



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

BUDGET & TREASURY

***202021 MTREF***

***FINAL DRAFT***

***BUDGET***

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

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

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Annexure B: SDBIP Summary

# Abbreviations and Acronyms

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

# 1 Part 1 – Annual Budget

## 1.1 MAYOR’S REPORT

### PURPOSE

On behalf of the Executive Committee of Council, I am hereby tabling the 2020/2021 Medium term Revenue and Expenditure framework final draft budget for consideration and approval by council

### BACKGROUND

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

### DISCUSSION:

In order for a Municipality to comply with section (i) section 16 (2) prescribes that the Mayor of the Municipality must table the annual Budget at a Council meeting at least 90 days before the start of the budget year.

### In terms of section 17 of the MFMA;

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

### BUDGET SUMMARY:

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

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

Allocated as follows;

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



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

• Government Grants and Subsidies – Capital	R 263, 4m
• Government Grants and Subsidies – Operational	R 387, 5m
• Own Revenue	R 89, 7m

Allocated as follows;

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

The staff salaries budget has been budgeted at R205, 4m, representing 38% of the operational budget. Councilor’s allowances have been budgeted at R8m. The staff salaries budget for the consolidated has been budgeted at R222, 7million representing 40% of the operational budget. Board members have been budgeted at R 500 000.

**Local government equitable share**

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

✓ Equitable share	R 372 340 000
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For 2020/21 Final Budget capital projects amounting to R 270 931 800 have been planned under the following categories;

PROJECT TYPE	AMOUNT
<b>Water</b>	R 228 465 195
<b>Sanitation</b>	R 35 022 605
<b>Other Assets</b>	R 7 444 000
<b>TOTAL</b>	<b>R 270 931 800</b>

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

**Budget or breakdown allocation per local Municipality is as follows:**

<b>Umzimkhulu</b>	R	71 782 410	26%	Has a huge Backlogs and high population
<b>NDZ</b>	R	91 843 761	37%	Huge Backlogs & Bulwer Dam
<b>Ubuhlebezwe</b>	R	51 055 814	19%	Few Backlogs

<b>Kokstad</b>	R	39 779 815	15%	Few Backlogs
<b>Internal</b>	R	7 444 000	3%	No Backlogs

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

### **Local Economic Development and Tourism**

The Harry Gwala District Municipality has developed a number of local development related strategies and plans that seek to enhance its economic growth. These plans and strategies were circulated to all councilors. The Harry Gwala District Municipality has allocated R 17m towards LED projects in 2020/21 and a total of R40million in the MTREF in line with this National priority. We are hopeful that our partners, the first and second sphere of Government, in economic development will support in this Endeavour. We also intend to attract private sector investment to our district through the strengthening of our Harry Gwala Development Agency (HGDA). The Board of directors is now in place. To further strengthen the administrative capacity of the Agency, the HGDM LED unit was seconded to be part of the HGDA. We are also engage through the Mayoral forum to drive towards having one LED vehicle for the district including LMs being the HGDA.

### **Promoting efficient revenue and expenditure management in local government**

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

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

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

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

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

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

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

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

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

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

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

Other strategies documents to be linked with the budget are:

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

## 1.2 COUNCIL RESOLUTIONS

On 27 May 2020 the Council of Harry Gwala District Municipality met in the Harry Gwala District Municipal boardroom via tele-conference to consider the final draft budget of the municipality for the financial year 2020/21. The Council approved the following resolutions:

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

1.1. The final draft budget of the municipality for the financial year 2020/2021 and the multi-year capital appropriations as set out in the following tables:

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

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

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

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

1.1.5. Consolidated budget schedules A1 to A10.

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

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

1.2.1. Budgeted Financial Position as contained in Table A6;

1.2.2. Budgeted Cash Flows as contained in Table A7;

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

1.2.4. Asset management as contained in Table A9; and

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

2. The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020:

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

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

3. The Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020DR the tariffs for other services, as set out in tariffs policy.

4. The council, acting in terms of section 24 of the Municipal Finance Management Act, approves and adopts with effect from 01 July the final draft budget related policies as discussed above.

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

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

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

### **1.3 EXECUTIVE SUMMARY**

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

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

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

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

The main challenges experienced during the compilation of the 2020/21 MTREF can be summarised as follows:

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

- The increased cost of bulk water (due to tariff increases from Umngeni and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable. However, with this in mind the municipality has planned to engage on an extensive costing exercise with a view to review.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year’s capital investments needed to be factored into the budget as part of the 2020/21 MTREF process; and

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

- The 2019/20 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2020/21 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and the operational cost of District expense for the water pumps. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:

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

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

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

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

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

Table 2 below presents a consolidated overview of the 2020/21 budget.

**Table 2 Consolidated Overview of the 2020/21 MTREF**

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

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

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

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

The capital budget of R271,2million for 2020/21 is 3% per cent less when compared to the 2019/20 Adjustment Budget. The decrease is due to various grants gazzetted for the 2020/21 financial year and this will have a negative impact in service delivery and water and sanitation backlog will increase. The capital programme decreases from R279,2million to R271,2million in the 2020/21 financial year and R281,4million in 2021/22 financial year and increased again in 2022/23 financial year to R297,8million. The capital budget is largely funded from the Government Grants and Subsidies in the MTREF.



## 1.4 OPERATING REVENUE FRAMEWORK

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management, which aims to ensure a 75 per cent annual collection rate for water and sanitation service charges in the MTREF;
- Achievement in the long term of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the district.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

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

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>										
Service charges - water revenue	27 669	38 197	43 001	62 635	47 706	47 706	34 221	50 540	53 543	56 707
Service charges - sanitation revenue	9 499	15 766	15 419	25 757	19 359	19 359	11 901	20 510	21 730	23 016
Interest earned - external investments	6 067	8 599	9 202	11 161	7 257	7 257	4 519	7 681	8 140	8 627
Interest earned - outstanding debtors	12 349	11 963	10 556	9 658	9 658	9 658	9 009	10 238	10 852	11 503
Fines, penalties and forfeits	-	576	694	-	-	-	341	-	-	-
Transfers and subsidies	296 584	300 806	366 165	366 404	382 508	382 508	272 219	387 266	411 458	441 097
Other revenue	1 269	135	337	781	8 495	8 495	1 639	1 107	1 165	1 224
Gains	-	-	-	-	-	-	1 062	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>353 437</b>	<b>376 041</b>	<b>445 375</b>	<b>476 396</b>	<b>474 984</b>	<b>474 984</b>	<b>334 911</b>	<b>477 343</b>	<b>506 888</b>	<b>542 175</b>

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

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

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

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

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

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

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

Table 5 Operating Transfers and Grant Receipts

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Operating transfers and grants:</b>									
<b>National Government:</b>	-	-	-	-	-	-	-	-	-
Balance unspent at beginning of the year	-	(7 215)	(846)	(846)	(334)	(334)	(19 885)	(354)	-
Current year receipts	287 690	(7 254)	(3 518)	(7 316)	(6 316)	(6 316)	(6 195)	(7 695)	(1 000)
<b>Conditions met - transferred to revenue</b>	-	<b>13 619</b>	<b>4 030</b>	<b>1 565</b>	<b>6 316</b>	<b>6 316</b>	<b>6 195</b>	<b>7 695</b>	<b>1 000</b>
Conditions still to be met - transferred to liabilities	-	(850)	(334)	(6 597)	(432)	(432)	(19 885)	(458)	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	14 577								
Current year receipts	171								
<b>Conditions met - transferred to revenue</b>	<b>14 749</b>	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	0	0	-	-	-	12 597	-	-
Conditions still to be met - transferred to liabilities	-	0	0	-	-	-	12 597	-	-
<b>Total operating transfers and grants revenue</b>	<b>14 749</b>	<b>13 619</b>	<b>4 030</b>	<b>1 565</b>	<b>6 316</b>	<b>6 316</b>	<b>6 195</b>	<b>7 695</b>	<b>1 000</b>
<b>Total operating transfers and grants - CTBM</b>	<b>-</b>	<b>(850)</b>	<b>(334)</b>	<b>(6 597)</b>	<b>(432)</b>	<b>(432)</b>	<b>(7 288)</b>	<b>(458)</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	(110 000)	(59 734)	(29 000)	(43 238)	(43 238)	(53 170)	(45 832)	-
Current year receipts	322 273	(283 207)	(349 213)	(275 839)	(280 860)	(280 860)	(270 719)	(306 242)	(301 766)
<b>Conditions met - transferred to revenue</b>	<b>333 477</b>	<b>333 477</b>	<b>336 443</b>	<b>272 000</b>	<b>280 860</b>	<b>280 860</b>	<b>270 719</b>	<b>306 242</b>	<b>301 766</b>
Conditions still to be met - transferred to liabilities	-	(59 729)	(121 770)	(32 839)	(86 476)	(86 476)	(53 170)	(91 664)	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	10 000								
Current year receipts	10 000								
<b>Conditions met - transferred to revenue</b>	<b>10 000</b>	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	(649)	(242)	(242)	(242)	(242)	(817)	(257)	-
Current year receipts	-	-	(20 000)	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	-	(242)	(20 242)	(242)	(485)	(485)	(817)	(514)	-
<b>Total capital transfers and grants revenue</b>	<b>343 477</b>	<b>333 884</b>	<b>336 443</b>	<b>272 000</b>	<b>280 860</b>	<b>280 860</b>	<b>270 719</b>	<b>306 242</b>	<b>301 766</b>
<b>Total capital transfers and grants - CTBM</b>	<b>-</b>	<b>(59 972)</b>	<b>(142 012)</b>	<b>(33 081)</b>	<b>(86 961)</b>	<b>(86 961)</b>	<b>(53 987)</b>	<b>(92 178)</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>358 226</b>	<b>347 503</b>	<b>340 472</b>	<b>273 565</b>	<b>287 176</b>	<b>287 176</b>	<b>276 914</b>	<b>313 937</b>	<b>302 766</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>-</b>	<b>(60 822)</b>	<b>(142 346)</b>	<b>(39 678)</b>	<b>(87 393)</b>	<b>(87 393)</b>	<b>(61 275)</b>	<b>(92 636)</b>	<b>-</b>

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

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

The percentage increases of Umngeni Water bulk tariffs at 8, 1% are more than the mentioned inflation target of 4, 5%. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's rates and in these tariffs are largely outside the control of the District. Discounting the impact of these price increases in lower consumer tariffs will erode the District future financial position and viability.

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

### **Sale of Water and Impact of Tariff Increases**

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

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

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

Better maintenance of infrastructure, new construction of Bulwer dam and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umngeni Water has increased its bulk tariffs by a higher than the CPIX increase from 1 July 2020, which increases the District's water input cost tremendously.

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

A tariff increase of 6 per cent from 1 July 2020 for water is proposed. This is based on input cost of 6% increase in the cost of bulk water (Umngeni Water), the cost of other inputs increasing by 6 per cent and a surplus generated on the water service of a minimum 15 per cent. In addition 6 kℓ water per 30-day period will again be granted free of charge to indigent households.

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

- Sale of Water and Impact of Tariff Increases

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

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

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Better maintenance of infrastructure, new construction of Bulwer dam and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umngeni Water has increased its bulk tariffs by a higher than the CPIX increase from 1 July 2020, which increases the District’s water input cost tremendously.

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

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

Table 6 Proposed Water Tariffs

**Residential**

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

## Commercial & Industrial

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

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

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

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

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



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

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

The tariff structure of the 2020/21 financial year has been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R32.04 per kiloliter for consumption in excess of 201kl per 30 day period. In 2020/21 financial year not all domestic consumers will benefit the free 6kl, only the indigent domestic consumers will receive free basic services. Demand notice fee to consumers, borehole flat rate of R150.00 and raw water flat rate of R3.61 have been added on the tariff structure.

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

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

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

The total revenue expected to be generated from rendering this service amounts to R71million for the 2020/21 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

Conservancy tank clearance on site				Sceptic tank clearance on site			Disposal into municipal reticulation system		
Static sanitation system given per load	2019/20	2020/21	Increase	2019/20	2020/21	Increase	2019/20	2020/21	Increase
<b>Per load</b>	R400.78	R424.83	R24.05	R1240.49	R1314.92	R74.43	R400.78	R424.83	R24.05
<b>Transport per km</b>	R12.41	13.15	R0.74	R12.41	R13.15	R0.74			

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

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

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

Misc. sanitation related tariffs given in service pipe diameter	2019/20	2020/21	Increase
<b>New Connections</b> Up to 600 mm	R 3,816.87	1011.47	<b>R 229.27</b>
Up to 1 200 mm	R 4,771.09	1517.20	<b>R 286.58</b>
1 201 mm +	R 5,900.22	R 6,301.43	<b>R 401.21</b>
<b>Disconnect / Connect</b> Up to 600 mm	R 842.89	R 900.21	<b>R 57.32</b>
Up to 1 200 mm	R 1 264.33	R 1 350.30	<b>R 85.97</b>
1 200 mm +	R 6,679.51	2022.94	<b>R 114.63</b>

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

Overall impact of tariff increases on households

Property development costs, I.R.O water and sanitation delivery reticulation given in number of sub-divisions Per Sub-Division Clearance Certificate	2019/20	2020/21	Increase
1 Site	R11068.92	R11733.06	R664.14
2-5 Sites	R6679.52	R7080.29	R400.77
6-10 Sites	R3816.87	R4045.88	R229.01
11-20 + Sites	2290.12	R2427.53	R137.41
Clearance certificate	176.70	R187.30	R10.60

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 6.8 per cent, with the same increase for indigent households.

**Table 10 MBRR Table SA14 – Household bills**

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21 % incr.	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Middle Income Range'</b>										
Rates and services charges:										
Water: Basic levy										
Water: Consumption	2,95	3,45	4,29	4,58	4,02	4,02	6,85	4,58	4,90	5,23
Sanitation	236,30	275,62	343,34	366,69	321,48	321,48	6,85	366,69	391,62	418,25
Refuse removal	106,16	123,82	154,25	164,74	144,43	144,43	6,85	164,74	175,94	187,90
Other										
<b>sub-total</b>	<b>345,41</b>	<b>402,89</b>	<b>501,88</b>	<b>536,01</b>	<b>469,93</b>	<b>469,93</b>	-	<b>536,01</b>	<b>572,46</b>	<b>611,38</b>
VAT on Services										
<b>Total large household bill:</b>	<b>345,41</b>	<b>402,89</b>	<b>501,88</b>	<b>536,01</b>	<b>469,93</b>	<b>469,93</b>	-	<b>536,01</b>	<b>572,46</b>	<b>611,38</b>
<b>% increase/-decrease</b>		<b>16,6%</b>	<b>24,6%</b>	<b>6,8%</b>	<b>(12,3%)</b>	-		<b>14,1%</b>	<b>6,8%</b>	<b>6,8%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
Rates and services charges:										
Water: Basic levy										
Water: Consumption	3,45	4,02	4,30	4,59	4,59	4,59	20kl	4,90	5,23	5,59
Sanitation	229,68	267,90	286,12	305,58	305,58	305,58	20kl	326,35	348,55	372,25
Refuse removal	103,18	120,34	128,53	137,27	137,27	137,27		146,60	156,57	167,22
Other										
<b>sub-total</b>	<b>336,31</b>	<b>392,27</b>	<b>418,94</b>	<b>447,43</b>	<b>447,43</b>	<b>447,43</b>	<b>6,8%</b>	<b>477,86</b>	<b>510,35</b>	<b>545,06</b>
VAT on Services										
<b>Total small household bill:</b>	<b>336,31</b>	<b>392,27</b>	<b>418,94</b>	<b>447,43</b>	<b>447,43</b>	<b>447,43</b>	<b>6,8%</b>	<b>477,86</b>	<b>510,35</b>	<b>545,06</b>
<b>% increase/-decrease</b>		<b>16,6%</b>	<b>6,8%</b>	<b>6,8%</b>	-	-		<b>6,8%</b>	<b>6,8%</b>	<b>6,8%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>										
Rates and services charges:										
Water: Basic levy										
Water: Consumption	6kl	6kl	6kl	6kl	6kl	6kl	6kl	6kl	6kl	6kl
Sanitation	6kl	6kl	6kl	6kl	6kl	6kl	6kl	6kl	6kl	6kl
Refuse removal										
Other										
<b>sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
VAT on Services										
<b>Total small household bill:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>

## 1.5 OPERATING EXPENDITURE FRAMEWORK

Harry Gwala District Municipality's expenditure framework for the 2020/21 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2020/21 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Expenditure By Type</b>										
Employee related costs	152 588	152 144	173 695	205 726	206 398	206 398	126 141	222 746	232 810	248 842
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	4 746	8 018	8 579	9 180
Debt impairment	34 877	24 717	19 111	25 315	25 315	25 315	-	26 556	27 831	29 166
Depreciation & asset impairment	58 880	66 993	69 605	38 192	80 294	80 294	45 133	84 249	88 294	92 533
Finance charges	4 320	4 497	3 752	3 522	4 180	4 180	2 372	4 385	4 595	4 816
Bulk purchases	12 582	24 786	19 221	15 000	17 762	17 762	11 668	18 632	19 527	20 464
Other materials	-	23 948	31 006	15 443	16 065	16 065	3 927	9 113	9 432	9 885
Contracted services	112 638	151 155	156 547	101 502	140 820	140 820	86 113	118 948	132 288	138 727
Transfers and subsidies	-	11 708	14 000	-	-	-	11 000	-	-	-
Other expenditure	76 645	36 084	37 963	57 324	59 046	59 046	35 954	61 896	63 101	66 237
Losses	59	410	8 948	-	-	-	379	-	-	-
<b>Total Expenditure</b>	<b>458 040</b>	<b>500 530</b>	<b>540 800</b>	<b>469 599</b>	<b>557 454</b>	<b>557 454</b>	<b>327 433</b>	<b>554 543</b>	<b>586 457</b>	<b>619 850</b>

The budgeted allocation for employee related costs for the 2020/21 financial year totals R205, 4m, which equals 37% per cent of the total operating expenditure, consolidated employee related costs for the 2020/2021 financial year totals to R222, 7m which equates to 40 per cent of the total operating expenditure. Harry Gwala District Municipality have factored an increase of 6, 5 per cent for the 2020/2021 financial year as per the collective agreement. An annual increase of 7 per cent has been included in the next 2021/2022 MTREF. As part of the district's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards and cost containment measures have been put in place and the cost containment policy is reviewed and will be approved together with the budget. The municipality has the strategy on improving collection as per MFMA circular 99 wage bill.

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

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

6. **Contracted services** have been identified as a cost saving area for the Municipality. As part of the compilation of the 2020/21 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2020/21 financial year, this group of expenditure totals R118million showing a decrease of 16% from 2019/20, clearly demonstrate that the municipality maintain cost constraint measures. For the 2021/22 financial year growth has been limited to 11% per cent and for the 2022/23 financial year contracted services increased by 5 per cent of total operating expenditure. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2020/21 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.
  
7. **Other expenditure** comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been increased by 5% per cent from the adjusted budget for 2019/20 and curbed 2% per cent increases for the 2021/22 and increased again in the 2022/23 financial year by 5 per cent, indicating that significant cost savings or containment measures have been already realised. Further details relating to contracted services and other expenditure can be seen in Table MBRR SA1.



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

**Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the district’s current infrastructure, the 2020/21 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the district. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:



**Table 12 Operational repairs and maintenance**

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
<b>Repairs and Maintenance by Expenditure Item</b>										
Employee related costs	45 597	-	-	-	-	-	-	-	-	-
Other materials	20 510	8 268	15 942	8 500	690	690	568	724	759	795
Contracted Services	18 209	6 039	17 488	13 846	20 431	20 431	14 982	22 173	22 703	23 798
Other Expenditure	4 475	-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>88 791</b>	<b>14 306</b>	<b>33 430</b>	<b>22 346</b>	<b>21 121</b>	<b>21 121</b>	<b>15 551</b>	<b>22 897</b>	<b>23 462</b>	<b>24 594</b>

During the compilation of the 2020/21 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 8 per cent in the 2019/20 financial year, from R21, 1 million to R22, 8 million. During the 2019 Adjustment Budget this allocation was adjusted it was R22, 3m during the original budget taking into account the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2020/21 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2020/21 equates to R22, 8 million showing an increase of 8 per cent in relation to the Adjustment Budget and grows at 7% in the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 4 per cent for the respective financial years of the MTREF.

