Variable	n/a	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 R17 million, R19million and R15 million in each of the financial years. Non-cash items resulting in deficit that is confined within the total and do not affect cash backing of the budget.

Medium-term outlook: capital revenue

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

Table 36 Sources of capital revenue over the MTREF

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

Vote Description R thousand	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Funded by:								
National Government	244 290		343 772		401 643		373 080	
Provincial Government								
Transfers recognised - capital	244 290	98%	343 772	97%	401 643	98%	373 080	98%
Internally generated funds	5 948	2%	12 282	3%	8 245	2%	8 173	2%
Total Capital Funding	250 238	100%	356 054	100%	409 888	100%	381 252	100%

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

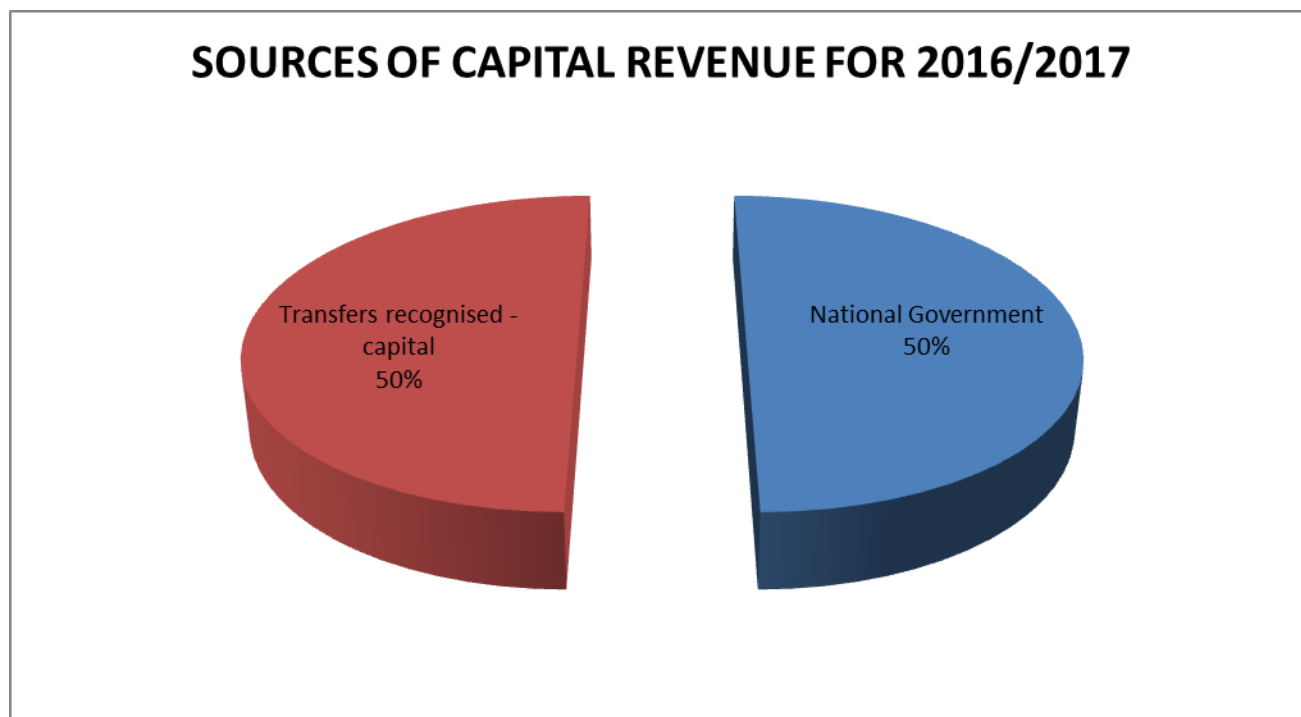


Figure 7 Sources of capital revenue for the 2016/17 financial year

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

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

Table 37 MBRR Table SA 17 - Detail of borrowings

DC43 Harry Gwala - Supporting Table SA17 Borrowing

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

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

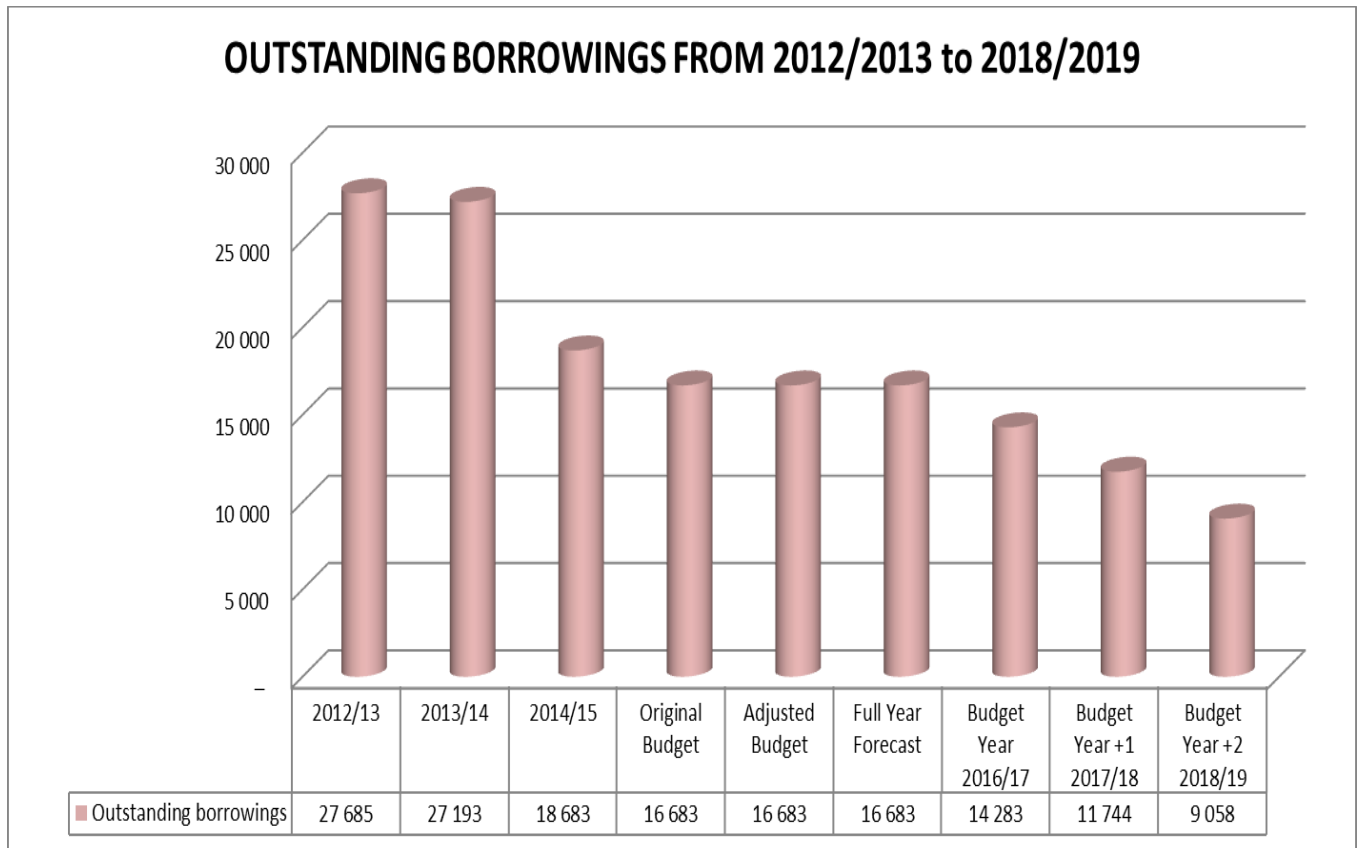


Figure 8 Growth in outstanding borrowing (long-term liabilities)