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

Table 13 Repairs and maintenance per asset class

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>EXPENDITURE OTHER ITEMS</b>	147 671	81 299	103 035	60 539	101 415	101 415	107 146	111 756	117 127
<b>Depreciation</b>	58 880	66 993	69 605	38 192	80 294	80 294	84 249	88 294	92 533
<b>Repairs and Maintenance by Asset Class</b>	88 791	14 306	33 430	22 346	21 121	21 121	22 897	23 462	24 594
<i>Water Supply Infrastructure</i>	77 566	2 587	11 693	11 546	17 813	17 813	18 685	19 582	20 522
<i>Sanitation Infrastructure</i>	1 500	1 606	4 396	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	79 066	4 193	16 089	11 546	17 813	17 813	18 685	19 582	20 522
Sport and Recreation Facilities	105	119	96	110	146	146	153	160	168
<b>Community Assets</b>	105	119	96	110	146	146	153	160	168
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Computer Equipment	120	79	9	190	-	-	520	-	-
Machinery and Equipment	7 800	8 189	15 933	8 500	690	690	724	759	795
Transport Assets	-	-	136	500	300	300	315	330	346
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	147 671	81 299	103 035	60 539	101 415	101 415	107 146	111 756	117 127

For the 2020/21 financial year, R22, 8million of total repairs and maintenance will be spent on infrastructure assets. This signifies the implementation of the municipality's plans of maintaining its infrastructure levels high to ensure uninterrupted service delivery.

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

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

### Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the district Indigent Policy. The target is to register 2 500 or more indigent households during the 2020/21 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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

## 1.6 CAPITAL EXPENDITURE

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

Table 14 2020/21 Medium-term capital budget per vote

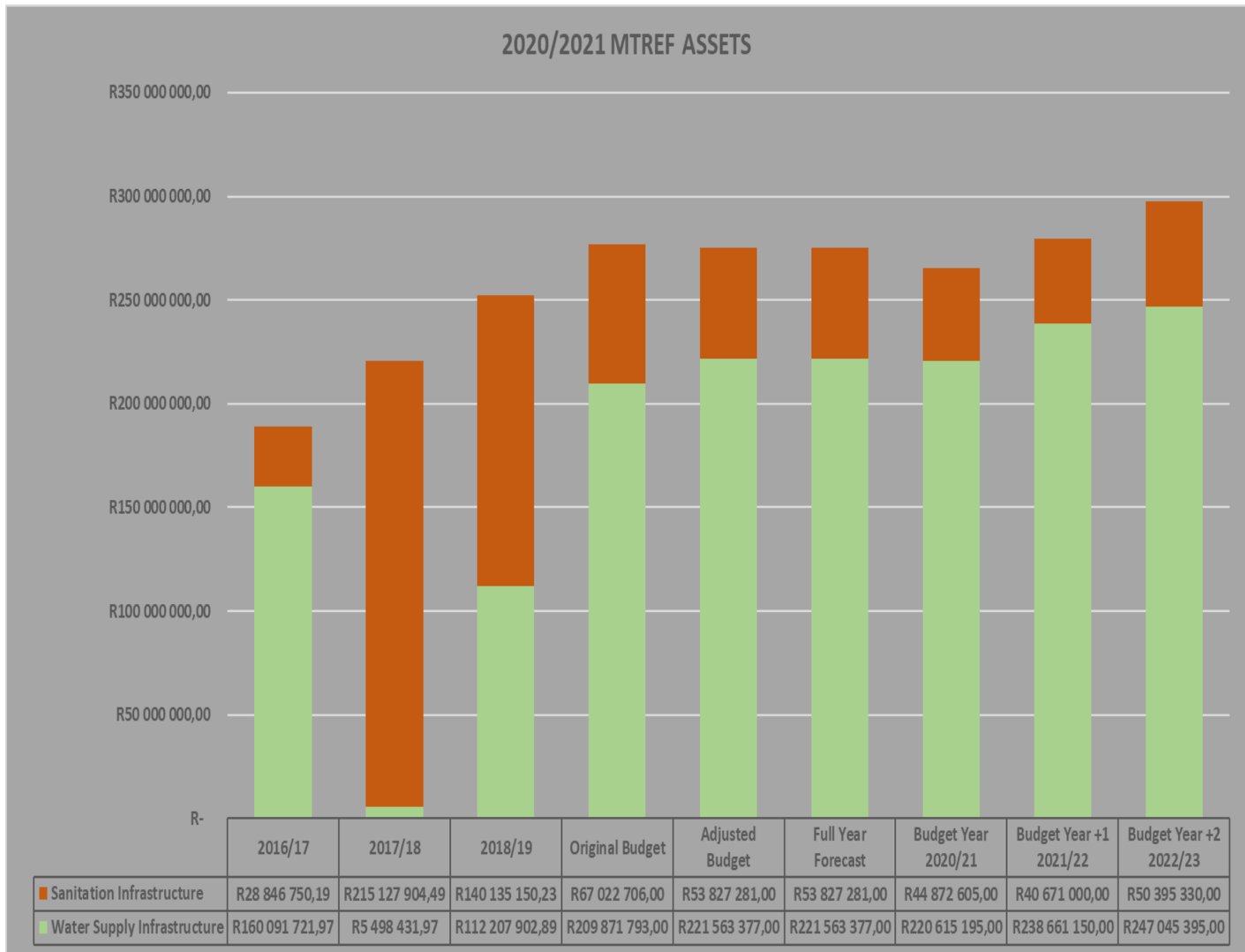
DC43 Harry Gwala - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	6 956	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	1 511	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	177 304	220 626	252 343	165 243	150 348	150 348	119 142	263 488	277 232	293 486
Vote 07 - Summary Water Services	10 000	-	-	-	15 000	15 000	4 940	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>195 771</b>	<b>220 626</b>	<b>252 343</b>	<b>165 243</b>	<b>165 348</b>	<b>165 348</b>	<b>124 082</b>	<b>263 488</b>	<b>277 232</b>	<b>293 486</b>

For 2020/21 an amount of R263, 4million has been appropriated for the development of infrastructure which represents 97% of the total capital budget. In the outer years this amount totals R277, 2million, 99% and R293, 4million, 99% respectively for each of the financial years.

Total new assets represent 94 per cent or R253, 7million of the total capital budget while asset renewal equates to 0,3 per cent or R829 585. Further detail relating to asset classes and proposed capital expenditure is contained in Table MBRR A9 (Asset Management). In addition to the MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Refer to table MBRR SA36 for the detailed listing of the capital projects.

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



#### Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table MBRR SA35. This table shows that future operational costs associated with the capital programme totals R67 million in 2019/20 and to R44, 8million by 2020/21. This concomitant operational expenditure is expected to escalate to R40, 6million by 2021/22. It needs to be noted that as part of the 2020/21 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## 1.7 ANNUAL BUDGET TABLES – CONSOLIDATED BUDGET

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 15 MBRR Table A1 - Budget Summary

DC43 Harry Gwala - Table A1 Consolidated Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	37 168	53 962	58 421	88 392	67 065	67 065	61 953	71 739	76 002	80 497
Investment revenue	6 067	8 599	9 202	11 161	7 257	7 257	5 303	7 681	8 140	8 627
Transfers recognised - operational	296 584	300 806	366 165	366 404	382 508	382 508	358 546	387 266	411 458	441 097
Other own revenue	13 618	12 673	11 587	10 440	18 153	18 153	14 202	11 345	12 018	12 727
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>353 437</b>	<b>376 041</b>	<b>445 375</b>	<b>476 396</b>	<b>474 984</b>	<b>474 984</b>	<b>440 003</b>	<b>478 032</b>	<b>507 618</b>	<b>542 948</b>
Employee costs	152 588	152 144	173 695	205 726	206 398	206 398	157 940	222 746	232 810	248 842
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	6 085	8 018	8 579	9 180
Depreciation & asset impairment	58 880	66 993	69 605	38 192	80 294	80 294	56 273	84 249	88 294	92 533
Finance charges	4 320	4 497	3 752	3 522	4 180	4 180	2 372	4 385	4 595	4 816
Materials and bulk purchases	12 582	48 735	50 227	30 443	33 827	33 827	19 998	27 745	28 959	30 349
Transfers and grants	-	11 708	14 000	-	-	-	11 000	-	-	-
Other expenditure	224 219	212 367	222 568	184 141	225 181	225 181	142 418	207 401	223 220	234 130
<b>Total Expenditure</b>	<b>458 040</b>	<b>500 530</b>	<b>540 800</b>	<b>469 599</b>	<b>557 454</b>	<b>557 454</b>	<b>396 086</b>	<b>554 543</b>	<b>586 457</b>	<b>619 850</b>
<b>Surplus/(Deficit)</b>	<b>(104 604)</b>	<b>(124 489)</b>	<b>(95 425)</b>	<b>6 798</b>	<b>(82 470)</b>	<b>(82 470)</b>	<b>43 918</b>	<b>(76 511)</b>	<b>(78 838)</b>	<b>(76 901)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	267 683	2 221	335 775	275 839	274 335	274 335	155 773	263 488	277 232	293 486
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	333 147	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>163 079</b>	<b>210 879</b>	<b>240 350</b>	<b>282 636</b>	<b>191 864</b>	<b>191 864</b>	<b>199 690</b>	<b>186 976</b>	<b>198 394</b>	<b>216 584</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>163 079</b>	<b>210 879</b>	<b>240 350</b>	<b>282 636</b>	<b>191 864</b>	<b>191 864</b>	<b>199 690</b>	<b>186 976</b>	<b>198 394</b>	<b>216 584</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>195 771</b>	<b>222 253</b>	<b>266 785</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>197 376</b>	<b>271 221</b>	<b>281 421</b>	<b>299 635</b>
Transfers recognised - capital	187 304	11 369	134 240	275 978	274 335	274 335	205 932	263 488	277 232	295 236
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	8 467	-	14 442	6 646	4 895	4 895	4 895	7 734	4 189	4 399
<b>Total sources of capital funds</b>	<b>195 771</b>	<b>11 369</b>	<b>148 683</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>210 828</b>	<b>271 221</b>	<b>281 421</b>	<b>299 635</b>
<b>Financial position</b>										
Total current assets	89 511	168 218	118 976	282 609	98 469	98 469	115 502	54 206	67 798	87 506
Total non current assets	1 815 153	1 943 575	2 171 694	2 165 144	2 161 750	2 161 750	2 312 418	2 289 951	2 363 311	2 496 797
Total current liabilities	211 628	235 334	170 317	114 649	71 669	71 669	216 642	85 282	86 844	92 040
Total non current liabilities	47 162	51 431	56 670	36 242	36 490	36 490	46 265	27 811	25 786	27 333
Community wealth/Equity	1 645 873	1 825 028	2 063 683	2 296 863	2 152 059	2 152 059	2 165 013	2 231 064	2 318 479	2 464 930

**DC43 Harry Gwala - Table A1 Consolidated Budget Summary**

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>Cash flows</b>										
Net cash from (used) operating	206 541	302 839	267 958	294 323	233 262	233 262	233 262	269 092	284 118	306 076
Net cash from (used) investing	(177 749)	(220 517)	(257 088)	(282 624)	(279 405)	(279 405)	(279 405)	(271 221)	(281 421)	(297 885)
Net cash from (used) financing	(5 259)	(10 296)	(11 022)	(3 896)	(12 528)	(12 528)	(12 528)	(4 555)	(1 287)	(1 365)
<b>Cash/cash equivalents at the year end</b>	<b>43 023</b>	<b>115 049</b>	<b>112 184</b>	<b>120 138</b>	<b>12 922</b>	<b>12 922</b>	<b>12 922</b>	<b>6 237</b>	<b>7 646</b>	<b>14 473</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	43 023	96 952	58 363	207 062	12 922	12 922	12 922	6 237	7 646	14 473
Application of cash and investments	177 779	175 470	101 977	70 624	(26 511)	(26 511)	90 633	5 467	100	(6 215)
<b>Balance - surplus (shortfall)</b>	<b>(134 756)</b>	<b>(78 518)</b>	<b>(43 615)</b>	<b>136 438</b>	<b>39 432</b>	<b>39 432</b>	<b>(77 711)</b>	<b>770</b>	<b>7 547</b>	<b>20 689</b>
<b>Asset management</b>										
Asset register summary (WDV)	-	1 554 000	1 545 571	1 775 568	1 772 174	1 772 174	1 772 174	1 875 761	1 933 593	2 050 393
Depreciation	58 880	66 993	69 605	38 192	80 294	80 294	80 294	84 249	88 294	92 533
Renewal and Upgrading of Existing Assets	2 850	215 128	192 941	182 209	159 437	159 437	159 437	17 505	18 403	26 655
Repairs and Maintenance	88 791	14 306	33 430	22 346	21 121	21 121	21 121	22 897	23 462	24 594
<b>Free services</b>										
Cost of Free Basic Services provided	4 647	2 347	343	5 189	5 189	5 189	5 501	5 501	5 831	6 180
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	32	33	32	30	30	30	29	29	31	33
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

**Explanatory notes to MBRR Table A1 - Budget Summary**

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

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

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

1. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which transfers recognised is reflected on the Financial Performance Budget;
2. Internally generated funds are financed from a combination of the current operating surplus and VAT refunds on Conditional Grants. The amount is incorporated in the Net cash from investing

on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

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

But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2020/21 financial year.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2020/21 the water backlog will have been very nearly eliminated.

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

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

Functional Classification Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	313 741	297 378	331 363	367 364	363 811	363 811	391 887	423 302	453 642
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	313 741	297 378	331 363	367 364	363 811	363 811	391 887	423 302	453 642
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	240	349 895	382 421	946	7 908	7 908	6 966	5 946	6 304
Planning and development	240	349 895	382 421	946	7 908	7 908	6 966	5 946	6 304
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	307 139	64 136	67 365	383 925	377 599	377 599	341 978	354 872	375 714
Energy sources	-	-	-	7 000	7 000	7 000	-	-	-
Water management	279 384	43 483	49 012	351 168	336 240	336 240	321 468	333 143	352 698
Waste water management	27 756	20 653	18 353	25 757	34 359	34 359	20 510	21 730	23 016
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>621 120</b>	<b>711 409</b>	<b>781 150</b>	<b>752 235</b>	<b>749 318</b>	<b>749 318</b>	<b>740 831</b>	<b>784 120</b>	<b>835 660</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	174 759	202 614	213 051	212 801	227 550	227 550	240 522	256 513	271 025
Executive and council	26 916	24 643	18 266	25 782	18 280	18 280	24 234	24 766	26 200
Finance and administration	147 842	173 588	188 610	182 707	201 823	201 823	208 209	223 282	235 780
Internal audit	-	4 384	6 175	4 312	7 447	7 447	8 078	8 465	9 045
<b>Community and public safety</b>	-	12 847	13 823	11 180	15 908	15 908	17 188	18 070	19 299
Community and social services	-	12 847	13 823	11 180	15 908	15 908	17 188	18 070	19 299
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	34 483	165 408	167 800	131 383	167 307	167 307	150 177	154 152	162 388
Planning and development	34 483	165 408	167 800	131 383	167 307	167 307	150 177	154 152	162 388
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	248 799	119 661	146 125	114 236	146 690	146 690	146 657	157 721	167 138
Energy sources	-	10 790	35	-	-	-	-	-	-
Water management	157 202	106 914	145 347	113 919	140 024	140 024	145 857	156 866	166 223
Waste water management	91 596	1 957	742	317	6 665	6 665	800	856	915
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>458 040</b>	<b>500 530</b>	<b>540 800</b>	<b>469 599</b>	<b>557 454</b>	<b>557 454</b>	<b>554 543</b>	<b>586 457</b>	<b>619 850</b>
<b>Surplus/(Deficit) for the year</b>	<b>163 079</b>	<b>210 879</b>	<b>240 350</b>	<b>282 636</b>	<b>191 864</b>	<b>191 864</b>	<b>186 288</b>	<b>197 664</b>	<b>215 811</b>

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

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

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



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

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

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

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

Vote Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue by Vote</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	313 741	296 330	330 039	367 364	363 811	363 811	391 887	423 302	453 642
Vote 04 - Summary Corporate Services	-	-	445	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	240	-	346	946	7 908	7 908	6 966	5 946	6 304
Vote 06 - Summary Infrastructure Services	279 384	349 895	382 076	295 533	285 530	285 530	270 928	279 600	295 991
Vote 07 - Summary Water Services	27 756	65 184	68 244	88 392	92 069	92 069	71 050	75 272	79 723
<b>Total Revenue by Vote</b>	<b>621 120</b>	<b>711 409</b>	<b>781 150</b>	<b>752 235</b>	<b>749 318</b>	<b>749 318</b>	<b>740 831</b>	<b>784 120</b>	<b>835 660</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 01 - Summary Council	11 698	10 232	8 421	12 958	11 050	11 050	15 677	16 011	16 954
Vote 02 - Summary Municipal Manager	15 218	18 794	16 020	17 136	14 677	14 677	16 635	17 220	18 291
Vote 03 - Summary Budget And Treasury Office	86 272	80 386	72 227	76 953	78 530	78 530	84 548	87 203	92 044
Vote 04 - Summary Corporate Services	61 571	76 498	85 564	67 212	83 231	83 231	81 310	91 218	96 210
Vote 05 - Summary Social Services & Development Planning	34 483	36 873	47 553	64 727	59 828	59 828	58 793	61 210	64 870
Vote 06 - Summary Infrastructure Services	91 596	154 303	149 530	80 431	127 535	127 535	112 989	115 738	121 874
Vote 07 - Summary Water Services	157 202	123 443	161 485	150 182	182 603	182 603	184 590	197 856	209 606
<b>Total Expenditure by Vote</b>	<b>458 040</b>	<b>500 530</b>	<b>540 800</b>	<b>469 599</b>	<b>557 454</b>	<b>557 454</b>	<b>554 543</b>	<b>586 457</b>	<b>619 850</b>
<b>Surplus/(Deficit) for the year</b>	<b>163 079</b>	<b>210 879</b>	<b>240 350</b>	<b>282 636</b>	<b>191 864</b>	<b>191 864</b>	<b>186 288</b>	<b>197 664</b>	<b>215 811</b>

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

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

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

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

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
<b>Revenue by Vote</b>									
Vote 06 - Summary Infrastructure Services	279 384	349 895	382 076	295 533	285 530	285 530	270 928	279 600	295 991
Vote 07 - Summary Water Services	27 756	65 184	68 244	88 392	92 069	92 069	71 050	75 272	79 723
<b>Total Revenue by Vote</b>	<b>307 139</b>	<b>415 079</b>	<b>450 320</b>	<b>383 925</b>	<b>377 599</b>	<b>377 599</b>	<b>341 978</b>	<b>354 872</b>	<b>375 714</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 06 - Summary Infrastructure Services	91 596	154 303	149 530	80 431	127 535	127 535	112 989	115 738	121 874
Vote 07 - Summary Water Services	157 202	123 443	161 485	150 182	182 603	182 603	184 590	197 856	209 606
<b>Total Expenditure by Vote</b>	<b>248 799</b>	<b>277 746</b>	<b>311 015</b>	<b>230 613</b>	<b>310 138</b>	<b>310 138</b>	<b>297 579</b>	<b>313 595</b>	<b>331 480</b>
<b>Surplus/(Deficit) for the year</b>	<b>58 340</b>	<b>137 333</b>	<b>139 305</b>	<b>153 312</b>	<b>67 461</b>	<b>67 461</b>	<b>44 399</b>	<b>41 278</b>	<b>44 234</b>