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

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

DC43 Harry Gwala - Supporting Table SA18 Transfers and grant receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:									
Capital Transfers and Grants									
National Government:	170 707	232 486	267 611	270 790	244 290	244 290	343 772	401 643	373 080
Municipal Infrastructure Grant (MIG)	165 717	173 618	183 882	189 324	183 324	183 324	186 290	203 643	215 962
Regional Bulk Infrastructure	396	37 429	58 200	30 000	14 000	14 000	60 000	100 000	38 718
Energy Efficiency And Demand Side Management Grant	-	5 000	-	-	-	-	8 000	-	-
Municipal Water Infrastructure Grant	-	13 700	22 800	43 500	43 500	43 500	86 118	98 000	118 400
Expanded public works programme incentive grant	4 594	2 739	2 729	3 466	3 466	3 466	3 364	-	-
Rural Household Infrastructure Grant	-	-	-	4 500	-	-	-	-	-
Other capital transfers/grants [insert desc]									
Provincial Government:	26 073	3 617	-	-	-	-	-	-	-
Ukhuhlebezwe Grant	-	3 000	-						
COGTA	-	617	-						
Massification (COGTA)	20 800	-	-						
Fresh Produce Market Grant CoGTA	3 200	-	-						
CoGTA - Ukhuhlebezwe Grant	1 453	-	-						
ACIP - DWA	620	-	-						
Total Capital Transfers and Grants	196 780	236 103	267 611	270 790	244 290	244 290	343 772	401 643	373 080
TOTAL RECEIPTS OF TRANSFERS & GRANTS	415 061	456 710	531 435	520 613	504 693	504 693	613 404	696 591	690 943

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 provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
3. Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 39 MBRR Table A7 - Budget cash flow statement

DC43 Harry Gwala - Table A7 Budgeted Cash Flows

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Service charges	31 216	23 602	25 156	30 746	30 746	30 746	30 746	38 539	52 765	42 571
Other revenue	2 210	7 497	-	581	2 034	2 034	2 034	542	646	-
Government - operating	218 281	277 694	250 668	249 823	260 403	260 403	260 403	269 632	294 548	317 363
Government - capital	196 780	190 609	238 878	270 790	244 290	244 290	244 290	343 772	401 643	373 080
Interest	2 988	3 344	3 476	7 654	8 294	8 294	8 294	8 819	10 344	12 360
Payments										
Suppliers and employees	(255 451)	(281 163)	(250 764)	(268 701)	(262 968)	(262 968)	(262 968)	(287 730)	(305 308)	(323 730)
Finance charges	(3 792)	(3 510)	(3 200)	(2 228)	(1 114)	(1 114)	(1 114)	(2 400)	(2 539)	(2 686)
Transfers and Grants	(7 490)	(14 808)	(21 400)	(20 000)	(18 096)	(18 096)	(18 096)	(20 000)	(22 218)	(23 551)
NET CASH FROM/(USED) OPERATING ACTIVITIES	184 742	203 264	242 815	268 665	263 590	263 590	263 590	351 174	429 880	395 406
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Decrease (increase) other non-current receivables								-	-	-
Payments										
Capital assets	(163 035)	(188 113)	(239 585)	(248 610)	(276 912)	(276 912)	(276 912)	(321 592)	(367 362)	(350 900)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(163 035)	(188 113)	(239 585)	(248 610)	(276 912)	(276 912)	(276 912)	(321 592)	(367 362)	(350 900)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Increase (decrease) in consumer deposits	-	-	-	151	151	151	151	166	167	169
Payments										
Repayment of borrowing	(5 060)	(5 863)	(6 833)	(3 835)	(2 845)	(2 845)	(2 845)	(3 000)	(2 312)	(2 567)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5 060)	(5 863)	(6 833)	(3 684)	(2 694)	(2 694)	(2 694)	(2 834)	(2 145)	(2 398)
NET INCREASE/ (DECREASE) IN CASH HELD	16 647	9 288	(3 603)	16 371	(16 016)	(16 016)	(16 016)	26 748	60 373	42 108
Cash/cash equivalents at the year begin:	3 539	20 186	29 474	36 320	25 871	25 871	25 871	9 855	36 603	96 976
Cash/cash equivalents at the year end:	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085

The above table shows that cash and cash equivalents of the District were largely increasing between the 2012/13 and 2015/16 financial year moving from a cash balance of R3, 5m to R25, 8 million and decrease in 2016/17 then after continue improving from 2017/18 MTREF. With the 2015/16 adjustments budget various cost efficiencies and savings had to be realised to ensure the District could meet its operational expenditure commitments. In addition the District undertook an extensive debt collection process but it was not that successful. These interventions have translated into a deficit for the District and it is projected that cash and cash equivalents on hand showed a surplus of R52 million by the financial year end. For the 2016/17 MTREF the budget has been prepared to continue ensuring high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R36 million by 2016/17 and steadily increasing to R139 million by 2018/19.

Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

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

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

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available										
Cash/cash equivalents at the year end	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085
Cash and investments available:	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085
Application of cash and investments										
Unspent conditional transfers	30 551	19 552	10 980	12 692	12 692	12 692	12 692	7 234	4 124	2 350
Other working capital requirements	34 309	83 707	128 955	17 069	68 801	68 801	68 801	77 144	93 476	118 934
Other provisions	9 369	13 928	7 293							
Total Application of cash and investments:	74 229	117 187	147 229	29 761	81 493	81 493	81 493	84 379	97 600	121 284
Surplus(shortfall)	(54 043)	(87 712)	(121 358)	22 930	(71 638)	(71 638)	(71 638)	(47 776)	(624)	17 800

From the above table it can be seen that the cash and investments available total R36.6 million in the 2016/17 financial year and progressively increase to R139 million by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

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

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

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

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

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

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

2.6.5 Funding compliance measurement

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

Table 41 MBRR SA10 – Funding compliance measurement

DC43 Harry Gwala Supporting Table SA10 Funding measurement											
Description	MFMA section	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	20 186	29 474	25 871	52 691	9 855	9 855	9 855	36 603	96 976	139 085
Cash + investments at the yr end less applications - R'000	18(1)b	(54 043)	(87 712)	(121 358)	22 930	(71 638)	(71 638)	(71 638)	17 838	104 576	183 740
Cash year end/monthly employee/supplier payments	18(1)b	1,2	1,5	1,2	2,6	0,4	0,4	0,4	1,6	4,0	5,4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	160 274	92 558	171 628	242 597	185 939	185 939	185 939	318 213	382 320	357 678
Service charge rev % change - macro CPIIX target exclusive	18(1)a,(2)	N.A.	16,7%	7,3%	(5,1%)	(6,1%)	(6,0%)	(6,0%)	2,5%	(0,0%)	0,0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	79,4%	55,1%	39,2%	49,5%	50,5%	50,5%	50,5%	56,1%	72,3%	54,4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	37,7%	47,5%	21,6%	44,2%	44,2%	44,2%	44,2%	41,9%	41,9%	41,9%
Capital payments % of capital expenditure	18(1)c:19	100,0%	86,3%	67,5%	89,3%	110,7%	110,7%	110,7%	90,3%	89,6%	92,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	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								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(76,4%)	172,2%	(24,3%)	0,0%	0,0%	0,0%	103,6%	33,0%	102,9%
Long term receivables % change - incr(decr)	18(1)a	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)	5,3%	5,1%	4,8%	4,6%	4,7%	4,7%	5,7%	4,8%	5,2%	5,6%
Asset renewal at % of capital budget	20(1)(vi)	5,5%	3,0%	1,3%	2,5%	2,8%	2,8%	0,0%	1,4%	1,2%	5,2%

Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF show R36 million, R968 million and R139million for each respective financial year.