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

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

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>										
Service charges - water revenue	27 669	38 197	43 001	62 635	47 706	47 706	34 221	50 540	53 543	56 707
Service charges - sanitation revenue	9 499	15 766	15 419	25 757	19 359	19 359	11 901	20 510	21 730	23 016
Interest earned - external investments	6 067	8 599	9 202	11 161	7 257	7 257	4 519	7 681	8 140	8 627
Interest earned - outstanding debtors	12 349	11 963	10 556	9 658	9 658	9 658	9 009	10 238	10 852	11 503
Fines, penalties and forfeits	–	576	694	–	–	–	341	–	–	–
Transfers and subsidies	296 584	300 806	366 165	366 404	382 508	382 508	272 219	387 266	411 458	441 097
Other revenue	1 269	135	337	781	8 495	8 495	1 639	1 107	1 165	1 224
Gains	–	–	–	–	–	–	1 062	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>353 437</b>	<b>376 041</b>	<b>445 375</b>	<b>476 396</b>	<b>474 984</b>	<b>474 984</b>	<b>334 911</b>	<b>477 343</b>	<b>506 888</b>	<b>542 175</b>
<b>Expenditure By Type</b>										
Employee related costs	152 588	152 144	173 695	205 726	206 398	206 398	126 141	222 746	232 810	248 842
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	4 746	8 018	8 579	9 180
Debt impairment	34 877	24 717	19 111	25 315	25 315	25 315	–	26 556	27 831	29 166
Depreciation & asset impairment	58 880	66 993	69 605	38 192	80 294	80 294	45 133	84 249	88 294	92 533
Finance charges	4 320	4 497	3 752	3 522	4 180	4 180	2 372	4 385	4 595	4 816
Bulk purchases	12 582	24 786	19 221	15 000	17 762	17 762	11 668	18 632	19 527	20 464
Other materials	–	23 948	31 006	15 443	16 065	16 065	3 927	9 113	9 432	9 885
Contracted services	112 638	151 155	156 547	101 502	140 820	140 820	86 113	118 948	132 288	138 727
Transfers and subsidies	–	11 708	14 000	–	–	–	11 000	–	–	–
Other expenditure	76 645	36 084	37 963	57 324	59 046	59 046	35 954	61 896	63 101	66 237
Losses	59	410	8 948	–	–	–	379	–	–	–
<b>Total Expenditure</b>	<b>458 040</b>	<b>500 530</b>	<b>540 800</b>	<b>469 599</b>	<b>557 454</b>	<b>557 454</b>	<b>327 433</b>	<b>554 543</b>	<b>586 457</b>	<b>619 850</b>
<b>Surplus/(Deficit)</b>	<b>(104 604)</b>	<b>(124 489)</b>	<b>(95 425)</b>	<b>6 798</b>	<b>(82 470)</b>	<b>(82 470)</b>	<b>7 478</b>	<b>(77 200)</b>	<b>(79 568)</b>	<b>(77 675)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	267 683	2 221	335 775	275 839	274 335	274 335	155 773	263 488	277 232	293 486
Transfers and subsidies - capital (in-kind - all)	–	333 147	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>163 079</b>	<b>210 879</b>	<b>240 350</b>	<b>282 636</b>	<b>191 864</b>	<b>191 864</b>	<b>163 250</b>	<b>186 288</b>	<b>197 664</b>	<b>215 811</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>163 079</b>	<b>210 879</b>	<b>240 350</b>	<b>282 636</b>	<b>191 864</b>	<b>191 864</b>	<b>163 250</b>	<b>186 288</b>	<b>197 664</b>	<b>215 811</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>163 079</b>	<b>210 879</b>	<b>240 350</b>	<b>282 636</b>	<b>191 864</b>	<b>191 864</b>	<b>163 250</b>	<b>186 288</b>	<b>197 664</b>	<b>215 811</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>163 079</b>	<b>210 879</b>	<b>240 350</b>	<b>282 636</b>	<b>191 864</b>	<b>191 864</b>	<b>163 250</b>	<b>186 288</b>	<b>197 664</b>	<b>215 811</b>

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

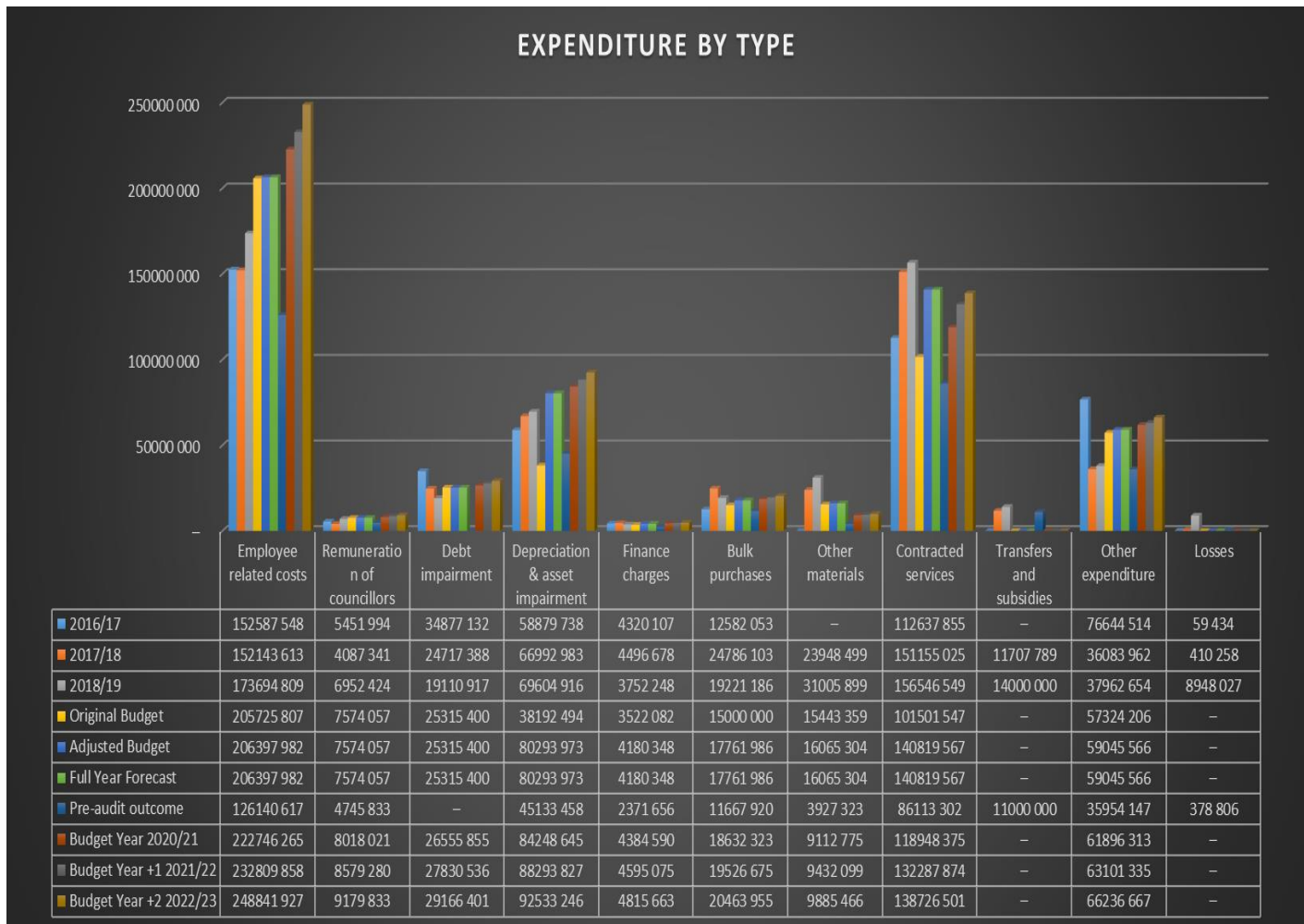
Total operating revenue is R477, 3million in 2020/21 and escalates to R542, 1million by 2022/23. This represents an increase of 0.5 per cent for the 2020/21 financial year and an increase of 6 per cent for the 2021/22 and 7 % in 2022/23 financial year.

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

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government increased by 1% in 2020/2021 and grow rapidly by 6 per cent in 2021/2022 and 7 per cent in the 2022/2023 financial year.

The following graph illustrates the major expenditure items per type.

Figure 2 Expenditure by major type



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

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

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

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	6 956	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	1 511	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	177 304	220 626	252 343	165 243	150 348	150 348	119 142	263 488	277 232	293 486
Vote 07 - Summary Water Services	10 000	-	-	-	15 000	15 000	4 940	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>195 771</b>	<b>220 626</b>	<b>252 343</b>	<b>165 243</b>	<b>165 348</b>	<b>165 348</b>	<b>124 082</b>	<b>263 488</b>	<b>277 232</b>	<b>293 486</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	38	140	-	-	-	324	340	357
Vote 04 - Summary Corporate Services	-	-	10 203	4 942	3 631	3 631	1 504	2 350	1 393	1 462
Vote 05 - Summary Social Services & Development Planning	-	-	62	383	208	208	-	3 060	357	374
Vote 06 - Summary Infrastructure Services	-	1 627	4 140	110 859	108 987	108 987	71 790	-	-	-
Vote 07 - Summary Water Services	-	-	-	1 056	1 056	1 056	-	2 000	2 100	2 205
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>1 627</b>	<b>14 442</b>	<b>117 381</b>	<b>113 882</b>	<b>113 882</b>	<b>73 295</b>	<b>7 734</b>	<b>4 189</b>	<b>4 399</b>
<b>Total Capital Expenditure - Vote</b>	<b>195 771</b>	<b>222 253</b>	<b>266 785</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>197 376</b>	<b>271 221</b>	<b>281 421</b>	<b>297 885</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	<b>6 956</b>	<b>-</b>	<b>10 240</b>	<b>5 082</b>	<b>3 631</b>	<b>3 631</b>	<b>1 504</b>	<b>2 964</b>	<b>2 037</b>	<b>2 139</b>
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	6 956	-	10 240	5 082	3 631	3 631	1 504	2 964	2 037	2 139
Internal audit	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 500</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	-	2 500	-	-
<b>Economic and environmental services</b>	<b>1 511</b>	<b>222 253</b>	<b>212 808</b>	<b>383</b>	<b>208</b>	<b>208</b>	<b>-</b>	<b>270</b>	<b>53</b>	<b>55</b>
Planning and development	1 511	222 253	212 808	383	208	208	-	270	53	55
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>187 304</b>	<b>-</b>	<b>43 737</b>	<b>277 158</b>	<b>275 391</b>	<b>275 391</b>	<b>195 872</b>	<b>265 488</b>	<b>279 332</b>	<b>295 691</b>
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	177 304	-	43 737	213 071	229 763	229 763	158 962	220 615	238 661	245 295
Waste water management	10 000	-	-	64 088	45 628	45 628	36 910	44 873	40 671	50 395
Waste management	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>195 771</b>	<b>222 253</b>	<b>266 785</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>197 376</b>	<b>271 221</b>	<b>281 421</b>	<b>297 885</b>
<b>Funded by:</b>										
National Government	187 304	11 369	134 240	275 978	259 335	259 335	190 932	263 488	277 232	293 486
Provincial Government	-	-	-	-	15 000	15 000	15 000	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>187 304</b>	<b>11 369</b>	<b>134 240</b>	<b>275 978</b>	<b>274 335</b>	<b>274 335</b>	<b>205 932</b>	<b>263 488</b>	<b>277 232</b>	<b>293 486</b>
<b>Internally generated funds</b>	<b>8 467</b>	<b>-</b>	<b>14 442</b>	<b>6 646</b>	<b>4 895</b>	<b>4 895</b>	<b>4 895</b>	<b>7 734</b>	<b>4 189</b>	<b>4 399</b>
<b>Total Capital Funding</b>	<b>195 771</b>	<b>11 369</b>	<b>148 683</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>210 828</b>	<b>271 221</b>	<b>281 421</b>	<b>297 885</b>

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

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

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2020/21 R263, 4million has been allocated of the total R271, 2million infrastructural budget, which totals 97 per cent. This capital budget increase to R281, 4million in 2021/22 and then increase to R297, 8million in 2022/23.

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

The capital programme is funded mainly from national and provincial grants and subsidies. For 2020/21 capital transfers totals R271, 2 million and R281, 4 million by 2021/22 and then in 2022/2023 increase to R297, 8million. No borrowing applications are expected to result in the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 21 MBRR Table A6 - Budgeted Financial Position

DC43 Harry Gwala - Table A6 Consolidated Budgeted Financial Position

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	43 023	64 700	53 026	169 975	12 922	12 922	12 922	6 237	7 646	14 473
Call investment deposits	–	32 252	5 337	37 087	–	–	–	–	–	–
Consumer debtors	22 779	9 880	26 933	42 739	42 739	42 739	64 690	33 454	44 766	56 724
Other debtors	23 529	61 216	33 432	32 638	42 638	42 638	37 643	14 334	15 194	16 106
Inventory	180	171	248	171	171	171	248	181	192	203
<b>Total current assets</b>	<b>89 511</b>	<b>168 218</b>	<b>118 976</b>	<b>282 609</b>	<b>98 469</b>	<b>98 469</b>	<b>115 502</b>	<b>54 206</b>	<b>67 798</b>	<b>87 506</b>
<b>Non current assets</b>										
Investment in Associate										
Property, plant and equipment	1 812 853	1 942 120	2 170 503	2 163 828	2 160 534	2 160 534	2 311 379	2 288 462	2 361 735	2 495 129
Intangible	2 300	1 455	1 191	1 316	1 216	1 216	1 039	1 489	1 576	1 668
Other non-current assets	–	0	0	0	0	0	0	0	0	0
<b>Total non current assets</b>	<b>1 815 153</b>	<b>1 943 575</b>	<b>2 171 694</b>	<b>2 165 144</b>	<b>2 161 750</b>	<b>2 161 750</b>	<b>2 312 418</b>	<b>2 289 951</b>	<b>2 363 311</b>	<b>2 496 797</b>
<b>TOTAL ASSETS</b>	<b>1 904 664</b>	<b>2 111 793</b>	<b>2 290 670</b>	<b>2 447 753</b>	<b>2 260 219</b>	<b>2 260 219</b>	<b>2 427 920</b>	<b>2 344 157</b>	<b>2 431 109</b>	<b>2 584 304</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Borrowing	11 887	(682)	–	(4 290)	(4 290)	(4 290)	(965)	4 555	1 287	1 365
Consumer deposits	1 441	1 606	1 768	1 740	1 740	1 740	1 859	1 845	1 956	2 073
Trade and other payables	197 733	224 836	157 549	107 624	64 645	64 645	204 747	68 734	72 844	77 200
Provisions	568	9 574	11 000	9 574	9 574	9 574	11 000	10 148	10 757	11 403
<b>Total current liabilities</b>	<b>211 628</b>	<b>235 334</b>	<b>170 317</b>	<b>114 649</b>	<b>71 669</b>	<b>71 669</b>	<b>216 642</b>	<b>85 282</b>	<b>86 844</b>	<b>92 040</b>
<b>Non current liabilities</b>										
Borrowing	12 353	28 482	37 730	13 292	13 541	13 541	27 325	3 485	–	–
Provisions	34 809	22 949	18 940	22 949	22 949	22 949	18 940	24 326	25 786	27 333
<b>Total non current liabilities</b>	<b>47 162</b>	<b>51 431</b>	<b>56 670</b>	<b>36 242</b>	<b>36 490</b>	<b>36 490</b>	<b>46 265</b>	<b>27 811</b>	<b>25 786</b>	<b>27 333</b>
<b>TOTAL LIABILITIES</b>	<b>258 790</b>	<b>286 766</b>	<b>226 987</b>	<b>150 890</b>	<b>108 160</b>	<b>108 160</b>	<b>262 907</b>	<b>113 094</b>	<b>112 630</b>	<b>119 373</b>
<b>NET ASSETS</b>	<b>1 645 873</b>	<b>1 825 028</b>	<b>2 063 683</b>	<b>2 296 863</b>	<b>2 152 059</b>	<b>2 152 059</b>	<b>2 165 013</b>	<b>2 231 064</b>	<b>2 318 479</b>	<b>2 464 930</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	1 645 873	1 825 028	2 063 683	2 296 863	2 152 059	2 152 059	2 165 013	2 231 064	2 318 479	2 464 930
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 645 873</b>	<b>1 825 028</b>	<b>2 063 683</b>	<b>2 296 863</b>	<b>2 152 059</b>	<b>2 152 059</b>	<b>2 165 013</b>	<b>2 231 064</b>	<b>2 318 479</b>	<b>2 464 930</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

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

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

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

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

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

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



Table 22 MBRR Table A7 - Budgeted Cash Flow Statement

DC43 Harry Gwala - Table A7 Consolidated Budgeted Cash Flows

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-	-	-
Service charges		40 965	43 942	47 732	51 990	51 990	51 990	53 288	56 454	59 792
Other revenue	21 884	478	785	781	11 626	11 626	11 626	1 107	1 165	1 224
Transfers and Subsidies - Operational	1 703	259 545	322 557	366 404	339 907	339 907	339 907	387 266	411 458	441 097
Transfers and Subsidies - Capital	287 782	392 545	319 764	275 839	274 335	274 335	274 335	263 488	277 232	293 486
Interest	339 685	9 700	10 046	9 658	7 257	7 257	7 257	7 681	8 140	8 627
Dividends	6 067							-	-	-
<b>Payments</b>										
Suppliers and employees	(446 260)	(392 205)	(425 384)	(402 569)	(447 672)	(447 672)	(447 672)	(439 354)	(465 737)	(493 334)
Finance charges	(4 320)	(4 497)	(3 752)	(3 522)	(4 180)	(4 180)	(4 180)	(4 385)	(4 595)	(4 816)
Transfers and Grants	-	(3 692)	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>206 541</b>	<b>302 839</b>	<b>267 958</b>	<b>294 323</b>	<b>233 262</b>	<b>233 262</b>	<b>233 262</b>	<b>269 092</b>	<b>284 118</b>	<b>306 076</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets	(177 749)	(220 517)	(257 088)	(282 624)	(279 405)	(279 405)	(279 405)	(271 221)	(281 421)	(297 885)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(177 749)</b>	<b>(220 517)</b>	<b>(257 088)</b>	<b>(282 624)</b>	<b>(279 405)</b>	<b>(279 405)</b>	<b>(279 405)</b>	<b>(271 221)</b>	<b>(281 421)</b>	<b>(297 885)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing	(5 259)	(10 296)	(11 022)	(3 896)	(12 528)	(12 528)	(12 528)	(4 555)	(1 287)	(1 365)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(5 259)</b>	<b>(10 296)</b>	<b>(11 022)</b>	<b>(3 896)</b>	<b>(12 528)</b>	<b>(12 528)</b>	<b>(12 528)</b>	<b>(4 555)</b>	<b>(1 287)</b>	<b>(1 365)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>23 533</b>	<b>72 026</b>	<b>(152)</b>	<b>7 803</b>	<b>(58 671)</b>	<b>(58 671)</b>	<b>(58 671)</b>	<b>(6 685)</b>	<b>1 409</b>	<b>6 827</b>
Cash/cash equivalents at the year begin:	19 490	43 023	112 336	112 336	71 593	71 593	71 593	12 922	6 237	7 646
Cash/cash equivalents at the year end:	43 023	115 049	112 184	120 138	12 922	12 922	12 922	6 237	7 646	14 473

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

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

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. It can be seen that the cash levels of Harry Gwala fell significantly over the 2019/20 original and adjusted period owing directly to a decrease in cash for the 2020/21 financial year.

As part of the 2019/20 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations, rationalisation of spending priorities and cost containment policy.

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

For the 2020/21 MTREF the budget has been prepared to ensure adequate levels of working capital representing cash and cash equivalents over the medium-term, with projected cash levels of R6, 2million for 2020/21 increasing to R14, 4 million by 2022/23.

Repayment of borrowings totals R4, 5million in the 2020/2021 budget year. The municipality is left with one loan in 2020/2021 financial year which is ABSA loan as we settled or fully recovered DBSA loan.

The following assumptions were used in the preparation of the Service Charges water and sanitation. Collection for water and sanitation totals to R53, 2million as compared to the 2019/20 adjustments budget of R51, 9million. Collection is calculated based on the previous year's actuals, In 2018/19 Annual Financial Statements the municipality collected 76 per cent against billing. In 2019/20 financial year the municipality collected 72 per cent as at end April 2020 and the average is at R4, 4million and we projected to collect 75 per cent against total billed. The municipality is confident that the budgeted collection for 2020/2021 is accurate and credible.

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

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	43 023	115 049	112 184	120 138	12 922	12 922	12 922	6 237	7 646	14 473
Other current investments > 90 days	0	(18 097)	(53 821)	86 924	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>43 023</b>	<b>96 952</b>	<b>58 363</b>	<b>207 062</b>	<b>12 922</b>	<b>12 922</b>	<b>12 922</b>	<b>6 237</b>	<b>7 646</b>	<b>14 473</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	61 318	60 822	43 814	39 678	236	236	127 761	236	236	236
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	(39 087)	(39 087)	(39 087)	(42 128)	(44 250)	(47 150)
Other working capital requirements	116 461	114 648	58 163	30 946	676	676	(9 705)	36 949	33 028	28 897
Other provisions	-	-	-	-	11 664	11 664	11 664	10 148	10 757	11 403
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>177 779</b>	<b>175 470</b>	<b>101 977</b>	<b>70 624</b>	<b>(26 511)</b>	<b>(26 511)</b>	<b>90 633</b>	<b>5 205</b>	<b>(229)</b>	<b>(6 614)</b>
<b>Surplus(shortfall)</b>	<b>(134 756)</b>	<b>(78 518)</b>	<b>(43 615)</b>	<b>136 438</b>	<b>39 432</b>	<b>39 432</b>	<b>(77 711)</b>	<b>1 032</b>	<b>7 876</b>	<b>21 088</b>

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

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

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

From the table it can be seen that for the period 2020/21 the budget is sitting on a surplus then 2021/22 the surplus increase to R7, 8million and in 2022/23 it escalates to R21million.