Cash plus investments less application of funds

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

Monthly average payments covered by cash or cash equivalents

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

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF the indicative outcome is a deficit of R17 million, R19 million and R15 million mainly due of increase in debt impairment as a conservative approach to estimating the collection levels and the other major reason contributing to the deficit is a depreciation and asset impairment budget of R 31m in 2016/2017 and increasing to R35m in 2018/2019.

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

Service charge revenue as a percentage increase less macro inflation target

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

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

consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

Cash receipts as a percentage of ratepayer and other revenue

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

Debt impairment expense as a percentage of billable revenue

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

Capital payments percentage of capital expenditure

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

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

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

Consumer debtors change (Current and Non-current)

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

Repairs and maintenance expenditure level

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

Asset renewal/rehabilitation expenditure level

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

3.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 42 MBRR SA19 - Expenditure on transfers and grant programmes

DC43 Harry Gwala - Supporting Table SA18 Transfers and grant receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:									
Operating Transfers and Grants									
National Government:	217 200	220 310	263 074	248 723	259 223	259 223	269 232	294 548	317 363
Local Government Equitable Share	203 556	216 056	230 622	241 033	241 033	241 033	260 069	284 205	308 451
Finance Management	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 000
Municipal Systems Improvement	1 000	890	934	940	940	940	1 041	1 637	-
Municipal Infrastructure Grant (PMU)	-	300	18 724	3 460	9 460	9 460	4 777	5 222	5 537
Water Services Operating Subsidy	9 618	-	-	-	-	-	-	-	-
Rural Roads Asset Management Grant	1 776	1 814	2 044	2 040	2 040	2 040	2 095	2 234	2 375
Rural Household Infrastructure Grant	-	-	4 500	-	4 500	4 500	-	-	-
Energy Efficiency and Demand Management Grant	-	-	5 000	-	-	-	-	-	-
Provincial Government:	1 081	297	750	1 100	1 180	1 180	400	400	500
Infrastructure Sport Facilities	-	253	-	-	-	-	-	-	-
LG Seta	381	44	-	-	80	80	-	-	-
Community Development Project	100	-	-	-	-	-	-	-	-
District Growth Development Summit	400	-	-	-	-	-	-	-	-
Accredited Councillors Training	200	-	-	-	-	-	-	-	-
Development Planning Shared Services	-	-	250	1 100	1 100	1 100	400	400	500
Tourism route	-	-	500	-	-	-	-	-	-
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	218 281	220 607	263 824	249 823	260 403	260 403	269 632	294 948	317 863

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

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

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	207 846	217 899	263 074	248 723	248 723	248 723	277 232	294 548	317 363
Conditions met - transferred to revenue	207 846	217 899	263 074	248 723	248 723	248 723	277 232	294 548	317 363
Provincial Government:									
Current year receipts	1 081	297	750	1 100	1 100	1 100	400	400	500
Conditions met - transferred to revenue	1 081	297	750	1 100	1 100	1 100	400	400	500
Total operating transfers and grants revenue	208 927	218 196	263 824	249 823	249 823	249 823	277 632	294 948	317 863
Capital transfers and grants:									
National Government:									
Current year receipts	136 033	180 634	257 533	270 790	270 790	270 790	343 772	401 643	373 080
Conditions met - transferred to revenue	136 033	180 634	257 533	270 790	270 790	270 790	343 772	401 643	373 080
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Current year receipts	26 073	3 617	-						
Conditions met - transferred to revenue	26 073	3 617	-	-	-	-	-	-	-
Total capital transfers and grants revenue	162 106	184 251	257 533	270 790	270 790	270 790	343 772	401 643	373 080
TOTAL TRANSFERS AND GRANTS REVENUE	371 033	402 447	521 357	520 613	520 613	520 613	621 404	696 591	690 943

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	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	2 102	2 438	2 877	621	621	621	5 361	5 790	6 253
Pension and UIF Contributions	395	441	441	311	311	311	399	431	465
Medical Aid Contributions	93	104	104	771	771	771	94	101	110
Motor Vehicle Allowance	1 166	1 301	1 301	621	621	621	1 178	1 272	1 374
Cellphone Allowance	256	286	286	2 636	2 636	2 636	259	279	302
Housing Allowances	-	-	-	1 618	1 618	1 618	-	-	-
Other benefits and allowances	610	680	680	742	742	742	616	665	719
Sub Total - Councillors	4 622	5 249	5 688	7 321	7 321	7 321	7 906	8 539	9 222
% increase		13,6%	8,4%	28,7%	-	-	8,0%	8,0%	8,0%
Senior Managers of the Municipality									
Basic Salaries and Wages	3 818	3 828	3 816	4 159	4 877	4 877	5 267	5 688	6 144
Pension and UIF Contributions	2	2	2	3	3	3	3	3	4
Medical Aid Contributions	4	4	4	4	5	5	6	6	7
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	527	525	527	-	674	674	727	786	848
Motor Vehicle Allowance	2 387	2 376	2 386	2 600	3 049	3 049	3 293	3 556	3 841
Cellphone Allowance	112	111	112	122	143	143	154	167	180
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	3	3	4	4	4	5	5	5
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	6 853	6 850	6 850	6 892	8 755	8 755	9 455	10 212	11 028
% increase		(0,1%)	-	0,6%	27,0%	-	8,0%	8,0%	8,0%
Other Municipal Staff									
Basic Salaries and Wages	51 088	76 730	79 811	78 009	77 494	77 494	83 693	90 389	97 620
Pension and UIF Contributions	9 891	10 212	11 674	12 724	13 103	13 103	14 151	15 283	16 506
Medical Aid Contributions	1 237	1 411	1 613	1 758	1 811	1 811	1 955	2 112	2 281
Overtime	1 105	1 261	1 441	1 779	1 618	1 618	1 747	1 887	2 038
Performance Bonus	4 906	5 596	6 397	6 973	7 180	7 180	7 755	8 375	9 045
Motor Vehicle Allowance	2 255	2 572	2 940	3 205	3 300	3 300	3 564	3 850	4 158
Cellphone Allowance	385	439	502	547	563	563	608	657	709
Housing Allowances	33	38	44	48	49	49	53	57	62
Other benefits and allowances	1 475	1 682	1 923	2 096	2 158	2 158	2 331	2 518	2 719
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	72 374	99 943	106 345	107 138	107 276	107 276	115 858	125 127	135 137
% increase		38,1%	6,4%	0,7%	0,1%	-	8,0%	8,0%	8,0%
Total Parent Municipality	83 850	112 042	118 883	121 351	123 351	123 351	133 219	143 877	155 387

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

Summary of Employee and Councillor remuneration R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	A	B	C	D	E	F	G	H	I
Board Members of Entities		33,6%	6,1%	2,1%	1,6%	-	8,0%	8,0%	8,0%
Board Fees	-	358	545	250	250	250	350	368	386
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities	-	358	545	250	250	250	350	368	386
% increase		-	52,4%	(54,2%)	-	-	40,0%	5,0%	5,0%
Senior Managers of Entities									
Basic Salaries and Wages	-	1 369	2 464	1 926	1 926	1 926	1 018	2 006	2 174
Motor Vehicle Allowance	-	607	1 093	1 191	1 191	1 191	1 299	1 415	1 532
Cellphone Allowance	-	24	43	47	47	47	51	56	61
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	24	42	46	46	46	50	55	59
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities	-	2 024	3 642	3 211	3 211	3 211	2 419	3 533	3 826
% increase		-	80,0%	(11,9%)	-	-	(24,7%)	46,1%	8,3%
Other Staff of Entities									
Basic Salaries and Wages	-	2 408	7 793	4 593	4 593	4 593	5 665	4 935	3 202
Performance Bonus	-	-	136	148	148	148	161	176	190
Motor Vehicle Allowance	-	213	-	-	-	-	-	-	-
Cellphone Allowance	-	42	-	-	-	-	-	-	-
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	86	279	304	304	304	332	362	391
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities	-	2 750	8 208	5 045	5 045	5 045	6 158	5 473	3 783
% increase		-	198,5%	(38,5%)	-	-	22,1%	(11,1%)	(30,9%)
Total Municipal Entities	-	5 131	12 396	8 506	8 506	8 506	8 927	9 373	7 995
TOTAL SALARY, ALLOWANCES & BENEFITS	83 850	117 173	131 278	129 857	131 857	131 857	142 146	153 250	163 382
% increase		39,7%	12,0%	(1,1%)	1,5%	-	7,8%	7,8%	6,6%
TOTAL MANAGERS AND STAFF	79 228	111 566	125 045	122 286	124 287	124 287	133 890	144 344	153 775

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

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

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
Councillors						
Speaker	785 909					785 909
Chief Whip	447 170					447 170
Executive Mayor	949 160					949 160
Deputy Executive Mayor	785 909					785 909
Executive Committee	3 065 254					3 065 254
Total for all other councillors	1 872 800					1 872 800
Total Councillors	7 906 200	-	-			7 906 200
Senior Managers of the Municipality						
Municipal Manager (MM)	1 703 380					1 703 380
Chief Finance Officer	1 644 520					1 644 520
Head: Corporate Services	1 526 800					1 526 800
Head: Economic & Community Services	1 526 800					1 526 800
Head: Infrastructure Services	1 526 800					1 526 800
Head: Water Services	1 526 800					1 526 800
Total Senior Managers of the Municipality	9 455 097	-	-	-		9 455 097
A Heading for Each Entity						
List each member of board by designation						
PJ KHOZA - Chairman	-	-	162 344	-		162 344
Z W NDAMASE	-	-	143 885	-		143 885
N C ZUNGU	-	-	65 947	-		65 947
SZF SITHOLE	-	-	89 928	-		89 928
P HAYTER	-	-	132 368	-		132 368
						-
Total for municipal entities	-	-	594 472	-		594 472
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	17 361 297	-	594 472	-		17 955 769

Table 46 MBRR SA24 – Summary of personnel numbers

DC43 Harry Gwala - Supporting Table SA24 Summary of personnel numbers

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

3.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure

DC43 Harry Gwala - Supporting Table SA25 Budgeted monthly revenue and expenditure														Medium Term Revenue and Expenditure Framework		
Description	Budget Year 2016/17												Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	July	August	Sept.	October	November	December	January	February	March	April	May	June				
Revenue By Source																
Service charges - water revenue	3 151	3 587	3 569	3 760	3 906	3 307	3 855	4 210	3 660	3 978	1 734	1 998	40 714	43 157	45 746	
Service charges - sanitation revenue	1 351	1 462	1 480	1 593	1 655	1 435	1 563	1 636	1 436	1 549	1 131	1 159	17 449	18 496	19 605	
Service charges - other	232	185	227	169	206	151	301	185	174	301	132	127	2 391	2 534	2 686	
Interest earned - external investments	464	216	240	248	468	480	148	223	501	303	159	50	3 500	3 710	3 933	
Interest earned - outstanding debtors	654	676	660	677	668	691	711	760	781	804	354	1 062	8 500	9 000	9 500	
Transfers recognised - operational	111 671	-	-	-	92 355	-	-	-	73 605	-	-	0	277 632	294 948	317 863	
Other revenue	79	63	47	57	39	53	69	51	47	15	51	39	609	646	685	
Gains on disposal of PPE													-	-	-	
Total Revenue (excluding capital transfers and	117 602	6 190	6 223	6 504	99 297	6 117	6 647	7 065	80 203	6 950	3 561	4 436	350 794	372 490	400 018	
Expenditure By Type																
Employee related costs	10 443	10 443	10 443	10 443	10 443	10 443	10 443	10 443	10 443	10 443	10 443	10 443	125 313	135 338	146 165	
Remuneration of councillors	659	659	659	659	659	659	659	659	659	659	659	659	7 906	8 539	9 222	
Debt impairment	2 116	2 116	2 116	2 116	2 116	2 116	2 116	2 116	2 116	2 116	2 116	2 116	25 394	26 917	28 533	
Depreciation & asset impairment	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	31 874	33 786	35 812	
Finance charges	-	-	-	-	-	1 200	-	-	-	-	-	1 200	2 400	2 539	2 686	
Bulk purchases	256	266	295	457	191	256	285	196	466	280	758	478	4 185	4 427	4 684	
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted services	3 744	3 744	3 744	3 744	3 744	3 744	3 744	3 744	3 744	3 744	3 744	3 744	44 923	47 516	50 272	
Transfers and grants	6 667	-	-	-	6 667	-	-	-	6 667	-	-	-	20 000	22 218	23 551	
Other expenditure	10 285	8 240	8 259	8 362	10 244	8 577	8 253	8 196	10 420	8 249	8 555	8 719	106 358	110 532	114 494	
Loss on disposal of PPE													-	-	-	
Total Expenditure	36 825	28 124	28 171	28 437	36 719	29 650	28 155	28 010	37 170	28 146	28 930	30 015	368 353	391 813	415 420	
Surplus/(Deficit)	80 776	(21 935)	(21 948)	(21 933)	62 578	(23 533)	(21 509)	(20 944)	43 033	(21 196)	(25 369)	(25 579)	(17 559)	(19 323)	(15 402)	
Transfers recognised - capital	153 357	-	77 155	-	18 070	-	3 415	-	83 776	-	-	-	335 772	401 643	373 080	
Surplus/(Deficit) after capital transfers & contributions	234 133	(21 935)	55 207	(21 933)	80 647	(23 533)	(18 093)	(20 944)	126 809	(21 196)	(25 369)	(25 579)	318 213	382 320	357 678	
Surplus/(Deficit)	234 133	(21 935)	55 207	(21 933)	80 647	(23 533)	(18 093)	(20 944)	126 809	(21 196)	(25 369)	(25 579)	318 213	382 320	357 678	