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

As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

According to this schedule, The 2020/21 final budget is funded.

Table 24 MBRR Table A9 - Asset Management

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	192 921	7 125	73 845	100 415	119 793	119 793	253 717	263 019	272 979
<i>Electrical Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Water Supply Infrastructure</i>	157 242	5 498	70 959	96 344	116 912	116 912	213 161	220 311	220 445
<i>Sanitation Infrastructure</i>	28 847	–	–	–	–	–	34 873	40 671	50 395
<i>Information and Communication Infrastructure</i>	–	–	1 728	–	–	–	–	–	–
<b>Infrastructure</b>	<b>186 088</b>	<b>5 498</b>	<b>72 687</b>	<b>96 344</b>	<b>116 912</b>	<b>116 912</b>	<b>248 033</b>	<b>260 982</b>	<b>270 841</b>
Community Facilities	–	–	–	25	–	–	–	–	–
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
<b>Community Assets</b>	–	–	–	25	–	–	–	–	–
Operational Buildings	1 500	–	–	–	–	–	–	–	–
Housing	–	902	–	211	–	–	–	–	–
<b>Other Assets</b>	<b>1 500</b>	<b>902</b>	–	<b>211</b>	–	–	–	–	–
<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–	–	–	–
Licences and Rights	950	–	–	100	–	–	200	210	221
<b>Intangible Assets</b>	<b>950</b>	–	–	<b>100</b>	–	–	<b>200</b>	<b>210</b>	<b>221</b>
Computer Equipment	–	–	–	1 450	1 450	1 450	1 590	594	624
Furniture and Office Equipment	783	725	1 120	1 996	1 431	1 431	910	956	1 003
Machinery and Equipment	2 600	–	38	289	–	–	484	277	291
Transport Assets	1 000	–	–	–	–	–	2 500	–	–
<b>Total Renewal of Existing Assets</b>	<b>2 850</b>	<b>215 128</b>	<b>192 941</b>	<b>97 515</b>	<b>99 196</b>	<b>99 196</b>	<b>830</b>	<b>10 203</b>	<b>14 655</b>
<i>Roads Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Water Supply Infrastructure</i>	2 850	–	41 249	53 887	46 864	46 864	780	10 150	14 600
<i>Sanitation Infrastructure</i>	–	215 128	140 135	41 970	51 374	51 374	–	–	–
<i>Information and Communication Infrastructure</i>	–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>	<b>2 850</b>	<b>215 128</b>	<b>181 384</b>	<b>95 857</b>	<b>98 238</b>	<b>98 238</b>	<b>780</b>	<b>10 150</b>	<b>14 600</b>
<b>Machinery and Equipment</b>	–	–	85	158	158	158	50	53	55
<b>Transport Assets</b>	–	–	11 472	1 500	800	800	–	–	–
<b>Land</b>	–	–	–	–	–	–	–	–	–
<b>Zoo's, Marine and Non-biological Animals</b>	–	–	–	–	–	–	–	–	–
<b>Total Upgrading of Existing Assets</b>	–	–	–	<b>84 693</b>	<b>60 241</b>	<b>60 241</b>	<b>16 675</b>	<b>8 200</b>	<b>12 000</b>
<i>Water Supply Infrastructure</i>	–	–	–	59 640	57 788	57 788	6 675	8 200	12 000
<i>Sanitation Infrastructure</i>	–	–	–	25 053	2 453	2 453	10 000	–	–
<i>Information and Communication Infrastructure</i>	–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>	–	–	–	<b>84 693</b>	<b>60 241</b>	<b>60 241</b>	<b>16 675</b>	<b>8 200</b>	<b>12 000</b>
<b>Total Capital Expenditure</b>	<b>195 771</b>	<b>222 253</b>	<b>266 785</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>271 221</b>	<b>281 421</b>	<b>299 635</b>
<i>Water Supply Infrastructure</i>	160 092	5 498	112 208	209 872	221 563	221 563	220 615	238 661	247 045
<i>Sanitation Infrastructure</i>	28 847	215 128	140 135	67 023	53 827	53 827	44 873	40 671	50 395
<i>Information and Communication Infrastructure</i>	–	–	1 728	–	–	–	–	–	–
<b>Infrastructure</b>	<b>188 938</b>	<b>220 626</b>	<b>254 071</b>	<b>276 894</b>	<b>275 391</b>	<b>275 391</b>	<b>265 488</b>	<b>279 332</b>	<b>297 441</b>
Community Facilities	–	–	–	25	–	–	–	–	–
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
<b>Community Assets</b>	–	–	–	25	–	–	–	–	–
Operational Buildings	1 500	–	–	–	–	–	–	–	–
Housing	–	902	–	211	–	–	–	–	–
<b>Other Assets</b>	<b>1 500</b>	<b>902</b>	–	<b>211</b>	–	–	–	–	–
<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–	–	–	–
Licences and Rights	950	–	–	100	–	–	200	210	221
<b>Intangible Assets</b>	<b>950</b>	–	–	<b>100</b>	–	–	<b>200</b>	<b>210</b>	<b>221</b>
Computer Equipment	–	–	–	1 450	1 450	1 450	1 590	594	624
Furniture and Office Equipment	783	725	1 120	1 996	1 431	1 431	910	956	1 003
Machinery and Equipment	2 600	–	123	447	158	158	534	330	346
Transport Assets	1 000	–	11 472	1 500	800	800	2 500	–	–
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>195 771</b>	<b>222 253</b>	<b>266 785</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>271 221</b>	<b>281 421</b>	<b>299 635</b>

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	-	1 554 000	1 545 571	1 775 568	1 772 174	1 772 174	1 875 761	1 933 593	2 050 393
<i>Roads Infrastructure</i>	-	4 781	3 253	3 508	3 508	3 508	3 718	3 941	4 178
<i>Electrical Infrastructure</i>	-	15 422	13 387	14 059	14 059	14 059	14 902	15 797	16 744
<i>Water Supply Infrastructure</i>	-	1 361 691	1 335 309	1 523 380	1 541 572	1 541 572	1 639 507	1 694 595	1 790 336
<i>Sanitation Infrastructure</i>	-	125 974	144 293	189 982	170 286	170 286	174 209	177 768	195 718
<i>Information and Communication Infrastructure</i>	-	444	326	340	340	340	361	383	405
<b>Infrastructure</b>	-	<b>1 508 312</b>	<b>1 496 568</b>	<b>1 731 269</b>	<b>1 729 765</b>	<b>1 729 765</b>	<b>1 832 697</b>	<b>1 892 483</b>	<b>2 007 381</b>
<b>Community Assets</b>	-	27 086	26 846	26 910	26 885	26 885	28 498	30 208	32 021
<b>Other Assets</b>	-	902	(889)	318	107	107	114	120	128
<b>Intangible Assets</b>	-	1 455	1 191	1 316	1 216	1 216	1 489	1 576	1 668
<b>Computer Equipment</b>	-	1 615	309	2 210	2 210	2 210	2 395	1 448	1 529
<b>Furniture and Office Equipment</b>	-	2 128	4 456	3 618	3 053	3 053	2 630	2 778	2 936
<b>Machinery and Equipment</b>	-	419	503	648	359	359	192	(582)	(1 164)
<b>Transport Assets</b>	-	12 083	16 587	9 280	8 580	8 580	7 746	5 561	5 895
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	-	<b>1 554 000</b>	<b>1 545 571</b>	<b>1 775 568</b>	<b>1 772 174</b>	<b>1 772 174</b>	<b>1 875 761</b>	<b>1 933 593</b>	<b>2 050 393</b>
<b>EXPENDITURE OTHER ITEMS</b>	147 671	81 299	103 035	60 539	101 415	101 415	107 146	111 756	117 127
<i>Depreciation</i>	58 880	66 993	69 605	38 192	80 294	80 294	84 249	88 294	92 533
<i>Repairs and Maintenance by Asset Class</i>	88 791	14 306	33 430	22 346	21 121	21 121	22 897	23 462	24 594
<i>Water Supply Infrastructure</i>	77 566	2 587	11 693	11 546	17 813	17 813	18 685	19 582	20 522
<i>Sanitation Infrastructure</i>	1 500	1 606	4 396	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>79 066</b>	<b>4 193</b>	<b>16 089</b>	<b>11 546</b>	<b>17 813</b>	<b>17 813</b>	<b>18 685</b>	<b>19 582</b>	<b>20 522</b>
<i>Sport and Recreation Facilities</i>	105	119	96	110	146	146	153	160	168
<b>Community Assets</b>	<b>105</b>	<b>119</b>	<b>96</b>	<b>110</b>	<b>146</b>	<b>146</b>	<b>153</b>	<b>160</b>	<b>168</b>
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
<i>Housing</i>	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>1 700</b>	<b>1 727</b>	<b>1 167</b>	<b>1 500</b>	<b>2 173</b>	<b>2 173</b>	<b>2 500</b>	<b>2 631</b>	<b>2 763</b>
<i>Computer Equipment</i>	120	79	9	190	-	-	520	-	-
<i>Machinery and Equipment</i>	7 800	8 189	15 933	8 500	690	690	724	759	795
<i>Transport Assets</i>	-	-	136	500	300	300	315	330	346
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>147 671</b>	<b>81 299</b>	<b>103 035</b>	<b>60 539</b>	<b>101 415</b>	<b>101 415</b>	<b>107 146</b>	<b>111 756</b>	<b>117 127</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	1,5%	96,8%	72,3%	64,5%	57,1%	57,1%	6,5%	6,5%	8,9%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	4,8%	321,1%	277,2%	477,1%	198,6%	198,6%	20,8%	20,8%	28,8%
<i>R&amp;M as a % of PPE</i>	4,9%	0,7%	1,5%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	0,0%	15,0%	15,0%	12,0%	10,0%	10,0%	2,0%	2,0%	2,0%

### Explanatory notes to Table A9 - Asset Management

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

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Due to the extremely high infrastructure backlogs that exists in our district a huge allocation of

the conditional funding arising from prior years multi- year capital budget appropriations has been committed towards new water and sanitation infrastructure. However the revised infrastructure plan will see a shift of more funds being allocated towards the refurbishment of assets as advised by National Treasury.

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

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

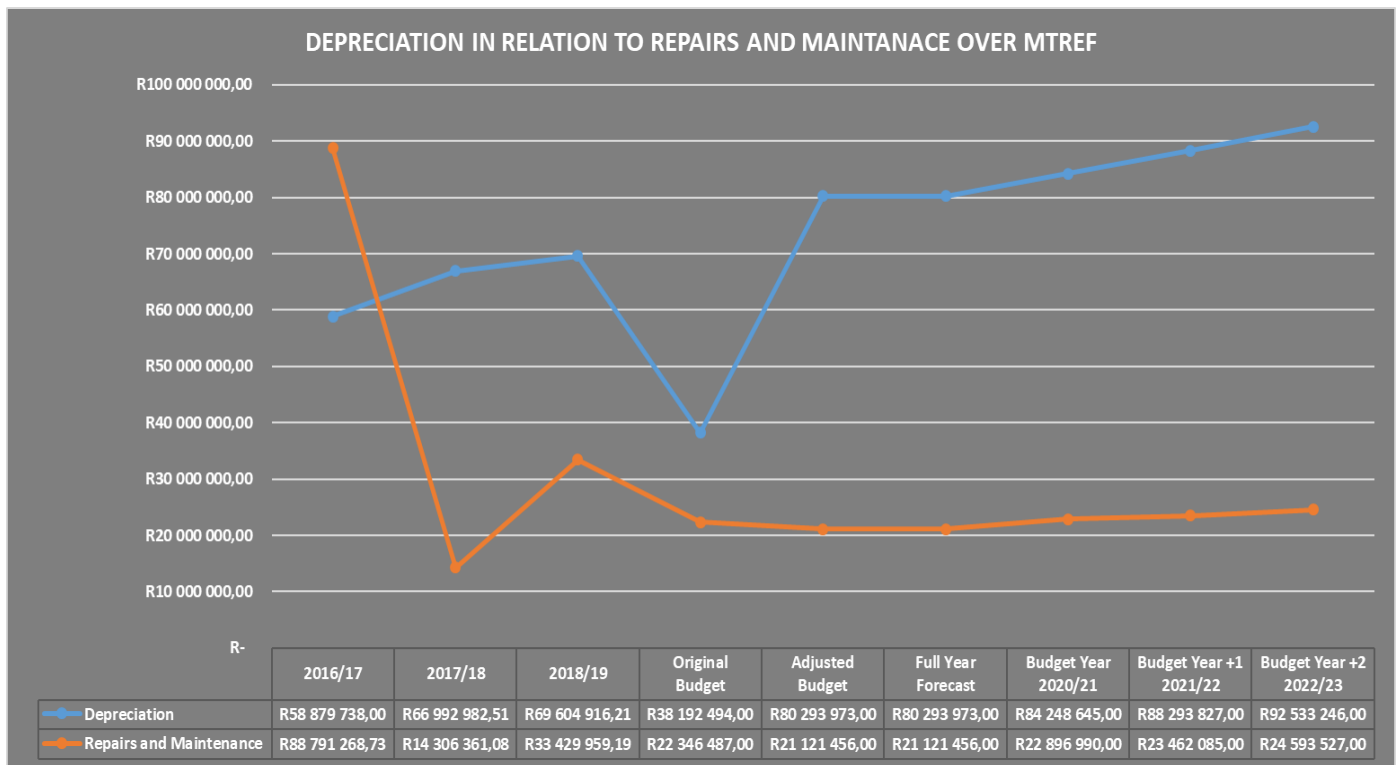


Table 25 MBRR Table A10 - Basic Service Delivery Measurement

DC43 Harry Gwala - Table A10 Consolidated basic service delivery measurement

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	44 069	46 272	48 246	48 641	48 641	48 641	48 418	52 292	55 691
Piped water inside yard (but not in dwelling)	19 323	20 289	20 086	19 885	19 885	19 885	19 686	21 261	22 643
Using public tap (at least min.service level)	22 605	23 736	26 109	30 026	30 026	30 026	34 529	37 292	39 716
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	85 997	90 297	94 441	98 552	98 552	98 552	102 633	110 845	118 050
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	31 819	33 410	31 739	30 152	30 152	30 152	28 645	30 936	32 947
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	31 819	33 410	31 739	30 152	30 152	30 152	28 645	30 936	32 947
<b>Total number of households</b>	<b>117 816</b>	<b>123 707</b>	<b>126 180</b>	<b>128 704</b>	<b>128 704</b>	<b>128 704</b>	<b>131 278</b>	<b>141 781</b>	<b>150 997</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	57 544	60 422	65 558	70 615	70 615	70 615	75 601	81 649	86 956
Flush toilet (with septic tank)	11 963	12 561	12 436	12 312	12 312	12 312	12 188	13 164	14 020
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	48 309	50 724	48 188	45 779	45 779	45 779	43 490	46 969	50 022
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	117 816	123 707	126 182	128 706	128 706	128 706	131 279	141 782	150 998
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>117 816</b>	<b>123 707</b>	<b>126 182</b>	<b>128 706</b>	<b>128 706</b>	<b>128 706</b>	<b>131 279</b>	<b>141 782</b>	<b>150 998</b>
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>									
Water (6 kilolitres per indigent household per month)	4 647	2 347	343	5 189	5 189	5 189	5 501	5 831	6 180
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total cost of FBS provided</b>	<b>4 647</b>	<b>2 347</b>	<b>343</b>	<b>5 189</b>	<b>5 189</b>	<b>5 189</b>	<b>5 501</b>	<b>5 831</b>	<b>6 180</b>

## Explanatory notes to Table A10 - Basic Service Delivery Measurement

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

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

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

**Sanitation services** – backlog will be reduced greatly in the MTREF. The budget provides for 12800 households to be registered as indigent in 2020/21, and therefore entitled to receiving Free Basic Services.

It is anticipated that these Free Basic Services will cost the municipality R5, 5million in the MTREF. This is covered by the municipality’s equitable share allocation from national government.

## 1.8 ANNUAL BUDGET TABLES- PARENT MUNICIPALITY

Table 26 MBRR Table A1 - Budget Summary

DC43 Harry Gwala - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	39 547	66 772	58 421	87 992	66 665	66 665	46 123	71 051	75 273	79 723
Investment revenue	5 281	8 599	9 202	10 631	7 077	7 077	4 519	7 501	7 951	8 429
Transfers recognised - operational	243 731	287 997	366 165	366 404	382 908	382 908	387 266	387 266	411 458	441 097
Other own revenue	13 577	12 673	11 587	10 425	10 425	10 425	12 051	11 045	11 702	12 396
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>302 137</b>	<b>376 041</b>	<b>445 375</b>	<b>475 451</b>	<b>467 075</b>	<b>467 075</b>	<b>449 958</b>	<b>476 863</b>	<b>506 384</b>	<b>541 645</b>
Employee costs	144 809	152 144	173 695	195 623	197 295	197 295	126 141	210 145	219 578	234 949
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	4 746	8 018	8 579	9 180
Depreciation & asset impairment	61 084	66 993	69 605	37 492	79 717	79 717	45 133	83 624	87 638	91 844
Finance charges	4 313	4 497	3 752	3 510	4 168	4 168	2 372	4 373	4 582	4 802
Materials and bulk purchases	35 057	48 735	50 227	30 163	26 057	26 057	15 595	27 447	28 646	30 021
Transfers and grants	17 988	11 708	14 000	17 000	14 000	14 000	11 000	17 000	20 000	20 000
Other expenditure	191 806	212 367	222 568	179 528	221 007	221 007	122 446	203 457	218 929	229 524
<b>Total Expenditure</b>	<b>460 508</b>	<b>500 530</b>	<b>540 800</b>	<b>470 890</b>	<b>549 819</b>	<b>549 819</b>	<b>327 433</b>	<b>554 063</b>	<b>587 953</b>	<b>620 320</b>
<b>Surplus/(Deficit)</b>	<b>(158 371)</b>	<b>(124 489)</b>	<b>(95 425)</b>	<b>4 561</b>	<b>(82 743)</b>	<b>(82 743)</b>	<b>122 525</b>	<b>(77 200)</b>	<b>(81 568)</b>	<b>(78 675)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	322 273	335 368	335 775	275 839	274 335	274 335	155 773	263 488	277 232	293 486
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>163 902</b>	<b>210 879</b>	<b>240 350</b>	<b>280 399</b>	<b>191 591</b>	<b>191 591</b>	<b>278 298</b>	<b>186 288</b>	<b>195 664</b>	<b>214 811</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>163 902</b>	<b>210 879</b>	<b>240 350</b>	<b>280 399</b>	<b>191 591</b>	<b>191 591</b>	<b>278 298</b>	<b>186 288</b>	<b>195 664</b>	<b>214 811</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>311 833</b>	<b>398 754</b>	<b>266 785</b>	<b>282 399</b>	<b>279 180</b>	<b>279 180</b>	<b>158 147</b>	<b>270 932</b>	<b>281 117</b>	<b>297 565</b>
Transfers recognised - capital	309 101	387 544	134 240	275 978	274 335	274 335	156 643	263 488	277 232	293 486
Internally generated funds	2 732	11 210	14 442	6 421	4 845	4 845	1 504	7 444	3 885	4 079
<b>Total sources of capital funds</b>	<b>311 833</b>	<b>398 754</b>	<b>148 683</b>	<b>282 399</b>	<b>279 180</b>	<b>279 180</b>	<b>158 147</b>	<b>270 932</b>	<b>281 117</b>	<b>297 565</b>
<b>Financial position</b>										
Total current assets	66 588	112 235	110 646	123 279	137 537	137 537	146 829	185 707	132 010	160 676
Total non current assets	1 790 475	1 943 575	2 171 694	2 164 919	2 161 700	2 161 700	2 284 329	2 283 593	2 366 637	2 508 216
Total current liabilities	195 679	245 872	170 317	138 272	95 293	95 293	136 745	123 251	121 094	131 941
Total non current liabilities	47 155	51 431	56 670	36 242	36 490	36 490	47 199	32 106	27 449	27 333
Community wealth/Equity	1 614 229	1 758 507	2 055 353	2 113 684	2 167 454	2 167 454	2 247 214	2 313 942	2 350 104	2 509 618