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

DC43 Harry Gwala - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)														Medium Term Revenue and Expenditure Framework		
Description	Budget Year 2016/17												Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	July	August	Sept.	October	November	December	January	February	March	April	May	June				
Revenue by Vote																
Vote 1 - Council													-	-	-	-
Vote 2 - Municipal Manager													-	-	-	-
Vote 3 - Budget & Treasury Office	109 490	-	-	-	91 553	-	-	-	72 966	-	-	964	274 973	300 452	323 572	
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - Social & Development Planning	-	-	-	-	400	-	-	-	-	-	-	-	400	400	500	
Vote 6 - Infrastructure Services	113 886	23 571	-	18 770	97 555	-	15 477	4 383	64 874	-	-	12 128	350 644	409 099	380 992	
Vote 7 - Water Services	4 860	5 211	5 199	5 494	5 682	4 935	5 580	6 016	5 331	5 751	2 935	3 555	60 550	64 183	68 034	
Total Revenue by Vote	228 236	28 782	5 199	24 265	195 190	4 935	21 057	10 399	143 171	5 751	2 935	16 647	686 567	774 133	773 098	
Expenditure by Vote to be appropriated																
Vote 1 - Council	532	579	940	956	1 242	988	939	930	1 269	938	1 343	1 726	12 382	13 274	14 232	
Vote 2 - Municipal Manager	724	787	1 278	1 300	1 690	1 344	1 277	1 265	1 726	1 276	1 827	2 348	16 841	16 947	18 131	
Vote 3 - Budget & Treasury Office	2 771	3 015	4 896	4 978	6 471	5 148	4 891	4 846	6 611	4 888	6 997	8 994	64 506	69 100	71 473	
Vote 4 - Corporate Services	2 164	2 354	3 822	3 886	5 052	4 019	3 818	3 783	5 161	3 816	5 463	7 022	50 362	53 620	57 095	
Vote 5 - Social & Development Planning	2 532	2 755	4 473	4 548	5 912	4 704	4 469	4 427	6 040	4 466	6 393	8 217	58 937	63 416	67 282	
Vote 6 - Infrastructure Services	1 159	1 261	2 048	2 082	2 707	2 153	2 046	2 027	2 765	2 045	2 927	3 762	26 982	28 967	30 924	
Vote 7 - Water Services	5 944	6 466	10 500	10 676	13 879	11 041	10 489	10 393	14 178	10 483	15 007	19 289	138 344	146 490	156 283	
Total Expenditure by Vote	15 825	17 216	27 957	28 426	36 953	29 397	27 929	27 671	37 750	27 912	39 957	51 359	368 353	391 813	415 420	
Surplus/(Deficit) before assoc.	212 410	11 566	(22 758)	(4 162)	158 237	(24 462)	(6 871)	(17 272)	105 421	(22 161)	(37 023)	(34 712)	318 213	382 320	357 678	
Surplus/(Deficit)	212 410	11 566	(22 758)	(4 162)	158 237	(24 462)	(6 871)	(17 272)	105 421	(22 161)	(37 023)	(34 712)	318 213	382 320	357 678	

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

DC43 Harry Gwala - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)														Medium Term Revenue and Expenditure Framework		
Description	Budget Year 2016/17												Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May				June
Revenue - Standard																
<i>Governance and administration</i>	109 490	-	-	-	91 553	-	-	-	72 966	-	-	964	274 973	300 452	323 572	
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Budget and treasury office	109 490	-	-	-	91 553	-	-	-	72 966	-	-	964	274 973	300 452	323 572	
Corporate services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>	-	-	-	-	400	-	-	-	-	-	-	-	400	400	500	
Planning and development	-	-	-	-	400	-	-	-	-	-	-	-	400	400	500	
<i>Trading services</i>	118 746	28 782	5 199	24 265	103 237	4 935	21 057	10 399	70 205	5 751	2 935	15 683	411 194	473 282	449 026	
Electricity													-	-	-	
Water	4 860	5 211	5 199	5 494	5 682	4 935	5 580	6 016	5 331	5 751	2 935	3 555	60 550	64 183	68 034	
Waste water management	113 886	23 571	-	18 770	97 555	-	15 477	4 383	64 874	-	-	12 128	350 644	409 099	380 992	
Total Revenue - Standard	228 236	28 782	5 199	24 265	195 190	4 935	21 057	10 399	143 171	5 751	2 935	16 647	686 567	774 133	773 098	
		28 782	5 199	24 265	195 590	4 935	21 057	10 399	143 171	5 751	2 935					
Expenditure - Standard																
<i>Governance and administration</i>	6 190	6 735	10 936	11 120	14 455	11 499	10 925	10 824	14 767	10 919	15 630	20 090	144 091	152 941	160 931	
Executive and council	1 256	1 366	2 218	2 255	2 932	2 332	2 216	2 195	2 995	2 214	3 170	4 075	29 224	30 221	32 363	
Budget and treasury office	2 771	3 015	4 896	4 978	6 471	5 148	4 891	4 846	6 611	4 888	6 997	8 994	64 506	69 100	71 473	
Corporate services	2 164	2 354	3 822	3 886	5 052	4 019	3 818	3 783	5 161	3 816	5 463	7 022	50 362	53 620	57 095	
<i>Economic and environmental services</i>	2 532	2 755	4 473	4 548	5 912	4 704	4 469	4 427	6 040	4 466	6 393	8 217	58 937	63 416	67 282	
Planning and development	2 532	2 755	4 473	4 548	5 912	4 704	4 469	4 427	6 040	4 466	6 393	8 217	58 937	63 416	67 282	
<i>Trading services</i>	7 103	7 727	12 548	12 758	16 585	13 194	12 535	12 419	16 943	12 528	17 934	23 051	165 326	175 456	187 207	
Water	5 944	6 466	10 500	10 676	13 879	11 041	10 489	10 393	14 178	10 483	15 007	19 289	138 344	146 490	156 283	
Waste water management	1 159	1 261	2 048	2 082	2 707	2 153	2 046	2 027	2 765	2 045	2 927	3 762	26 982	28 967	30 924	
Total Expenditure - Standard	15 825	17 216	27 957	28 426	36 953	29 397	27 929	27 671	37 750	27 912	39 957	51 359	368 353	391 813	415 420	
Surplus/(Deficit) before assoc.	212 410	11 566	(22 758)	(4 162)	158 237	(24 462)	(6 871)	(17 272)	105 421	(22 161)	(37 023)	(34 712)	318 213	382 320	357 678	
Surplus/(Deficit)	212 410	11 566	(22 758)	(4 162)	158 237	(24 462)	(6 871)	(17 272)	105 421	(22 161)	(37 023)	(34 712)	318 213	382 320	357 678	

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

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

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Multi-year expenditure to be appropriated																
Vote 1 - Council												-	-	-	-	
Vote 2 - Municipal Manager												-	-	-	-	
Vote 3 - Budget & Treasury Office												-	-	-	-	
Vote 4 - Corporate Services	199	216	351	357	464	369	351	347	474	350	502	645	4 624	2 776	2 937	
Vote 5 - Social & Development Planning	48	52	85	86	112	89	85	84	114	85	121	156	1 117	1 335	854	
Vote 6 - Infrastructure Services	14 834	16 137	26 205	26 645	34 637	27 555	26 179	25 937	35 385	26 163	37 453	48 141	345 272	403 233	374 765	
Vote 7 - Water Services	217	236	383	389	506	402	382	379	517	382	547	703	5 042	2 544	2 697	
Capital multi-year expenditure sub-total	15 297	16 641	27 024	27 477	35 719	28 416	26 996	26 747	36 490	26 980	38 623	49 644	356 054	409 888	381 252	
Total Capital Expenditure	15 297	16 641	27 024	27 477	35 719	28 416	26 996	26 747	36 490	26 980	38 623	49 644	356 054	409 888	381 252	

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

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

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard																
<i>Governance and administration</i>	199	216	351	357	464	369	351	347	474	350	502	645	4 624	2 776	2 937	
Executive and council												-	-	-	-	
Budget and treasury office												-	-	-	-	
Corporate services	199	216	351	357	464	369	351	347	474	350	502	645	4 624	2 776	2 937	
<i>Economic and environmental services</i>	48	52	85	86	112	89	85	84	114	85	121	156	1 117	1 335	854	
Planning and development	48	52	85	86	112	89	85	84	114	85	121	156	1 117	1 335	854	
<i>Trading services</i>	15 050	16 373	26 588	27 034	35 143	27 958	26 561	26 316	35 901	26 545	38 000	48 844	350 314	405 777	377 462	
Electricity												-	-	-	-	
Water	217	236	383	389	506	402	382	379	517	382	547	703	5 042	2 544	2 697	
Waste water management	14 834	16 137	26 205	26 645	34 637	27 555	26 179	25 937	35 385	26 163	37 453	48 141	345 272	403 233	374 765	
Total Capital Expenditure - Standard	15 297	16 641	27 024	27 477	35 719	28 416	26 996	26 747	36 490	26 980	38 623	49 644	356 054	409 888	381 252	
Funded by:																
National Government	14 769	16 067	26 092	26 529	34 487	27 435	26 065	25 824	35 231	26 049	37 291	47 932	343 772	401 643	373 080	
Transfers recognised - capital	14 769	16 067	26 092	26 529	34 487	27 435	26 065	25 824	35 231	26 049	37 291	47 932	343 772	401 643	373 080	
Internally generated funds	528	574	932	948	1 232	980	931	923	1 259	931	1 332	1 712	12 282	8 245	8 173	
Total Capital Funding	15 297	16 641	27 024	27 477	35 719	28 416	26 996	26 747	36 490	26 980	38 623	49 644	356 054	409 888	381 252	

Table 52 MBRR SA30 - Budgeted monthly cash flow

DC43 Harry Gwala - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18
Cash Receipts By Source													1		
Service charges - water revenue	2 187	1 470	3 168	1 063	3 273	1 697	1 827	3 517	1 762	1 795	2 332	1 965	26 057	26 756	27 474
Service charges - sanitation revenue	937	630	1 358	456	1 403	727	783	1 507	755	769	1 000	842	11 167		
Service charges - refuse revenue												-		12 379	13 722
Service charges - other	105	115	86	109	79	106	138	110	99	112	152	105	1 315	13 630	1 375
Interest earned - external investments	603	216	298	310	585	21	185	279	299	275	158	150	3 379	3 500	3 750
Interest earned - outstanding debtors	419	433	422	434	427	442	455	486	500	515	453	453	5 440	6 844	8 610
Transfer receipts - operational	113 007				90 016				66 609			-	269 632	294 548	317 363
Other revenue	40	70	52	139	27	39	54	25	34	23	9	30	542	646	
Cash Receipts by Source	117 298	2 934	5 385	2 510	95 809	3 033	3 441	5 925	70 058	3 489	4 104	3 546	317 531	358 302	372 295
Other Cash Flows by Source															
Transfer receipts - capital	101 865	35 725		26 878	89 570		25 063	12 510	52 161			-	343 772	401 643	373 080
Increase (decrease) in consumer deposits		19	20	15	10	36	8	6	9	8	10	26	166	167	169
Total Cash Receipts by Source	219 163	38 678	5 405	29 402	185 389	3 069	28 511	18 441	122 228	3 497	4 113	3 572	661 470	760 113	745 543
Cash Payments by Type															
Employee related costs		10 443	10 547	10 658	10 863	10 995	11 360	11 470	11 870	11 870	11 985	13 252	125 313	135 338	146 165
Remuneration of councillors		658	658	658	658	724	724	724	785	785	785	747	7 906	8 539	9 222
Finance charges						1 390						1 010	2 400	2 539	2 686
Bulk purchases - Water & Sewer		348	378	480	475	580	450	375	345	289	206	259	4 185	4 427	4 684
Contracted services		3 744	3 785	4 765	4 800	4 965	5 756	2 928	2 684	2 948	4 300	4 249	44 923	47 516	50 272
Transfers and grants - other	8 000				6 000	-	-	-	6 000	-	-	-	20 000	22 218	23 551
Other expenditure												105 403	105 403	109 488	113 387
Cash Payments by Type	8 000	15 192	15 368	16 561	22 796	18 654	18 290	15 497	21 684	15 892	17 276	124 920	310 130	330 066	349 968
Other Cash Flows/Payments by Type															
Capital assets		38 541	27 620	19 869	26 186	29 940	19 841	28 850	38 676	25 478	28 839	37 753	321 592	367 362	350 900
Repayment of borrowing						1 453						1 547	3 000	2 312	2 567
Total Cash Payments by Type	8 000	53 733	42 988	36 430	48 982	50 048	38 131	44 346	60 359	41 370	46 115	164 220	634 722	699 740	703 435
NET INCREASE/(DECREASE) IN CASH HELD	211 163	(15 056)	(37 582)	(7 028)	136 407	(46 979)	(9 619)	(25 905)	61 869	(37 873)	(42 001)	(160 648)	26 748	60 373	42 108
Cash/cash equivalents at the month/year begin:	9 855	221 018	205 963	168 380	161 353	297 760	250 782	241 162	215 257	277 125	239 252	197 251	9 855	36 603	96 976
Cash/cash equivalents at the month/year end:	221 018	205 963	168 380	161 353	297 760	250 782	241 162	215 257	277 125	239 252	197 251	36 603	36 603	96 976	139 085

3.9 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

Water Services Department – Vote 14

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

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

DC43 Harry Gwala - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/exp		
Description	Vote 6 - Infrastructure	Vote 7 - Water Services
R thousand		
Revenue By Source		
Service charges - water revenue	–	38 409
Service charges - sanitation revenue	–	16 461
Service charges - other	–	1 032
Interest earned - outstanding debtors	–	6 360
Total Revenue (excluding capital transfers and contributions)	–	62 262
Expenditure By Type		
Employee related costs	9 635	47 828
Depreciation & asset impairment	2 143	21 094
Bulk purchases	–	5 000
Contracted services	2 000	17 170
Other expenditure	8 900	41 882
Total Expenditure	22 679	132 974
Surplus/(Deficit)	(22 679)	(70 712)
Transfers recognised - capital	270 790	
Surplus/(Deficit) after capital transfers & contributions	248 111	(70 712)

Table 54 Water Services Department – Performance objectives and indicators

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives

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

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

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

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

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

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

3.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

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

3.11 CAPITAL EXPENDITURE DETAILS

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

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

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	134 258	202 535	331 085	260 490	232 188	232 188	339 272	397 173	353 641
Infrastructure - Road transport	-	-	-	-	-	-	500	530	562
<i>Roads, Pavements & Bridges</i>	-	-	-	-	-	-	500	530	562
Infrastructure - Electricity	-	4 971	1 830	-	-	-	8 000	-	-
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	-	4 971	1 830	-	-	-	8 000	-	-
Infrastructure - Water	114 180	121 050	249 750	231 990	203 688	203 688	297 107	334 045	297 655
<i>Dams & Reservoirs</i>	-	-	28 200	-	-	-	-	-	-
<i>Water purification</i>	-	-	3 000	-	-	-	-	-	-
<i>Reticulation</i>	114 180	121 050	218 550	231 990	203 688	203 688	297 107	334 045	297 655
Infrastructure - Sanitation	20 078	76 515	79 504	28 500	28 500	28 500	33 666	62 598	55 424
<i>Reticulation</i>	-	-	73 561	-	-	-	-	-	-
<i>Sewerage purification</i>	20 078	76 515	5 943	28 500	28 500	28 500	33 666	62 598	55 424
Community	8 704	-	-	-	-	-	-	-	-
Other	8 704	-	-	-	-	-	-	-	-
Other assets	10 416	8 605	19 262	9 950	9 950	9 950	10 533	6 710	6 548
General vehicles	5 403	1 000	1 100	-	-	-	4 642	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	695	-	6 025	4 600	4 600	4 600	2 600	2 755	2 919
Computers - hardware/equipment	-	-	1 380	-	-	-	-	-	-
Furniture and other office equipment	734	921	2 179	1 450	1 450	1 450	1 791	1 895	2 006
Other Buildings	3 584	4 500	8 578	600	600	600	-	-	-
Other	-	2 184	-	3 300	3 300	3 300	1 500	2 060	1 624
Intangibles	756	200	200	1 100	1 100	1 100	1 250	1 005	1 063
Computers - software & programming	756	200	200	1 100	1 100	1 100	1 250	1 005	1 063
Other (<i>list sub-class</i>)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	154 134	211 341	350 547	271 540	243 238	243 238	351 054	404 888	361 252
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