## Budget Summary Cont....

DC43 Harry Gwala - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>Cash flows</b>										
Net cash from (used) operating	202 215	318 634	324 528	309 331	243 484	243 484	392 349	285 063	301 036	323 941
Net cash from (used) investing	(178 541)	(220 393)	(382 874)	(282 624)	(279 405)	(279 405)	(279 405)	(270 932)	(281 117)	(297 565)
Net cash from (used) financing	(5 221)	(10 260)	(3 330)	(3 896)	(12 528)	(12 528)	(12 528)	(6 427)	(4 001)	(3 437)
<b>Cash/cash equivalents at the year end</b>	<b>24 272</b>	<b>112 253</b>	<b>50 578</b>	<b>73 389</b>	<b>24 940</b>	<b>24 940</b>	<b>173 806</b>	<b>20 626</b>	<b>36 544</b>	<b>59 482</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	21 730	40 969	50 033	47 732	51 990	51 990	51 990	20 626	36 544	59 482
Application of cash and investments	166 272	183 023	94 124	70 468	6 201	6 201	13 669	4 570	(16 474)	(18 026)
<b>Balance - surplus (shortfall)</b>	<b>(144 543)</b>	<b>(142 054)</b>	<b>(44 091)</b>	<b>(22 737)</b>	<b>45 789</b>	<b>45 789</b>	<b>38 321</b>	<b>16 056</b>	<b>53 018</b>	<b>77 508</b>
<b>Asset management</b>										
Asset register summary (WDV)	-	1 554 000	1 545 571	1 775 343	1 772 124	1 772 124	1 772 124	1 870 643	1 928 910	2 044 225
Depreciation	48 479	66 993	69 605	37 492	79 717	79 717	79 717	83 624	87 638	91 844
Renewal and Upgrading of Existing Assets	2 850	215 128	192 941	182 209	159 437	159 437	159 437	153 863	171 603	182 575
Repairs and Maintenance	88 791	14 306	33 430	22 346	21 121	21 121	21 121	22 897	23 462	24 594
<b>Free services</b>										
Cost of Free Basic Services provided	5 306	4 886	4 886	5 189	5 189	5 189	6 189	6 189	6 561	6 954
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	32	33	33	32	32	32	30	30	29	31
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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

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

Functional Classification Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	280 828	297 378	331 363	367 364	363 811	363 811	391 887	423 302	453 642
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	280 828	297 378	331 363	367 364	363 811	363 811	391 887	423 302	453 642
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	-	349 895	382 421	-	-	-	6 486	5 442	5 775
Planning and development	-	349 895	382 421	-	-	-	6 486	5 442	5 775
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	343 583	64 136	67 365	383 925	377 599	377 599	341 978	354 872	375 714
Energy sources	-	-	-	7 000	7 000	7 000	-	-	-
Water management	281 332	43 483	49 012	351 168	336 240	336 240	321 468	333 143	352 698
Waste water management	62 251	20 653	18 353	25 757	34 359	34 359	20 510	21 730	23 016
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>624 411</b>	<b>711 409</b>	<b>781 150</b>	<b>751 289</b>	<b>741 410</b>	<b>741 410</b>	<b>740 351</b>	<b>783 616</b>	<b>835 131</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	137 169	202 614	213 051	212 801	227 550	227 550	240 522	256 513	271 025
Executive and council	22 463	24 643	18 266	25 782	18 280	18 280	24 234	24 766	26 200
Finance and administration	114 706	173 588	188 610	182 707	201 823	201 823	208 209	223 282	235 780
Internal audit	-	4 384	6 175	4 312	7 447	7 447	8 078	8 465	9 045
<b>Community and public safety</b>	-	12 847	13 823	11 180	15 908	15 908	17 188	18 070	19 299
Community and social services	-	12 847	13 823	11 180	15 908	15 908	17 188	18 070	19 299
<b>Economic and environmental services</b>	50 857	165 408	167 800	132 674	159 671	159 671	149 697	155 648	162 858
Planning and development	50 857	165 408	167 800	132 674	159 671	159 671	149 697	155 648	162 858
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	272 483	119 661	146 125	114 236	146 690	146 690	146 657	157 721	167 138
Energy sources	-	10 790	35	-	-	-	-	-	-
Water management	193 318	106 914	145 347	113 919	140 024	140 024	145 857	156 866	166 223
Waste water management	79 165	1 957	742	317	6 665	6 665	800	856	915
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>460 508</b>	<b>500 530</b>	<b>540 800</b>	<b>470 890</b>	<b>549 819</b>	<b>549 819</b>	<b>554 063</b>	<b>587 953</b>	<b>620 320</b>
<b>Surplus/(Deficit) for the year</b>	<b>163 902</b>	<b>210 879</b>	<b>240 350</b>	<b>280 399</b>	<b>191 591</b>	<b>191 591</b>	<b>186 288</b>	<b>195 664</b>	<b>214 811</b>

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

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

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue by Vote</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	284 037	296 330	330 039	367 364	363 811	363 811	391 887	423 302	453 642
Vote 04 - Summary Corporate Services	-	-	445	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	346	-	-	-	6 486	5 442	5 775
Vote 06 - Summary Infrastructure Services	281 332	349 895	382 076	295 533	285 530	285 530	270 928	279 600	295 991
Vote 07 - Summary Water Services	59 042	65 184	68 244	88 392	92 069	92 069	71 050	75 272	79 723
<b>Total Revenue by Vote</b>	<b>624 411</b>	<b>711 409</b>	<b>781 150</b>	<b>751 289</b>	<b>741 410</b>	<b>741 410</b>	<b>740 351</b>	<b>783 616</b>	<b>835 131</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 01 - Summary Council	9 763	10 232	8 421	12 958	11 050	11 050	15 677	16 011	16 954
Vote 02 - Summary Municipal Manager	12 700	18 794	16 020	17 136	14 677	14 677	16 635	17 220	18 291
Vote 03 - Summary Budget And Treasury Office	59 112	80 386	72 227	76 953	78 530	78 530	84 548	87 203	92 044
Vote 04 - Summary Corporate Services	55 594	76 194	85 564	67 212	83 231	83 231	81 310	91 218	96 210
Vote 05 - Summary Social Services & Development Planning	50 857	36 873	47 553	66 019	52 192	52 192	58 313	62 706	65 341
Vote 06 - Summary Infrastructure Services	89 637	152 172	134 106	77 835	123 387	123 387	108 571	111 012	116 817
Vote 07 - Summary Water Services	182 845	125 878	176 909	152 777	186 751	186 751	189 008	202 583	214 664
<b>Total Expenditure by Vote</b>	<b>460 508</b>	<b>500 530</b>	<b>540 800</b>	<b>470 890</b>	<b>549 819</b>	<b>549 819</b>	<b>554 063</b>	<b>587 953</b>	<b>620 320</b>
<b>Surplus/(Deficit) for the year</b>	<b>163 902</b>	<b>210 879</b>	<b>240 350</b>	<b>280 399</b>	<b>191 591</b>	<b>191 591</b>	<b>186 288</b>	<b>195 664</b>	<b>214 811</b>

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

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>Revenue By Source</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	30 049	51 006	43 001	62 235	47 306	47 306	34 221	50 541	53 543	56 707
Service charges - sanitation revenue	9 499	15 766	15 419	25 757	19 359	19 359	11 901	20 510	21 730	23 016
Interest earned - external investments	5 281	8 599	9 202	10 631	7 077	7 077	4 519	7 501	7 951	8 429
Interest earned - outstanding debtors	12 349	11 963	10 556	9 658	9 658	9 658	9 009	10 238	10 852	11 503
Fines, penalties and forfeits	-	576	694	-	-	-	341	-	-	-
Transfers and subsidies	243 731	287 997	366 165	366 404	382 908	382 908	387 266	387 266	411 458	441 097
Other revenue	1 228	135	337	766	766	766	1 639	807	850	893
Gains	-	-	-	-	-	-	1 062	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>302 137</b>	<b>376 041</b>	<b>445 375</b>	<b>475 451</b>	<b>467 075</b>	<b>467 075</b>	<b>449 958</b>	<b>476 863</b>	<b>506 384</b>	<b>541 645</b>
<b>Expenditure By Type</b>										
Employee related costs	144 809	152 144	173 695	195 623	197 295	197 295	126 141	210 145	219 578	234 949
Remuneration of councillors	5 452	4 087	6 952	7 574	7 574	7 574	4 746	8 018	8 579	9 180
Debt impairment	34 877	24 717	19 111	25 315	25 315	25 315	-	26 556	27 831	29 166
Depreciation & asset impairment	61 084	66 993	69 605	37 492	79 717	79 717	45 133	83 624	87 638	91 844
Finance charges	4 313	4 497	3 752	3 510	4 168	4 168	2 372	4 373	4 582	4 802
Bulk purchases	12 582	24 786	19 221	15 000	17 762	17 762	11 668	18 632	19 527	20 464
Other materials	22 475	23 948	31 006	15 163	8 295	8 295	3 927	8 815	9 119	9 557
Contracted services	112 203	151 155	156 547	100 122	139 880	139 880	86 113	117 948	131 238	137 624
Transfers and subsidies	17 988	11 708	14 000	17 000	14 000	14 000	11 000	17 000	20 000	20 000
Other expenditure	44 672	36 084	37 963	54 091	55 812	55 812	35 954	58 953	59 861	62 734
Losses	53	410	8 948	-	-	-	379	-	-	-
<b>Total Expenditure</b>	<b>460 508</b>	<b>500 530</b>	<b>540 800</b>	<b>470 890</b>	<b>549 819</b>	<b>549 819</b>	<b>327 433</b>	<b>554 063</b>	<b>587 953</b>	<b>620 320</b>
<b>Surplus/(Deficit)</b>	<b>(158 371)</b>	<b>(124 489)</b>	<b>(95 425)</b>	<b>4 561</b>	<b>(82 743)</b>	<b>(82 743)</b>	<b>122 525</b>	<b>(77 200)</b>	<b>(81 568)</b>	<b>(78 675)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	322 273	335 368	335 775	275 839	274 335	274 335	155 773	263 488	277 232	293 486
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>163 902</b>	<b>210 879</b>	<b>240 350</b>	<b>280 399</b>	<b>191 591</b>	<b>191 591</b>	<b>278 298</b>	<b>186 288</b>	<b>195 664</b>	<b>214 811</b>
<b>Surplus/(Deficit) after taxation</b>	<b>163 902</b>	<b>210 879</b>	<b>240 350</b>	<b>280 399</b>	<b>191 591</b>	<b>191 591</b>	<b>278 298</b>	<b>186 288</b>	<b>195 664</b>	<b>214 811</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>163 902</b>	<b>210 879</b>	<b>240 350</b>	<b>280 399</b>	<b>191 591</b>	<b>191 591</b>	<b>278 298</b>	<b>186 288</b>	<b>195 664</b>	<b>214 811</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>163 902</b>	<b>210 879</b>	<b>240 350</b>	<b>280 399</b>	<b>191 591</b>	<b>191 591</b>	<b>278 298</b>	<b>186 288</b>	<b>195 664</b>	<b>214 811</b>

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

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

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	6 956	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	1 511	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	177 304	220 626	252 343	165 243	150 348	150 348	119 142	263 488	277 232	293 486
Vote 07 - Summary Water Services	10 000	-	-	-	15 000	15 000	4 940	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>195 771</b>	<b>220 626</b>	<b>252 343</b>	<b>165 243</b>	<b>165 348</b>	<b>165 348</b>	<b>124 082</b>	<b>263 488</b>	<b>277 232</b>	<b>293 486</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	38	140	-	-	-	324	340	357
Vote 04 - Summary Corporate Services	-	-	10 203	4 942	3 631	3 631	1 504	2 350	1 393	1 462
Vote 05 - Summary Social Services & Development Planning	-	-	62	383	208	208	-	3 060	357	374
Vote 06 - Summary Infrastructure Services	-	1 627	4 140	110 859	108 987	108 987	71 790	-	-	-
Vote 07 - Summary Water Services	-	-	-	1 056	1 056	1 056	-	2 000	2 100	2 205
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>1 627</b>	<b>14 442</b>	<b>117 381</b>	<b>113 882</b>	<b>113 882</b>	<b>73 295</b>	<b>7 734</b>	<b>4 189</b>	<b>4 399</b>
<b>Total Capital Expenditure - Vote</b>	<b>195 771</b>	<b>222 253</b>	<b>266 785</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>197 376</b>	<b>271 221</b>	<b>281 421</b>	<b>297 885</b>
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>	<b>6 956</b>	<b>-</b>	<b>10 240</b>	<b>5 082</b>	<b>3 631</b>	<b>3 631</b>	<b>1 504</b>	<b>2 964</b>	<b>2 037</b>	<b>2 139</b>
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	6 956	-	10 240	5 082	3 631	3 631	1 504	2 964	2 037	2 139
Internal audit	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 500</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	-	2 500	-	-
<b>Economic and environmental services</b>	<b>1 511</b>	<b>222 253</b>	<b>212 808</b>	<b>383</b>	<b>208</b>	<b>208</b>	<b>-</b>	<b>270</b>	<b>53</b>	<b>55</b>
Planning and development	1 511	222 253	212 808	383	208	208	-	270	53	55
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>187 304</b>	<b>-</b>	<b>43 737</b>	<b>277 158</b>	<b>275 391</b>	<b>275 391</b>	<b>195 872</b>	<b>265 488</b>	<b>279 332</b>	<b>295 691</b>
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	177 304	-	43 737	213 071	229 763	229 763	158 962	220 615	238 661	245 295
Waste water management	10 000	-	-	64 088	45 628	45 628	36 910	44 873	40 671	50 395
Waste management	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>195 771</b>	<b>222 253</b>	<b>266 785</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>197 376</b>	<b>271 221</b>	<b>281 421</b>	<b>297 885</b>
<b>Funded by:</b>										
National Government	187 304	11 369	134 240	275 978	259 335	259 335	190 932	263 488	277 232	293 486
Provincial Government	-	-	-	-	15 000	15 000	15 000	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>187 304</b>	<b>11 369</b>	<b>134 240</b>	<b>275 978</b>	<b>274 335</b>	<b>274 335</b>	<b>205 932</b>	<b>263 488</b>	<b>277 232</b>	<b>293 486</b>
<b>Internally generated funds</b>	<b>8 467</b>	<b>-</b>	<b>14 442</b>	<b>6 646</b>	<b>4 895</b>	<b>4 895</b>	<b>4 895</b>	<b>7 734</b>	<b>4 189</b>	<b>4 399</b>
<b>Total Capital Funding</b>	<b>195 771</b>	<b>11 369</b>	<b>148 683</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>210 828</b>	<b>271 221</b>	<b>281 421</b>	<b>297 885</b>

## MBRR Table A6 - Budgeted Financial Position

DC43 Harry Gwala - Table A6 Budgeted Financial Position

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	24 272	112 253	50 578	73 389	24 940	24 940	173 806	20 875	37 976	61 360
Consumer debtors	22 779	9 880	26 933	42 739	42 739	42 739	55 982	33 454	44 766	56 724
Other debtors	21 900	61 216	33 432	32 638	42 638	42 638	38 609	14 334	15 194	16 106
Current portion of long-term receivables	-	-	-	-	-	-	-	-	-	-
Inventory	180	171	248	171	171	171	248	181	192	203
<b>Total current assets</b>	<b>69 130</b>	<b>183 519</b>	<b>111 191</b>	<b>148 936</b>	<b>110 488</b>	<b>110 488</b>	<b>268 644</b>	<b>68 844</b>	<b>98 128</b>	<b>134 394</b>
<b>Non current assets</b>										
Investment property	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1 788 857	1 942 120	2 170 503	2 163 703	2 160 484	2 160 484	2 283 268	2 288 462	2 361 735	2 495 129
Intangible	1 619	1 455	1 191	1 216	1 216	1 216	1 060	1 489	1 576	1 668
Other non-current assets	-	0	0	0	0	0	0	0	0	0
<b>Total non current assets</b>	<b>1 790 475</b>	<b>1 943 575</b>	<b>2 171 694</b>	<b>2 164 919</b>	<b>2 161 700</b>	<b>2 161 700</b>	<b>2 284 329</b>	<b>2 289 951</b>	<b>2 363 311</b>	<b>2 496 797</b>
<b>TOTAL ASSETS</b>	<b>1 859 606</b>	<b>2 127 095</b>	<b>2 282 885</b>	<b>2 313 855</b>	<b>2 272 187</b>	<b>2 272 187</b>	<b>2 552 973</b>	<b>2 358 795</b>	<b>2 461 439</b>	<b>2 631 191</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Borrowing	9 123	9 856	-	(4 290)	(4 290)	(4 290)	(965)	4 555	1 287	1 365
Consumer deposits	1 441	1 606	1 768	1 740	1 740	1 740	1 854	1 845	1 956	2 073
Trade and other payables	184 547	219 686	140 544	107 624	64 645	64 645	101 072	68 734	72 844	77 200
Provisions	568	9 574	11 000	9 574	9 574	9 574	11 000	10 148	10 757	11 403
<b>Total current liabilities</b>	<b>195 679</b>	<b>240 721</b>	<b>153 313</b>	<b>114 649</b>	<b>71 669</b>	<b>71 669</b>	<b>112 961</b>	<b>85 282</b>	<b>86 844</b>	<b>92 040</b>
<b>Non current liabilities</b>										
Borrowing	26 207	28 482	37 730	13 292	13 541	13 541	28 258	3 485	-	-
Provisions	20 947	22 949	18 940	22 949	22 949	22 949	18 940	24 326	25 786	27 333
<b>Total non current liabilities</b>	<b>47 155</b>	<b>51 431</b>	<b>56 670</b>	<b>36 242</b>	<b>36 490</b>	<b>36 490</b>	<b>47 199</b>	<b>27 811</b>	<b>25 786</b>	<b>27 333</b>
<b>TOTAL LIABILITIES</b>	<b>242 834</b>	<b>292 153</b>	<b>209 983</b>	<b>150 890</b>	<b>108 160</b>	<b>108 160</b>	<b>160 159</b>	<b>113 094</b>	<b>112 630</b>	<b>119 373</b>
<b>NET ASSETS</b>	<b>1 616 772</b>	<b>1 834 942</b>	<b>2 072 902</b>	<b>2 162 965</b>	<b>2 164 028</b>	<b>2 164 028</b>	<b>2 392 814</b>	<b>2 245 701</b>	<b>2 348 809</b>	<b>2 511 817</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	1 616 772	1 834 942	2 072 902	2 162 965	2 164 028	2 164 028	2 392 814	2 245 701	2 348 809	2 511 817
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 616 772</b>	<b>1 834 942</b>	<b>2 072 902</b>	<b>2 162 965</b>	<b>2 164 028</b>	<b>2 164 028</b>	<b>2 392 814</b>	<b>2 245 701</b>	<b>2 348 809</b>	<b>2 511 817</b>

## MBRR Table A7 - Budgeted Cash Flow Statement

DC43 Harry Gwala - Table A7 Budgeted Cash Flows

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates										
Service charges	21 730	40 969	50 033	47 732	51 990	51 990	51 990	53 288	56 454	59 792
Other revenue	-	-	3 801	781	781	781	781	807	850	893
Transfers and Subsidies - Operational	300 948	303 439	377 095	366 404	339 907	339 907	339 907	387 266	411 458	441 097
Transfers and Subsidies - Capital	309 186	365 651	313 710	275 839	274 335	274 335	274 335	263 488	277 232	293 486
Interest	7 313	8 969	9 025	9 658	7 257	7 257	7 257	7 501	7 951	8 429
<b>Payments</b>										
Suppliers and employees	(432 649)	(395 897)	(425 384)	(387 572)	(426 618)	(426 618)	(279 549)	(422 511)	(447 902)	(474 507)
Finance charges	(4 313)	(4 497)	(3 752)	(3 510)	(4 168)	(4 168)	(2 372)	(4 373)	(4 582)	(4 802)
Transfers and Grants	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>202 215</b>	<b>318 634</b>	<b>324 528</b>	<b>309 331</b>	<b>243 484</b>	<b>243 484</b>	<b>392 349</b>	<b>285 467</b>	<b>301 462</b>	<b>324 387</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets	(178 541)	(220 393)	(382 874)	(282 624)	(279 405)	(279 405)	(279 405)	(270 932)	(281 117)	(297 565)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(178 541)</b>	<b>(220 393)</b>	<b>(382 874)</b>	<b>(282 624)</b>	<b>(279 405)</b>	<b>(279 405)</b>	<b>(279 405)</b>	<b>(270 932)</b>	<b>(281 117)</b>	<b>(297 565)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	(2 027)	(1 956)	(2 073)
<b>Payments</b>										
Repayment of borrowing	(5 221)	(10 260)	(3 330)	(3 896)	(12 528)	(12 528)	(12 528)	(4 555)	(1 287)	(1 365)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(5 221)</b>	<b>(10 260)</b>	<b>(3 330)</b>	<b>(3 896)</b>	<b>(12 528)</b>	<b>(12 528)</b>	<b>(12 528)</b>	<b>(6 582)</b>	<b>(3 243)</b>	<b>(3 437)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>18 453</b>	<b>87 981</b>	<b>(61 675)</b>	<b>22 811</b>	<b>(48 448)</b>	<b>(48 448)</b>	<b>100 417</b>	<b>7 953</b>	<b>17 101</b>	<b>23 384</b>
Cash/cash equivalents at the year begin:	5 819	24 272	112 253	50 578	73 389	73 389	73 389	12 922	20 875	37 976
Cash/cash equivalents at the year end:	24 272	112 253	50 578	73 389	24 940	24 940	173 806	20 875	37 976	61 360