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

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

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

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

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

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

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

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

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

Table 59 MBRR SA36 - Detailed capital budget per municipal vote

DC43 Harry Gwala - Supporting Table SA36 Detailed capital budget

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

DC43 Harry Gwala - Supporting Table SA36 Detailed capital budget

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

Table 60 MBRR 36: Detailed capital budget per municipal vote (continued)

DC43 Harry Gwala - Supporting Table SA36 Detailed capital budget

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

Table 61 MBRR SA37 - Projects delayed from previous financial year

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

3.12 LEGISLATION COMPLIANCE STATUS

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

In year reporting

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

Internship programme

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

Budget and Treasury Office

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

Audit Committee

An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

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

Annual Report

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

MFMA Training

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

Policies

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

3.13 OTHER SUPPORTING DOCUMENTS

Table 62 MBRR Table SA1 - Supporting detail to budgeted financial performance

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
REVENUE ITEMS:										
Service charges - water revenue										
Total Service charges - water revenue	32 288	38 688	43 786	43 715	43 635	43 635	43 635	45 599	48 335	51 236
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>	4 455	4 455	5 006	5 306	5 306	5 306	5 306	4 886	5 179	5 490
Net Service charges - water revenue	27 833	34 233	38 780	38 409	38 329	38 329	38 329	40 714	43 157	45 746
Service charges - sanitation revenue										
Total Service charges - sanitation revenue	12 033	14 671	16 620	16 461	16 461	16 461	16 461	17 449	18 496	19 605
Net Service charges - sanitation revenue	12 033	14 671	16 620	16 461	16 461	16 461	16 461	17 449	18 496	19 605
Other Revenue by source										
<i>Other revenue</i>	2 210	1 859	1 382	56	186	186	186	609	646	685
CLEARANCE CERTIFICATES				4	4	4	4			
TENDER DOCUMENTS				570	570	570	570			
CONSERVANCY TANKS				338	338	338	338			
Total 'Other' Revenue	2 210	1 859	1 382	968	1 098	1 098	1 098	609	646	685

Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	56 244	70 950	77 911	82 763	84 763	84 763	84 763	91 544	98 868	106 777
Pension and UIF Contributions	8 949	11 289	9 413	9 886	9 886	9 886	9 886	10 677	11 531	12 453
Medical Aid Contributions	1 240	1 564	3 728	4 193	4 193	4 193	4 193	4 529	4 891	5 282
Overtime	1 105	1 394	8 353	9 111	9 111	9 111	9 111	9 840	10 628	11 478
Performance Bonus	5 363	6 765	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	4 335	5 469	4 704	6 214	6 214	6 214	6 214	6 711	7 248	7 828
Cellphone Allowance	482	608	1 661	509	509	509	509	550	593	641
Housing Allowances	33	42	197	735	735	735	735	794	857	926
Other benefits and allowances	1 477	1 863	377	619	619	619	619	668	722	779
sub-total	79 228	99 943	106 345	114 031	116 031	116 031	116 031	125 313	135 338	146 165
Less: Employees costs capitalised to PPE										
Total Employee related costs	79 228	99 943	106 345	114 031	116 031	116 031	116 031	125 313	135 338	146 165
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	28 992	37 050	39 754	30 000	30 000	30 000	30 000	31 874	33 786	35 812
Total Depreciation & asset impairment	28 992	37 050	39 754	30 000	30 000	30 000	30 000	31 874	33 786	35 812
Bulk purchases										
Electricity Bulk Purchases										
Water Bulk Purchases	9 710	9 487	8 947	8 706	9 852	9 852	9 852	4 185	4 427	4 684
Total bulk purchases	9 710	9 487	8 947	8 706	9 852	9 852	9 852	4 185	4 427	4 684
Transfers and grants										
Cash transfers and grants	7 490	14 808	16 501	20 000	18 096	18 096	18 096	20 000	22 218	23 551
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-	-
Total transfers and grants	7 490	14 808	16 501	20 000	18 096	18 096	18 096	20 000	22 218	23 551
Contracted services										
Gardening Services			600					211	223	236
Cleaning services	128	292	200	300	300	300	300	317	335	354
Security Services	6 383	7 874	3 548	9 165	9 165	9 165	9 165	9 142	9 672	10 233
IT Support & Office Rental										
EXTERNAL WATER QUALITY MONITORING	1 174	1 267	2 000							
WSDP Review		115								
Municipal Finance Support	596									
VAT Consultant	568	2 159	2 000	1 500	1 500	1 500	1 500	1 000	1 058	1 119
RENTAL OF OFFICE EQUIPMENT			500	600	600	600	600	633	670	709
Water Resource Strategies & Planning										
LEGAL SERVICES	305	321		1 500	1 500	1 500	1 500	1 000	1 058	1 119
RISK ASS, MAN STRATEGY AND AUDIT ASSIGNMENT	280	100								
AUDIT COMMITTEE			400					600	635	672
ANNUAL FINANCIAL STATEMENTS (AFS)(ACCOUNTING SERVICES)	1 237	1 899	1 300	3 000	3 000	3 000	3 000	3 165	3 349	3 543
PMS/SDBIP REVIEW	4	512	600	800	800	800	800	300	317	336
Other	6 955	5 416			21 341	21 341	21 341	10 500	11 109	11 753
WATER QUALITY MONITORING				2 150	2 150	2 150	2 150	2 268	2 400	2 539
Greater Umzimkhulu Sanitation Project	1 195	3 705								
Refurbishment Projects			39 996	13 000	13 000	13 000	13 000	15 788	16 691	17 659
sub-total	18 825	23 659	51 144	32 015	53 356	53 356	53 356	44 923	47 516	50 272
Total contracted services	18 825	23 659	51 144	32 015	53 356	53 356	53 356	44 923	47 516	50 272

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Other Expenditure By Type										
Collection costs	334	-	1 919	600	600	600	600	504	524	543
Contributions to 'other' provisions	2 463	1 818	463	1 398	1 398	1 398	1 398	1 175	1 221	1 265
Consultant fees			-	3 800	3 800	3 800	3 800	3 193	3 318	3 437
Audit fees	1 793	1 784	2 155	2 000	2 000	2 000	2 000	1 680	1 746	1 809
General expenses	152 922	54 046	43 386	10 796	30 756	30 756	30 756	25 841	26 855	27 817
COMMUNITY PARTICIPATION	3 649	4 228	4 270	12 843	12 843	12 843	12 843	10 790	11 214	11 616
CONFERENCES AND SEMINARS	884	1 042	659	832	832	832	832	699	726	752
DISASTER MANAGEMENT	1 120	698	47	800	800	800	800	672	699	724
ELECTRICITY	-	-	1 887	800	800	800	800	672	699	724
FINANCE RELATED COSTS	829	-	2 284	700	700	700	700	588	611	633
HUMAN RESOURCE RELATED COSTS	-	-	1 934	7 786	7 786	7 786	7 786	6 541	6 798	7 042
IT RELATED COSTS	84	44	513	3 552	3 552	3 552	3 552	2 985	3 102	3 213
OPERATIONS & MAINTENANCE	-	-	10 617	1 000	1 000	1 000	1 000	840	873	904
PRINTING & STATIONARY	1 436	727	874	990	990	990	990	832	864	895
PROJECT PLANNING	463	-	688	850	850	850	850	714	742	769
PUBLIC RELATIONS	390	672	2 468	850	850	850	850	714	742	769
RURAL ROADS ASSETS INFRASTRUCTURE	-	-	1 223	1 700	1 700	1 700	1 700	1 428	1 484	1 538
SOCIAL & SPORTS	762	885	885	1 000	1 000	1 000	1 000	840	873	904
SUBSISTANCE & TRAVELLING	1 117	905	788	1 500	1 500	1 500	1 500	1 260	1 310	1 357
TELEPHONE & FAXES	3 229	4 005	2 059	2 000	2 000	2 000	2 000	1 680	1 746	1 809
WATER CONSERVATION & DEMAND MANAGEMENT	-	348	1 051	600	600	600	600	504	524	543
Impairment costs	924	3 672	407	500	500	500	500	420	437	452
Rain water Haversing				4 000	4 000	4 000	4 000	3 361	3 493	3 618
Department of Higher Education Grant Expenditure				-	-	-	-	-	-	-
Water Services Operational Costs	-	-	-	24 077	24 077	24 077	24 077	20 229	21 023	21 777
Repairs & Maintenance		23 474	22 132	14 150	14 150	14 150	14 150	11 889	12 355	12 798
Expenditure on Grants		61 071	39 954	7 505	7 505	7 505	7 505	6 306	6 553	6 788
Total 'Other' Expenditure	172 399	159 420	142 663	106 629	126 589	126 589	126 589	106 358	110 532	114 494
Repairs and Maintenance by Expenditure Item										
Employee related costs	29 493	29 493	35 127	36 938	36 938	36 938	36 938	44 396	57 053	69 710
Other materials	22 807	26 476	24 589	25 856	25 856	25 856	25 856	31 077	39 937	48 797
Contracted Services	5 899	5 899	7 025	7 388	7 388	7 388	7 388	8 879	11 411	13 942
Other Expenditure	2 949	2 949	3 513	3 694	3 694	3 694	3 694	4 440	5 705	6 971
Total Repairs and Maintenance Expenditure	61 148	64 817	70 254	73 875	73 875	73 875	73 875	88 791	114 105	139 419