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	24 272	112 253	50 578	73 389	24 940	24 940	173 806	20 875	37 976	61 360
Other current investments > 90 days	-	-	-	-	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>24 272</b>	<b>112 253</b>	<b>50 578</b>	<b>73 389</b>	<b>24 940</b>	<b>24 940</b>	<b>173 806</b>	<b>20 875</b>	<b>37 976</b>	<b>61 360</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	49 300	60 822	43 814	39 678	236	236	37 241	236	236	236
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements					(39 087)	(39 087)	(39 087)	(42 128)	(44 250)	(47 150)
Other working capital requirements	116 972	113 422	47 089	26 598	(2 724)	(2 724)	(23 573)	34 441	29 879	25 068
Other provisions					11 664	11 664	11 664	10 148	10 757	11 403
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>166 272</b>	<b>174 244</b>	<b>90 903</b>	<b>66 276</b>	<b>(29 911)</b>	<b>(29 911)</b>	<b>(13 754)</b>	<b>2 697</b>	<b>(3 378)</b>	<b>(10 443)</b>
<b>Surplus(shortfall)</b>	<b>(142 000)</b>	<b>(61 990)</b>	<b>(40 325)</b>	<b>7 113</b>	<b>54 851</b>	<b>54 851</b>	<b>187 560</b>	<b>18 177</b>	<b>41 354</b>	<b>71 804</b>

DC43 Harry Gwala - Table A9 Asset Management

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	307 483	7 125	73 845	100 190	119 743	119 743	117 069	109 514	114 990
<i>Water Supply Infrastructure</i>	273 304	5 498	70 959	96 344	116 912	116 912	111 675	107 781	113 170
<i>Sanitation Infrastructure</i>	28 847	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	1 728	-	-	-	-	-	-
<b>Infrastructure</b>	<b>302 151</b>	<b>5 498</b>	<b>72 687</b>	<b>96 344</b>	<b>116 912</b>	<b>116 912</b>	<b>111 675</b>	<b>107 781</b>	<b>113 170</b>
Housing	-	902	-	211	-	-	-	-	-
<b>Other Assets</b>	-	902	-	211	-	-	-	-	-
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	950	-	-	1 400	1 400	1 400	1 500	500	525
<b>Furniture and Office Equipment</b>	783	725	1 120	1 971	1 431	1 431	910	956	1 003
<b>Machinery and Equipment</b>	2 600	-	38	264	-	-	484	277	291
<b>Transport Assets</b>	1 000	-	-	-	-	-	2 500	-	-
<b>Total Renewal of Existing Assets</b>	2 850	215 128	192 941	97 515	99 196	99 196	96 375	101 193	114 698
<i>Water Supply Infrastructure</i>	2 850	-	41 249	53 887	46 864	46 864	49 207	51 667	54 250
<i>Sanitation Infrastructure</i>	-	215 128	140 135	41 970	51 374	51 374	47 118	49 474	60 392
<b>Infrastructure</b>	<b>2 850</b>	<b>215 128</b>	<b>181 384</b>	<b>95 857</b>	<b>98 238</b>	<b>98 238</b>	<b>96 325</b>	<b>101 141</b>	<b>114 643</b>
<b>Machinery and Equipment</b>	-	-	85	158	158	158	50	53	55
<b>Transport Assets</b>	-	-	11 472	1 500	800	800	-	-	-
<b>Total Upgrading of Existing Assets</b>	-	-	-	84 693	60 241	60 241	57 488	70 410	67 878
<i>Water Supply Infrastructure</i>	-	-	-	59 640	57 788	57 788	47 408	57 826	54 665
<i>Sanitation Infrastructure</i>	-	-	-	25 053	2 453	2 453	10 080	12 584	13 213
<b>Infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84 693</b>	<b>60 241</b>	<b>60 241</b>	<b>57 488</b>	<b>70 410</b>	<b>67 878</b>
<b>Total Capital Expenditure</b>	310 333	222 253	266 785	282 399	279 180	279 180	270 932	281 117	297 565
<i>Water Supply Infrastructure</i>	276 154	5 498	112 208	209 872	221 563	221 563	208 290	217 275	222 086
<i>Sanitation Infrastructure</i>	28 847	215 128	140 135	67 023	53 827	53 827	57 198	62 058	73 605
<i>Information and Communication Infrastructure</i>	-	-	1 728	-	-	-	-	-	-
<b>Infrastructure</b>	<b>305 001</b>	<b>220 626</b>	<b>254 071</b>	<b>276 894</b>	<b>275 391</b>	<b>275 391</b>	<b>265 488</b>	<b>279 332</b>	<b>295 691</b>
Housing	-	902	-	211	-	-	-	-	-
<b>Other Assets</b>	-	902	-	211	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	950	-	-	1 400	1 400	1 400	1 500	500	525
<b>Furniture and Office Equipment</b>	783	725	1 120	1 971	1 431	1 431	910	956	1 003
<b>Machinery and Equipment</b>	2 600	-	123	422	158	158	534	330	346
<b>Transport Assets</b>	1 000	-	11 472	1 500	800	800	2 500	-	-
<b>Land</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>310 333</b>	<b>222 253</b>	<b>266 785</b>	<b>282 399</b>	<b>279 180</b>	<b>279 180</b>	<b>270 932</b>	<b>281 117</b>	<b>297 565</b>



DC43 Harry Gwala - Table A9 Asset Management

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	–	1 554 000	1 545 571	1 775 343	1 772 124	1 772 124	1 870 643	1 928 910	2 044 225
<i>Roads Infrastructure</i>	–	4 781	3 253	3 508	3 508	3 508	3 752	3 941	4 178
<i>Storm water Infrastructure</i>	–	15 422	13 387	14 059	14 059	14 059	14 946	15 797	16 744
<i>Electrical Infrastructure</i>	–	1 361 691	1 335 309	1 523 380	1 541 572	1 541 572	1 576 609	1 667 693	1 759 529
<i>Water Supply Infrastructure</i>	–	125 974	144 293	189 982	170 286	170 286	186 541	199 155	218 928
<i>Sanitation Infrastructure</i>	–	444	326	340	340	340	361	383	405
<i>Information and Communication Infrastructure</i>	–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>	–	<b>1 508 312</b>	<b>1 496 568</b>	<b>1 731 269</b>	<b>1 729 765</b>	<b>1 729 765</b>	<b>1 782 209</b>	<b>1 886 967</b>	<b>1 999 784</b>
<b>Community Assets</b>	–	27 086	26 846	26 885	26 885	26 885	67 556	30 208	32 021
<b>Heritage Assets</b>	–	–	–	–	–	–	–	–	–
<b>Other Assets</b>	–	902	(889)	318	107	107	114	120	128
<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>	–	1 455	1 191	1 216	1 216	1 216	1 598	1 366	1 448
<b>Computer Equipment</b>	–	1 615	309	2 160	2 160	2 160	2 318	1 354	1 430
<b>Furniture and Office Equipment</b>	–	2 128	4 456	3 593	3 053	3 053	2 630	2 778	2 936
<b>Machinery and Equipment</b>	–	419	503	623	359	359	5 367	555	585
<b>Transport Assets</b>	–	12 083	16 587	9 280	8 580	8 580	8 851	5 561	5 895
<b>Land</b>	–	–	–	–	–	–	–	–	–
<b>Zoo's, Marine and Non-biological Animals</b>	–	–	–	–	–	–	–	–	–
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	–	<b>1 554 000</b>	<b>1 545 571</b>	<b>1 775 343</b>	<b>1 772 124</b>	<b>1 772 124</b>	<b>1 870 643</b>	<b>1 928 910</b>	<b>2 044 225</b>
<b>EXPENDITURE OTHER ITEMS</b>	137 270	81 299	103 035	59 839	100 839	100 839	106 521	111 100	116 438
<b>Depreciation</b>	48 479	66 993	69 605	37 492	79 717	79 717	83 624	87 638	91 844
<b>Repairs and Maintenance by Asset Class</b>	88 791	14 306	33 430	22 346	21 121	21 121	22 897	23 462	24 594
<i>Water Supply Infrastructure</i>	58 400	2 587	11 693	11 546	17 813	17 813	18 685	19 582	20 522
<i>Sanitation Infrastructure</i>	26 202	1 606	4 396	–	–	–	–	–	–
<b>Infrastructure</b>	<b>84 602</b>	<b>4 193</b>	<b>16 089</b>	<b>11 546</b>	<b>17 813</b>	<b>17 813</b>	<b>18 685</b>	<b>19 582</b>	<b>20 522</b>
<i>Community Facilities</i>	–	–	–	–	–	–	–	–	–
<i>Sport and Recreation Facilities</i>	–	119	96	110	146	146	153	160	168
<b>Community Assets</b>	–	<b>119</b>	<b>96</b>	<b>110</b>	<b>146</b>	<b>146</b>	<b>153</b>	<b>160</b>	<b>168</b>
<i>Operational Buildings</i>	3 009	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
<i>Housing</i>	–	–	–	–	–	–	–	–	–
<b>Other Assets</b>	<b>3 009</b>	<b>1 727</b>	<b>1 167</b>	<b>1 500</b>	<b>2 173</b>	<b>2 173</b>	<b>2 500</b>	<b>2 631</b>	<b>2 763</b>
<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–	–	–	–
<b>Computer Equipment</b>	180	79	9	190	–	–	520	–	–
<b>Furniture and Office Equipment</b>	–	–	–	–	–	–	–	–	–
<b>Machinery and Equipment</b>	–	8 189	15 933	8 500	690	690	724	759	795
<b>Transport Assets</b>	1 000	–	136	500	300	300	315	330	346
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>137 270</b>	<b>81 299</b>	<b>103 035</b>	<b>59 839</b>	<b>100 839</b>	<b>100 839</b>	<b>106 521</b>	<b>111 100</b>	<b>116 438</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0,9%	96,8%	72,3%	64,5%	57,1%	57,1%	56,8%	61,0%	61,4%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	5,9%	321,1%	277,2%	486,0%	200,0%	200,0%	184,0%	195,8%	198,8%
<i>R&amp;M as a % of PPE</i>	5,0%	0,7%	1,5%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	0,0%	15,0%	15,0%	12,0%	10,0%	10,0%	9,0%	10,0%	10,0%

DC43 Harry Gwala - Table A10 Basic service delivery measurement

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

## Part 2 – Supporting Documentation

### 1.9 OVERVIEW OF THE ANNUAL BUDGET PROCESS

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

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

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

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

#### **Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2019) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2019. Key dates applicable to the process were:

- a) **August 2019** – Joint strategic planning session of the Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2020/21 MTREF;

- b) **November 2019** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- c) **January 2020** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- d) **January 2020** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- e) **January 2020** - Council considers the 2019/20 Mid-year Review and Adjustments Budget;
- f) **February 2020** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2020/21 MTREF is revised accordingly;
- g) **26 March 2020** - Tabling in Council of the draft 2020/21 IDP and 2020/21 MTREF for public consultation;
- h) **3 to 30 April 2020** – Public consultation;
- i) **7 May 2020** - Closing date for written comments;
- j) **8 to 27 May 2020** – finalization of the 2020/21 IDP and 2020/21 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- k) **27 May 2020** - Tabling of the 2020/21 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council IDP and Service Delivery and Budget Implementation Plan.

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

1. Registration of community needs;
2. Compilation of departmental business plans including key performance indicators and targets;
3. Financial planning and budgeting process;

4. Public participation process;
5. Compilation of the SDBIP, and
6. The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/21 MTREF, based on the approved 2019/20 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **Financial Modeling and Key Planning Drivers**

Part of the compilation of the 2020/21 MTREF, extensive financial modelling was undertaken to ensure the affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/21 MTREF:

1. District growth
2. Policy priorities and strategic objectives
3. Asset maintenance
4. Economic climate and trends (i.e. inflation, household debt, migration patterns)
5. Performance trends
6. The approved 2019/20 adjustments budget and performance against the SDBIP
7. Cash Flow Management Strategy
8. Debtor payment levels
9. Loan and investment possibilities
10. The need for tariff increases versus the ability of the community to pay for services;
11. Improved and sustainable service delivery

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



## **Community Consultation**

The final draft 2020/21 MTREF as tabled before Council on 27 May 2020 for community consultation was published on the municipality's website, and hard copies were made available at satellite offices, municipal notice boards and various libraries. In addition E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business. The opportunity to give electronic feedback was also communicated on the Harry Gwala district municipality's website, and the district call centre was engaged in collecting inputs via e-mail, fax and SMS.

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

Ward Committees were utilised to facilitate the community consultation process from 03 to 30 April 2019, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers and local municipalities a notice board on average attendance of 300 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and izimbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2020/21 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

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

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

## **1.10 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP**

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

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

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

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

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



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

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

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2020/21 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 27 IDP Strategic Objectives

2019/20 Financial Year	2020/21 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Harry Gwala district principles through a caring, accessible and accountable service	4. Foster participatory democracy and Harry Gwala district principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

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

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

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

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

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

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

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

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

### **Integrated Social Services for empowered and sustainable communities**

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

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

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

Promote sound governance through:

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

Ensure financial sustainability through:

- b) Reviewing the use of contracted services

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

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

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

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

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

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

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

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

The 2020/21 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

DC43 Harry Gwala - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)										
Strategic Objective	Goal	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
GOOD GOVERNANCE	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	3 878	-	-	-	-	-	-	-	-
FINANCIAL VIABILITY AND MANAGEMENT	Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents.	10 611	296 330	330 039	367 364	363 811	363 811	391 887	423 302	453 642
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	Meet Basic Service & address Backlogs	240	-	346	946	7 908	7 908	6 966	5 946	6 304
BASIC SERVICE DELIVERY	Infrastructure Services	291 019	79 711	114 545	108 087	103 265	103 265	78 490	77 640	82 228
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Meet Basic Service & address Backlogs	47 689	-	445	-	-	-	-	-	-
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)		353 437	376 041	445 375	476 396	474 984	474 984	477 343	506 888	542 175

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

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

Strategic Objective	Goal	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
GOOD GOVERNANCE	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	201 967	33 054	27 725	37 340	29 040	29 040	35 866	36 961	39 209
FINANCIAL VIABILITY AND MANAGEMENT	Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents.	13 756	80 386	72 227	76 953	78 530	78 530	84 548	87 203	92 044
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	-	17 524	27 264	40 050	37 352	37 352	34 587	35 704	37 642
BASIC SERVICE DELIVERY	Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents.	217 600	267 260	310 980	230 613	310 138	310 138	297 579	313 595	331 480
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Infrastructure Services	-	76 194	85 564	67 212	83 231	83 231	81 310	91 218	96 210
CROSS-CUTTING	Meet Basic Service & address Backlogs	24 717	26 111	17 040	17 432	19 162	19 162	20 653	21 776	23 265
<b>Total Expenditure</b>		<b>458 040</b>	<b>500 530</b>	<b>540 800</b>	<b>469 599</b>	<b>557 454</b>	<b>557 454</b>	<b>554 543</b>	<b>586 457</b>	<b>619 850</b>

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

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

Strategic Objective	Goal	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
FINANCIAL VIABILITY AND MANAGEMENT	Strategic & Sustainability Budgeting, Revenue Enhancement & Value for Money Spending	27 612	-	38	404	-	-	324	340	357
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place	-	-	62	383	208	208	560	357	374
BASIC SERVICE DELIVERY	Infrastructure Services	46 928	222 253	256 484	276 894	275 391	275 391	265 488	279 332	295 691
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Meet Basic Service & address Backlogs	121 231	-	10 203	4 942	3 631	3 631	2 350	1 393	1 462
CROSS-CUTTING		-	-	-	-	-	-	2 500	-	-
<b>Total Capital Expenditure</b>		<b>195 771</b>	<b>222 253</b>	<b>266 785</b>	<b>282 624</b>	<b>279 230</b>	<b>279 230</b>	<b>271 221</b>	<b>281 421</b>	<b>297 885</b>

## 1.11 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

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

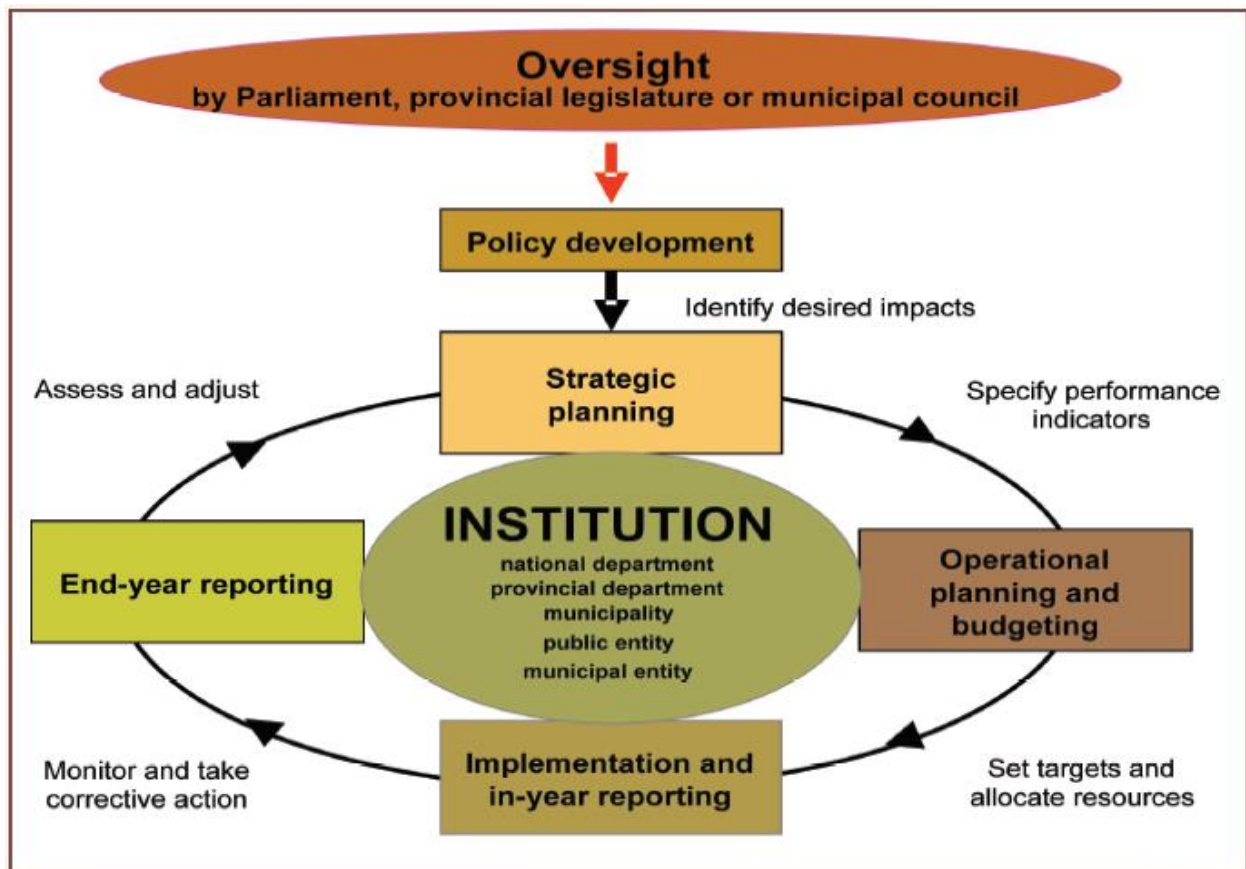


Figure 4 Planning, budgeting and reporting cycle



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

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

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

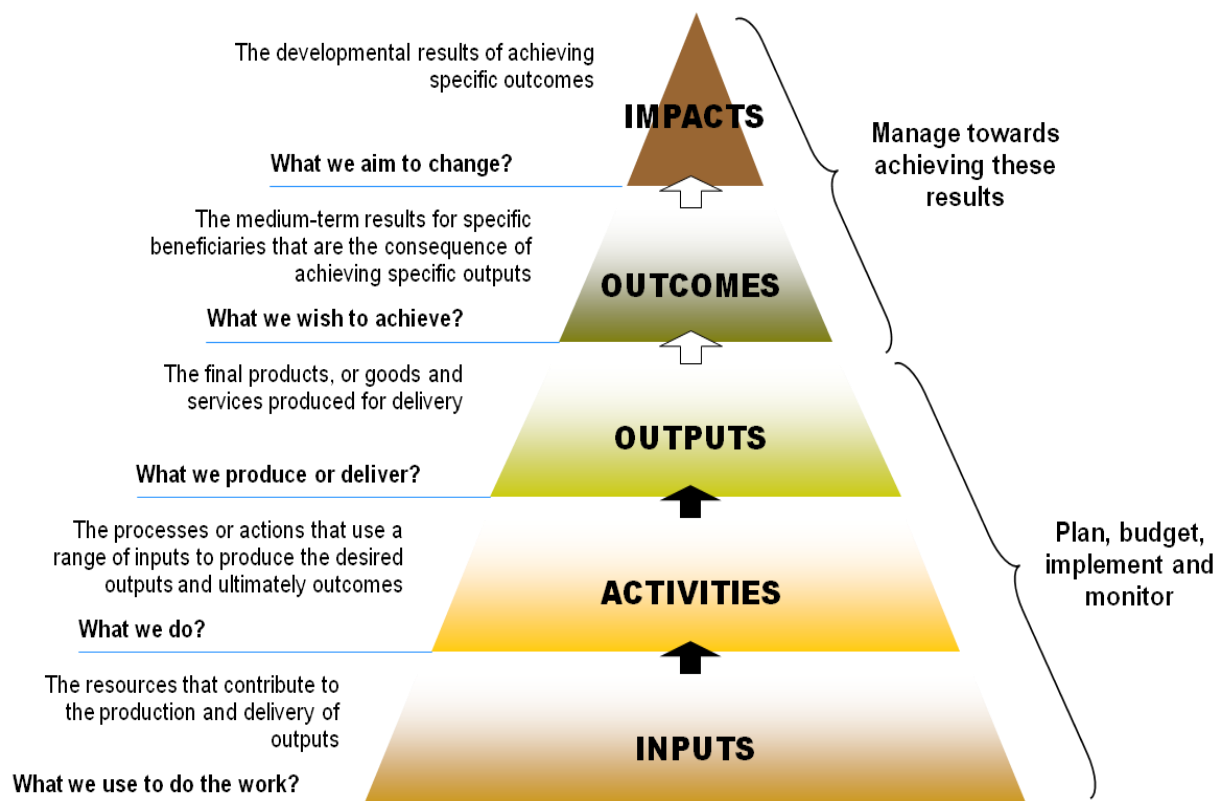


Figure 5 Definition of performance information concepts

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

Table 30 MBRR Table SA7- Measurable Performance Objectives

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Vote1 - Executive &amp; Council</b>										
<b>Function 1 - Operations Department</b>										
<b>Sub-function 1 - Youth Development</b>										
To render youth development projects	Number of programmes	16,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	16,0%
<b>Sub-function 2 - Sports and Recreation</b>										
To promote sports initiatives and activities	Number of games & events	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
<b>Sub-function 3 - Communication and Public Relations</b>										
To render intergrated communication services	Information Dissemination	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%
<b>Sub-function 4 - Special Programmes</b>										
Activities	Number of Programmes	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
<b>Sub-function 5 - IDP/PMs</b>										
Performance Contracts and Rewarding Performance	Number of Reports	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%
<b>Sub-function 6 - Intergovernmental Relations</b>										
relations within the dictrict	Number of meeting Held	4,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	4,0%
<b>Vote2 - Finance</b>										
<b>Function 1 - Budget &amp; Treasury Office</b>										
<b>Sub-function 1 - Budgeting &amp; Reporting</b>										
Financial Viability & Management	Number of Reports	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%
<b>Vote3 - Corporate Services</b>										
<b>Function 1 - Corporate Services</b>										
<b>Sub-function 2 - Human Resource Services</b>										
To provide Human Resource Management Services	Staff Capacity Building	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
<b>Vote4 - Economic &amp; Community Services</b>										
<b>Function 1 - Development &amp; Planning</b>										
<b>Sub-function 1 - Planning &amp; GIS</b>										
To provide Development Planning Services	Number of Precinct Plans	4,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	4,0%
<b>Function 1 - Social Development</b>										
<b>Sub-function 2 - Environmental Health</b>										
access to an environment that is not harmful to their health and	% Enforcements undertaken	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Surveillance of Business	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%
	Percentage of samples taken	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%
<b>Sub-function 2 - Disaster Management</b>										
Turnaround time to respond to any disaster	% Enforcements undertaken	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs
	Construction of Disaster									
<b>Vote5 - Infrastructure Services</b>										
<b>Function 1 - Waste Water Infrastructure</b>										
<b>Sub-function 1 - Water</b>										
Reduction in water backlogs	Total number of HH with	6893,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6435,0%
Reduction in sanitation backlogs	Number of household with	1956,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1844,0%
<b>Sub-function 3 - Electricity</b>										
To provide electricity to the existing water schemes	No of hh with electricity	2043,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1956,0%
<b>Sub-function 4 - Roads</b>										
Provision of new access roads	No of KM or road provided	100,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	95,0%
<b>Sub-function 5 - Electricity</b>										
environment	Frequency of building	9500,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9000,0%
environment										
<b>Vote6 - Water Services</b>										
<b>Function 1 - Water</b>										
<b>Sub-function 1 - Water &amp; Sanitation infrastructure</b>										
To ensure the effective management of all water Infrastructure	Water Feasibility Studies	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	10,0%	10,0%	10,0%
To ensure the effective management of all Sanitation Infrastructure	Sanitation Feasibility Studies	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
<b>Sub-function 2 - Water &amp; Sanitation Services</b>										
To render effective water & sanitation services	% Reduction in water losses	98,0%	98,0%	98,0%	98,0%	98,0%	95,0%	95,0%	95,0%	95,0%
	% reduction in the number of	100,0%	100,0%	100,0%	100,0%	100,0%	95,0%	95,0%	95,0%	95,0%
	% Progress made towards	50,0%	50,0%	50,0%	50,0%	50,0%	50,0%	50,0%	50,0%	50,0%

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

Table 31 MBRR Table SA8- Performance indicators and benchmarks

DC43 Harry Gwala - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2,1%	3,0%	2,7%	1,6%	3,0%	3,0%	4,6%	1,6%	1,1%	1,0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	16,8%	19,7%	18,7%	6,7%	18,1%	18,1%	23,8%	9,8%	7,0%	6,1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0,4	0,7	0,7	2,0	1,0	1,0	0,9	1,2	1,0	1,0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,4	0,7	0,7	2,0	1,0	1,0	0,9	1,2	1,0	1,0
Liquidity Ratio	Monetary Assets/Current Liabilities	0,2	0,4	0,3	1,5	0,1	0,1	0,2	0,2	0,1	0,1
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		58,9%	75,9%	75,2%	54,0%	77,5%	77,5%	112,7%	75,0%	75,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		58,9%	75,9%	75,2%	54,0%	77,5%	77,5%	112,7%	75,0%	75,0%	75,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13,1%	18,9%	13,6%	15,8%	18,0%	18,0%	28,2%	34,5%	18,8%	18,6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		317,1%	141,4%	134,0%	56,6%	498,5%	498,5%	487,2%	1212,9%	1225,4%	634,9%
Employee costs	Employee costs/(Total Revenue - capital revenue)	43,2%	40,5%	39,0%	43,2%	43,5%	43,5%	37,7%	46,7%	45,9%	45,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	41,5%	40,6%	44,8%	45,0%	45,0%		48,3%	47,6%	47,6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	25,1%	3,8%	7,5%	4,7%	4,4%	4,4%		4,8%	4,6%	4,5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17,9%	19,0%	16,5%	8,8%	17,8%	17,8%	14,2%	18,6%	18,3%	18,0%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	2,8	3,6	5,8	5,6	5,6	5,6	5,2	8,8	9,6	10,1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	124,6%	131,8%	103,3%	85,3%	127,3%	127,3%	205,1%	232,1%	126,6%	126,7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1,5	3,6	2,2	3,8	0,4	0,4	0,6	0,2	0,2	0,3

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

## **PERFORMANCE INDICATORS AND BENCHMARKS**

### **Borrowing Management**

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Harry Gwala's borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2020/21 MTREF:

*Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 0 per cent to nothing in 2020/21, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.

*No projects are funded from Borrowing in the MTREF*

In summary, various financial risks could have a negative impact on the future borrowing District of the municipality. In particular, the continued ability of the district to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2020/21 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

Liquidity (reference SA8)

*Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the District has set a limit of 1.5, hence at no point in time should this ratio be less than 1. For the 2020/21 MTREF the current ratio is 1.2 in the 2021/22 financial year and 1.0, 1.0 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

*The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2020/21 financial year the ratio was 0.2 and it has been increased to 0.1 in the 2021/22 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the District. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

### **Revenue Management**

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

## **Creditors Management**

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

## **Other Indicators**

The water distribution losses have been increased from 38 per cent in 2019/20 to 39 per cent in 2020/21. This has been achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the District to further leverage from the efficiency that the centre offers. It is planned to reduce distribution losses from 38 per cent in 2019/20 to at least 30 per cent by 2020/21.

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

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

## **Free Basic Services: basic social services package for indigent households**

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

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

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

## **Providing clean water and managing waste water**

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

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

The following is briefly the main challenges facing the district:

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

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

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

## **1.12 OVERVIEW OF BUDGET RELATED-POLICIES**

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

### **Review of credit control and debt collection procedures/policies**

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

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

### **Asset Management, Infrastructure Investment and Funding Policy**

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

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

### **Budget Adjustment Policy**

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



## **Supply Chain Management Policy**

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

## **Budget and Virement Policy**

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

## **Cash Management and Investment Policy**

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

## **Tariff Policies**

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

## **Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy have directly informed the compilation of the 2020/21 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

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

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

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

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

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

Subsequent to the tabling of the budget the following impact of COVID-19 pandemic was included in the MTREF for the 2020/21 financial year: Additional COVID-19 related operating expenditure of R1,6million;

Finally, to balance the 2020/21 tabled budget various expenditure items were adjusted by a further R22,5m on contracted expenditure.

## **1.13 OVERVIEW OF BUDGET ASSUMPTIONS**

### External factors

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

### General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2020/21 MTREF:

1. National Government macro-economic targets;
2. The general inflationary outlook and the impact on district's residents and businesses;
3. The impact of municipal cost drivers;
4. The increase in the price of bulk water; and other input costs like District and fuel,
5. The increase in the cost of remuneration. Employee related costs comprise 37 per cent of total operating expenditure in the 2020/21 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.
6. Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (70 per cent) of annual billings. Cash flow is assumed to be 75 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

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

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

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

## **Salary increases**

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

## **Impact of national, provincial and local policies**

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

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

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

## Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2020/21 MTREF of which performance has been factored into the cash flow budget.

### 1.14 OVERVIEW OF BUDGET FUNDING

Medium-term outlook: operating revenue

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

Table 31 Breakdown of the operating revenue over the medium-term

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

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

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

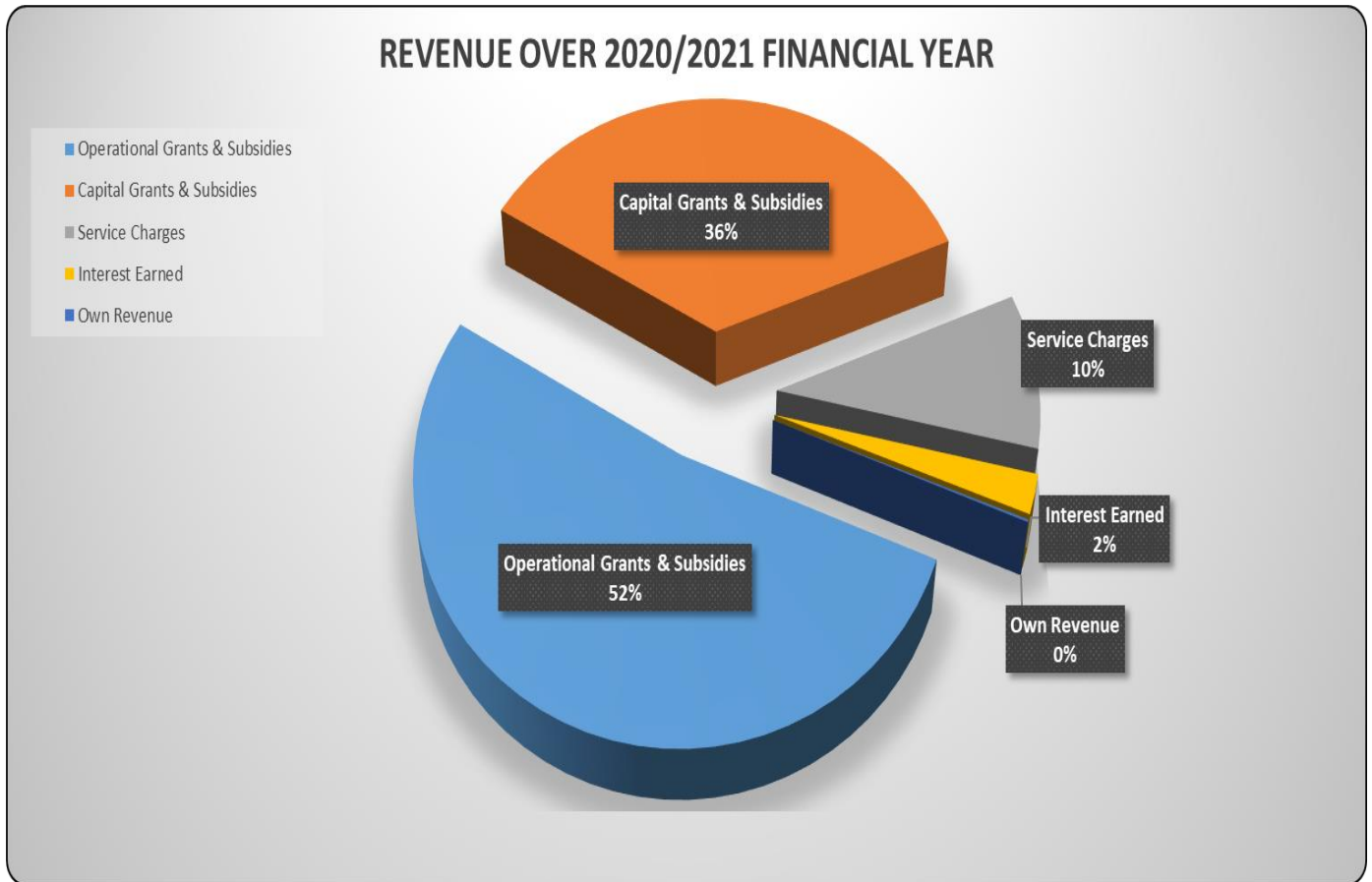


Figure 6 Breakdown of operating revenue over the 2020/21 MTREF

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

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

1. Growth in the District and economic development;
2. Revenue management and enhancement;
3. Achievement of a 70 per cent annual collection rate for consumer revenue;
4. National Treasury guidelines;
5. District tariff increases within the National District Regulator of South Africa (NERSA) approval;

6. Achievement of full cost recovery of specific user charges;
7. Determining tariff escalation rate by establishing/calculating revenue requirements;
8. And the ability to extend new services and obtain cost recovery levels.

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

The proposed tariff increases for the 2020/21 MTREF on the different revenue categories are:

Table 32 Proposed tariff increases over the medium-term

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

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



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

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

Investment revenue contributes marginally to the revenue base of the District with a budget allocation of R5, 8 million, R5, 9million and R12million for the respective three financial years of the 2020/21 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 33 MBRR SA15 – Detail Investment Information

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

Table 34 MBRR SA16 – Investment particulars by maturity

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

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

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted deficit of R76, 5 million, R78, 8million in 2021/22 and R76, 9 million in 2022/23 financial year. Non-cash items resulting in deficit in 2020/21 that is confined within the total and do not affect cash backing of the budget.

**Medium-term outlook: capital revenue**

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

Table 35 Sources of capital revenue over the MTREF

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

Vote Description	Current Year		2020/21 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2020/21	%	Budget Year +1 2021/22	%	Budget Year +2 2022/23	%
<b>R thousand</b>								
<b>Funded by:</b>								
National Government	259 335	93%	263 488	97%	277 232	99%	293 486	99%
Provincial Government	15 000	5%	-	0%	-	0%	-	0%
Internally generated funds	4 895	2%	7 734	3%	4 189	1%	4 399	1%
<b>Total Capital Funding</b>	<b>279 230</b>	<b>100%</b>	<b>271 221</b>	<b>100%</b>	<b>281 421</b>	<b>100%</b>	<b>297 885</b>	<b>100%</b>

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

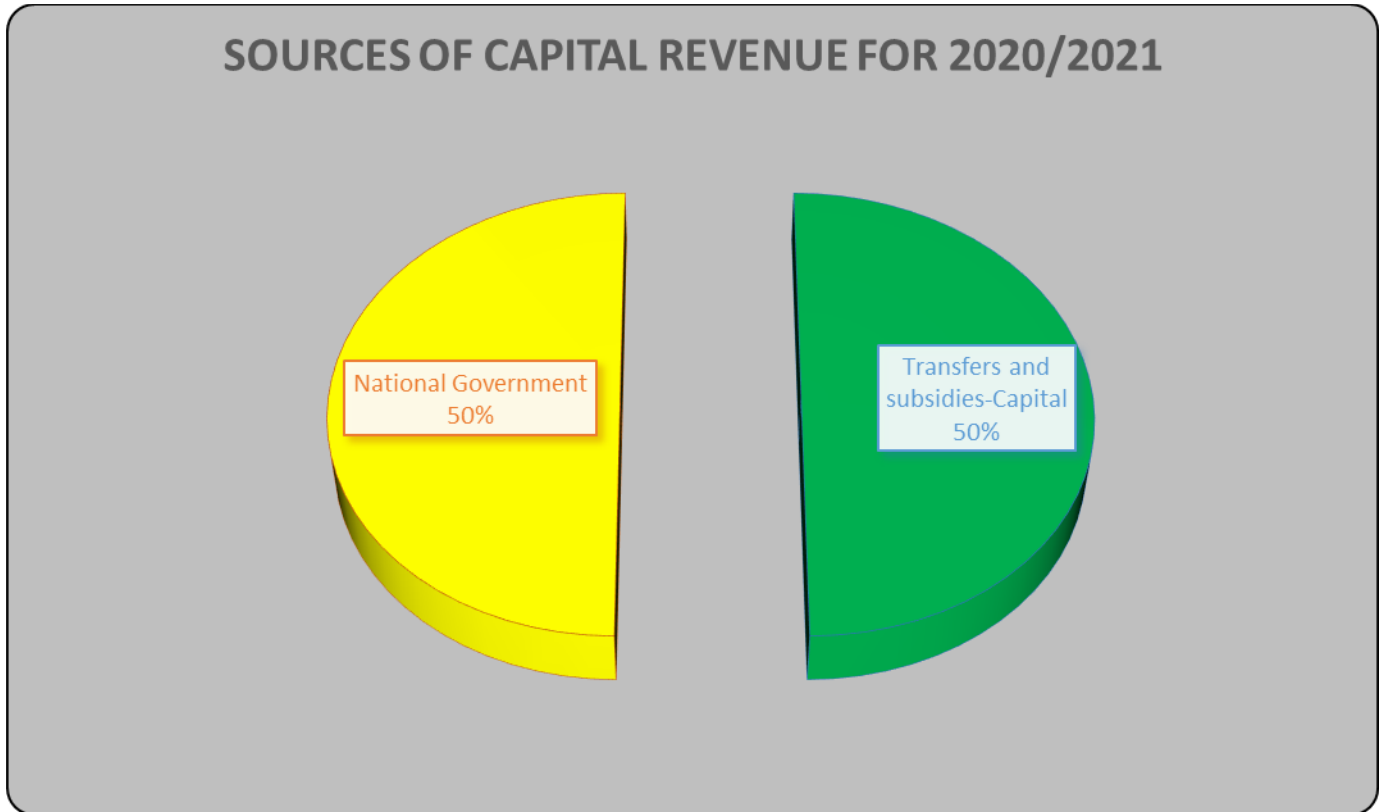


Figure 7 Sources of capital revenue for the 2020/21 financial year

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

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

Table 36 MBRR Table SA 17 - Detail of borrowings

DC43 Harry Gwala - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Parent municipality</b>									
Annuity and Bullet Loans									
Long-Term Loans (non-annuity)	17 231	26 214	12 379	8 657	8 657	8 657	4 555	2 338	-
Long-Term Loans (non-annuity)	20	23	-	-	-	-	-	-	-
<b>Total Borrowing</b>	<b>17 251</b>	<b>26 238</b>	<b>12 379</b>	<b>8 657</b>	<b>8 657</b>	<b>8 657</b>	<b>4 555</b>	<b>2 338</b>	<b>-</b>