Table 64 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

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

Description	Vote 1 - Council	Vote 2 - Municipal	Vote 3 - Budget &	Vote 4 - Corporate	Vote 5 - Social &	Vote 6 - Infrastructur	Vote 7 - Water	Total
R thousand								
Revenue By Source								
Service charges - water revenue	-	-	-	-	-	-	38 409	38 409
Service charges - sanitation revenue	-	-	-	-	-	-	16 461	16 461
Service charges - other	-	-	-	-	-	-	1 032	1 032
Interest earned - external investments	-	-	4 375	-	60	-	-	4 435
Interest earned - outstanding debtors	-	-	-	-	-	-	6 360	6 360
Other revenue	-	-	968	-	10	-	-	978
Transfers recognised - operational	-	-	248 723	-	53 600	-	-	302 323
Gains on disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	-	-	254 066	-	53 670	-	62 262	369 999
Expenditure By Type								
Employee related costs	-	7 823	14 583	13 525	28 997	9 635	47 828	122 391
Remuneration of councillors	7 321	-	-	-	-	-	-	7 321
Debt impairment	-	-	24 692	-	-	-	-	24 692
Depreciation & asset impairment	-	224	431	1 064	44	2 444	26 094	30 300
Finance charges	-	-	2 228	-	50	-	-	2 278
Bulk purchases	-	-	-	-	-	-	8 706	8 706
Contracted services	-	400	3 300	8 545	600	2 000	17 170	32 015
Other expenditure	3 862	3 185	14 235	22 726	75 086	8 900	41 885	169 879
Total Expenditure	11 183	11 633	59 469	45 860	104 776	22 979	141 683	397 581
Surplus/(Deficit)	(11 183)	(11 633)	194 597	(45 860)	(51 106)	(22 979)	(79 420)	(27 583)
Transfers recognised - capital	-	-	-	-	27 500	270 790	-	298 290
Surplus/(Deficit) after capital transfers & contributions	(11 183)	(11 633)	194 597	(45 860)	(23 606)	247 811	(79 420)	270 707

Table 65 MBRR Table SA3 – Supporting detail to Statement of Financial Position

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Consumer debtors										
Consumer debtors	5 738	6 928	25 704	16 091	16 091	16 091	16 091	147 750	172 242	266 028
Less: Provision for debt impairment								(94 577)	(98 048)	(102 385)
Total Consumer debtors	5 738	6 928	25 704	16 091	16 091	16 091	16 091	53 173	74 194	163 643
Debt impairment provision										
Balance at the beginning of the year				71 748	71 748	71 748	71 748	77 113	94 577	98 048
Contributions to the provision				18 369	18 369	18 369	18 369	17 464	26 917	28 533
Bad debts written off										
Balance at end of year	-	-	-	90 118	90 118	90 118	90 118	94 577	121 494	126 581
Property, plant and equipment (PPE)										
PPE at cost/valuation (ex cl. finance leases)	1 150 387	1 278 956	1 470 186	1 818 079	1 789 777	1 789 777	1 789 777	2 078 922	2 449 148	2 769 582
Less: Accumulated depreciation				218 604	218 604	218 604	218 604	231 720	245 623	260 360
Total Property, plant and equipment (PPE)	1 150 387	1 278 956	1 470 186	1 599 476	1 571 174	1 571 174	1 571 174	1 847 203	2 203 525	2 509 222
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities	3 297	3 415	3 266	3 592	3 592	3 592	3 592	2 400	2 539	2 686
Total Current liabilities - Borrowing	3 297	3 415	3 266	3 592	3 592	3 592	3 592	2 400	2 539	2 686
Trade and other payables										
Trade and other creditors	87 312	92 380	145 726	31 018	83 018	83 018	83 018	48 536	51 755	49 874
Unspent conditional transfers	30 551	19 552	10 980	12 692	12 692	12 692	12 692	7 234	4 124	2 350
Total Trade and other payables	117 863	111 932	156 707	43 710	95 710	95 710	95 710	55 770	55 879	52 224
Non current liabilities - Borrowing										
Borrowing	25 596	22 064	18 683	16 683	16 683	16 683	16 683	14 283	11 744	9 058
Finance leases (including PPP asset element)	2 089	5 130	3 798							
Total Non current liabilities - Borrowing	27 685	27 193	22 481	16 683	16 683	16 683	16 683	14 283	11 744	9 058
Provisions - non-current										
Retirement benefits	7 138	13 928	16 672	11 897	11 897	11 897	11 897	10 947	13 346	16 156
Other	2 230			2 437	2 437	2 437	2 437	2 691	2 970	3 279
Total Provisions - non-current	9 369	13 928	16 672	14 334	14 334	14 334	14 334	13 638	16 316	19 436
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	911 565	1 071 839	1 167 247	1 338 874	1 598 198	1 598 198	1 598 198	1 475 060	1 859 551	2 297 603
Restated balance	911 565	1 071 839	1 167 247	1 338 874	1 598 198	1 598 198	1 598 198	1 475 060	1 859 551	2 297 603
Surplus/(Deficit)	160 274	92 558	171 628	242 597	185 939	185 939	185 939	318 213	382 320	357 678
Other adjustments		2 850		16 727	(309 077)	(309 077)	(309 077)	66 277	55 733	83 408
Accumulated Surplus/(Deficit)	1 071 839	1 167 247	1 338 874	1 598 198	1 475 060	1 475 060	1 475 060	1 859 551	2 297 603	2 738 690
Total Reserves	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	1 071 839	1 167 247	1 338 874	1 598 198	1 475 060	1 475 060	1 475 060	1 859 551	2 297 603	2 738 690

Table 66 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

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

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

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

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

Table 67 MBRR SA32 – List of external mechanisms

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

3.1 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

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

Print Name Mthethunzima Mkatu

Acting Municipal Manager of Harry Gwala District Municipality (DC43)

Signature



Date 2016/03/30