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

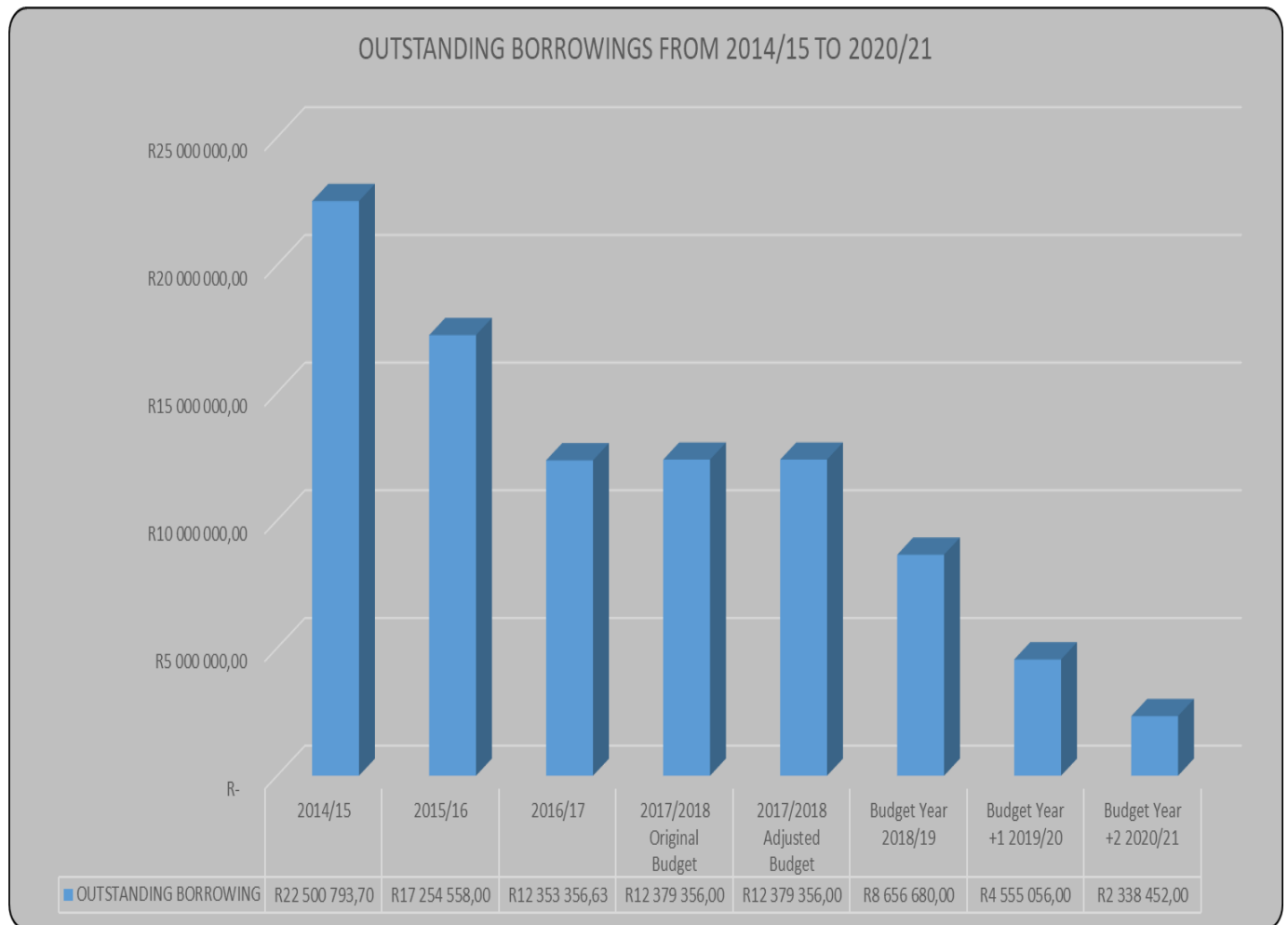


Figure 8 Growth in outstanding borrowing (long-term liabilities)

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

Table 37 MBRR Table SA 18 - Capital transfers and grant receipts

DC43 Harry Gwala - Supporting Table SA18 Transfers and grant receipts

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	287 690	287 997	321 592	366 004	382 508	382 508	385 766	411 458	441 097
Local Government Equitable Share									
Equitable Share	260 069	286 279	318 074	345 309	345 309	345 309	372 340	402 448	431 617
Expanded Public Works Programme Integrated Grant	3 364	1 718	2 518	5 316	5 316	5 316	5 195	-	-
Integrated National Electrification Programme Grant	-	-	-	7 000	7 000	7 000	-	-	-
Local Government Financial Management Grant	1 250	-	1 000	1 000	1 000	1 000	1 000	1 200	1 200
Municipal Infrastructure Grant	12 912	-	-	5 022	11 522	11 522	4 986	5 442	5 775
Rural Road Asset Management Systems Grant	2 095	-	-	2 357	2 358	2 358	2 245	2 368	2 505
Water Services Infrastructure Grant	8 000	-	-	-	10 004	10 004	-	-	-
<b>Provincial Government:</b>	171	-	43 783	-	-	-	1 500	-	-
Other	171	-	43 783	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	1 500	-	-
<b>Other grant providers:</b>	-	-	791	400	400	400	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	-	791	400	400	400	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>287 861</b>	<b>287 997</b>	<b>366 165</b>	<b>366 404</b>	<b>382 908</b>	<b>382 908</b>	<b>387 266</b>	<b>411 458</b>	<b>441 097</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	322 273	335 368	335 775	275 839	259 335	259 335	263 488	277 232	293 486
Equitable Share	-	263 913	47 223	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	331	-	-	-	-	-	-	-
Municipal Infrastructure Grant	178 155	68 903	152 755	195 839	189 339	189 339	194 462	212 232	225 236
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	48 000	-	70 000	20 000	20 000	20 000	9 026	-	-
Rural Road Asset Management Systems Grant	-	2 221	2 226	-	-	-	-	-	-
Water Services Infrastructure Grant	86 118	-	63 571	60 000	49 996	49 996	60 000	65 000	68 250
Drought	10 000	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	-	-	-	-	15 000	15 000	-	-	-
Specify (Add grant description)	-	-	-	-	15 000	15 000	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>322 273</b>	<b>335 368</b>	<b>335 775</b>	<b>275 839</b>	<b>274 335</b>	<b>274 335</b>	<b>263 488</b>	<b>277 232</b>	<b>293 486</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>610 134</b>	<b>623 365</b>	<b>701 941</b>	<b>642 242</b>	<b>657 243</b>	<b>657 243</b>	<b>650 754</b>	<b>688 690</b>	<b>734 583</b>

## Cash Flow Management

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

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

Table 38 MBRR Table A7 - Budget cash flow statement

DC43 Harry Gwala - Table A7 Consolidated Budgeted Cash Flows

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-	-	-
Service charges	21 884	40 965	43 942	47 732	51 990	51 990	51 990	53 288	56 454	59 792
Other revenue	1 703	478	785	781	11 626	11 626	11 626	554	583	612
Transfers and Subsidies - Operational	287 782	259 545	322 557	366 404	339 907	339 907	339 907	387 266	411 458	441 097
Transfers and Subsidies - Capital	339 685	392 545	319 764	275 839	274 335	274 335	274 335	263 488	277 232	293 486
Interest	6 067	9 700	10 046	9 658	7 257	7 257	7 257	7 681	8 140	8 627
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(446 260)	(398 607)	(465 962)	(402 569)	(447 672)	(447 672)	(447 672)	(439 354)	(465 737)	(493 334)
Finance charges	(4 320)	(4 499)	(3 765)	(3 522)	(4 180)	(4 180)	(4 180)	(4 385)	(4 595)	(4 816)
Transfers and Grants	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>206 541</b>	<b>300 125</b>	<b>227 367</b>	<b>294 323</b>	<b>233 262</b>	<b>233 262</b>	<b>233 262</b>	<b>268 538</b>	<b>283 535</b>	<b>305 464</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE								-	-	-
Decrease (increase) in non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
<b>Payments</b>										
Capital assets	(177 749)	(220 517)	(257 088)	(282 624)	(279 405)	(279 405)	(279 405)	(271 221)	(281 421)	(297 885)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(177 749)</b>	<b>(220 517)</b>	<b>(257 088)</b>	<b>(282 624)</b>	<b>(279 405)</b>	<b>(279 405)</b>	<b>(279 405)</b>	<b>(271 221)</b>	<b>(281 421)</b>	<b>(297 885)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing	(5 259)	(10 296)	(11 022)	(3 896)	(12 528)	(12 528)	(12 528)	(4 400)	(2 046)	(1 365)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(5 259)</b>	<b>(10 296)</b>	<b>(11 022)</b>	<b>(3 896)</b>	<b>(12 528)</b>	<b>(12 528)</b>	<b>(12 528)</b>	<b>(4 400)</b>	<b>(2 046)</b>	<b>(1 365)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>23 533</b>	<b>69 313</b>	<b>(40 743)</b>	<b>7 803</b>	<b>(58 671)</b>	<b>(58 671)</b>	<b>(58 671)</b>	<b>(7 083)</b>	<b>68</b>	<b>6 215</b>
Cash/cash equivalents at the year begin:	19 490	43 023	112 336	112 336	71 593	71 593	71 593	12 922	5 839	5 907
Cash/cash equivalents at the year end:	43 023	112 336	71 593	120 138	12 922	12 922	12 922	5 839	5 907	12 122

The above table shows that cash and cash equivalents of the District were largely increasing between the 2016/17 and 2018/19 financial year moving from a cash balance of R43m to R120 million then decrease in 2019/20 then start decreasing more in 2020/21 MTREF. With the 2019/20 adjustments budget various cost efficiencies and savings had to be realised to ensure the District could meet its operational expenditure commitments. In addition the District undertook an extensive debt collection process but it was not that successful. These interventions have translated into a deficit for the District and it is projected that cash and cash equivalents on hand showed a surplus of R98 million by the financial year end. For the 2020/21 MTREF the budget has been prepared to continue ensuring high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R5, 8 million by 2020/21 and steadily increasing to R12, 1 million by 2022/23.

## **Cash Backed Reserves/Accumulated Surplus Reconciliation**

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

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

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

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



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

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	43 023	112 336	71 593	120 138	12 922	12 922	12 922	5 839	5 907	12 122
Other current investments > 90 days	0	(15 384)	(13 230)	86 924	0	0	17 370	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>43 023</b>	<b>96 952</b>	<b>58 363</b>	<b>207 062</b>	<b>12 922</b>	<b>12 922</b>	<b>30 292</b>	<b>5 839</b>	<b>5 907</b>	<b>12 122</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	61 318	60 822	43 814	39 678	236	236	236	11 000	11 500	12 000
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	(42 128)	(44 250)	(47 150)
Other working capital requirements	114 908	114 648	58 163	30 946	(22 947)	(22 947)	(64 739)	11 888	10 129	10 980
Other provisions	-	-	-	-	-	-	-	11 664	6 200	6 200
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>176 226</b>	<b>175 470</b>	<b>101 977</b>	<b>70 624</b>	<b>(22 712)</b>	<b>(22 712)</b>	<b>(64 503)</b>	<b>(7 576)</b>	<b>(16 421)</b>	<b>(17 970)</b>
<b>Surplus(shortfall)</b>	<b>(133 203)</b>	<b>(78 518)</b>	<b>(43 615)</b>	<b>136 438</b>	<b>35 633</b>	<b>35 633</b>	<b>94 794</b>	<b>13 414</b>	<b>22 328</b>	<b>30 092</b>

From the above table it can be seen that the cash and investments available total R5, 8 million in the 2020/21 financial year and progressively increase to R12, 1million by 2022/23, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

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

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

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

The 2020/21 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is

funded and is therefore credible. The challenge for the District will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

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

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

### 2.6.5 Funding compliance measurement

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

Table 40 MBRR SA10 – Funding compliance measurement

DC43 Harry Gwala Supporting Table SA10 Funding measurement

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

### Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of

the financial year. The forecasted cash and cash equivalents for the 2020/21 MTREF show R5, 8 million, R5, 9 million and R12million for each respective financial year.

### **Cash plus investments less application of funds**

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

### **Monthly average payments covered by cash or cash equivalents**

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the District to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. Notably, the ratio has been falling significantly for the period 2013/14 to 2016/17, moving from 1.5 to 0.3 this ratio improved from 1.2 to 5.2 in the 2018/19 MTREF.

### **Surplus/deficit excluding depreciation offsets**

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

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

### **Service charge revenue as a percentage increase less macro inflation target**

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

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0 per cent for the respective financial year of the 2020/21 MTREF. Considering tariff increase in relation to revenue generated from rates and services charges is 6 per cent.

However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 1.15 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 41 MBRR SA19 - Expenditure on transfers and grant programmes

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	280 901	473 762	507 556	441 944	483 154	483 154	467 489	497 321	526 990
Local Government Equitable Share									
Equitable Share	241 034	415 318	476 853	425 735	452 954	452 954	454 063	488 571	517 711
Expanded Public Works Programme Integrated Grant	3 466	1 530	179	7 939	5 316	5 316	5 195	6	6
Local Government Financial Management Grant	1 248	892	685	891	1 000	1 000	1 000	933	992
Municipal Infrastructure Grant	7 442	55 403	29 839	5 022	11 522	11 522	4 986	5 442	5 775
Municipal Systems Improvement Grant	930	307	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	2 040	4	-	2 357	2 358	2 358	2 245	2 368	2 505
Water Services Infrastructure Grant	-	-	-	-	10 004	10 004	-	-	-
Energy Efficiency And Demand Side Management Grant	6 139	307	-	-	-	-	-	-	-
Rural Household Infrastructure Grant	4 500								
Municipal Water Infrastructure Grant									
Drought Relief	14 103								
<b>Provincial Government:</b>	15 186	433	1 332	-	-	-	1 500	-	-
Development Planning and Shared Services	500	433	1 332	-	-	-	-	-	-
DBSA	440								
Development Planning Shared Services	240								
DHET (GRANT)	14 006								
Rural Development Grant	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	1 500	-	-
<b>District Municipality:</b>	-	-	-	15 709	21 635	21 635	17 480	18 504	19 529
Specify (Add grant description)	-	-	-	15 709	21 635	21 635	17 480	18 504	19 529
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>	296 087	474 195	508 889	457 653	504 789	504 789	486 469	515 825	546 519
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	250 992	11 369	134 240	275 978	259 335	259 335	263 488	277 232	293 486
Local Government Financial Management Grant	-	-	-	140	-	-	-	-	-
Municipal Infrastructure Grant	192 342	-	10 090	195 838	189 338	189 338	194 462	212 232	225 236
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	15 150	-	65 476	20 000	20 000	20 000	9 026	-	-
Water Services Infrastructure Grant	43 500	11 369	58 674	60 000	49 996	49 996	60 000	65 000	68 250
<b>Provincial Government:</b>	-	-	-	-	15 000	15 000	-	-	-
Specify (Add grant description)	-	-	-	-	15 000	15 000	-	-	-
<b>District Municipality:</b>	-	-	-	225	50	50	290	304	319
Specify (Add grant description)	-	-	-	225	50	50	290	304	319
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	250 992	11 369	134 240	276 203	274 385	274 385	263 777	277 536	293 805
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	547 079	485 564	643 129	733 856	779 174	779 174	750 247	793 361	840 324

Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	(7 215)	(846)	(846)	(334)	(334)	(19 885)	(354)	-
Current year receipts	287 690	(7 254)	(3 518)	(7 316)	(6 316)	(6 316)	(6 195)	(7 695)	(1 000)
<b>Conditions met - transferred to revenue</b>	-	<b>13 619</b>	<b>4 030</b>	<b>1 565</b>	<b>6 316</b>	<b>6 316</b>	<b>6 195</b>	<b>7 695</b>	<b>1 000</b>
Conditions still to be met - transferred to liabilities	-	(850)	(334)	(6 597)	(432)	(432)	(19 885)	(458)	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	14 577								
Current year receipts	171								
<b>Conditions met - transferred to revenue</b>	<b>14 749</b>	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	0	0	-	-	-	12 597	-	-
Conditions still to be met - transferred to liabilities	-	0	0	-	-	-	12 597	-	-
<b>Total operating transfers and grants revenue</b>	<b>14 749</b>	<b>13 619</b>	<b>4 030</b>	<b>1 565</b>	<b>6 316</b>	<b>6 316</b>	<b>6 195</b>	<b>7 695</b>	<b>1 000</b>
<b>Total operating transfers and grants - CTBM</b>	-	<b>(850)</b>	<b>(334)</b>	<b>(6 597)</b>	<b>(432)</b>	<b>(432)</b>	<b>(7 288)</b>	<b>(458)</b>	-
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	-	(110 000)	(59 734)	(29 000)	(43 238)	(43 238)	(53 170)	(45 832)	-
Current year receipts	322 273	(283 207)	(349 213)	(275 839)	(280 860)	(280 860)	(270 719)	(306 242)	(301 766)
<b>Conditions met - transferred to revenue</b>	<b>333 477</b>	<b>333 477</b>	<b>336 443</b>	<b>272 000</b>	<b>280 860</b>	<b>280 860</b>	<b>270 719</b>	<b>306 242</b>	<b>301 766</b>
Conditions still to be met - transferred to liabilities	-	(59 729)	(121 770)	(32 839)	(86 476)	(86 476)	(53 170)	(91 664)	-
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	10 000								
<b>Conditions met - transferred to revenue</b>	<b>10 000</b>	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	-	(649)	(242)	(242)	(242)	(242)	(817)	(257)	-
Current year receipts	-	-	(20 000)	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>	-	<b>406</b>	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	-	(242)	(20 242)	(242)	(485)	(485)	(817)	(514)	-
<b>Total capital transfers and grants revenue</b>	<b>343 477</b>	<b>333 884</b>	<b>336 443</b>	<b>272 000</b>	<b>280 860</b>	<b>280 860</b>	<b>270 719</b>	<b>306 242</b>	<b>301 766</b>
<b>Total capital transfers and grants - CTBM</b>	-	<b>(59 972)</b>	<b>(142 012)</b>	<b>(33 081)</b>	<b>(86 961)</b>	<b>(86 961)</b>	<b>(53 987)</b>	<b>(92 178)</b>	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>358 226</b>	<b>347 503</b>	<b>340 472</b>	<b>273 565</b>	<b>287 176</b>	<b>287 176</b>	<b>276 914</b>	<b>313 937</b>	<b>302 766</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	-	<b>(60 822)</b>	<b>(142 346)</b>	<b>(39 678)</b>	<b>(87 393)</b>	<b>(87 393)</b>	<b>(61 275)</b>	<b>(92 636)</b>	-

## Councilor and Employee benefits

Table 44 MBRR SA22-Summary of councilor and staff benefits

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

Summary of Employee and Councillor remuneration R thousand	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	4 294	2 606	4 538	5 691	5 533	5 533	5 893	6 305	6 746
Pension and UIF Contributions	236	243	581	254	300	300	271	290	310
Medical Aid Contributions	41	73	96	45	45	45	48	51	55
Motor Vehicle Allowance	-	-	45	-	-	-	-	-	-
Cellphone Allowance	344	362	534	372	413	413	440	470	503
Other benefits and allowances	1 122	804	1 159	1 212	1 284	1 284	1 367	1 463	1 566
<b>Sub Total - Councillors</b>	<b>6 038</b>	<b>4 087</b>	<b>6 952</b>	<b>7 574</b>	<b>7 574</b>	<b>7 574</b>	<b>8 018</b>	<b>8 579</b>	<b>9 180</b>
% increase		(32,3%)	70,1%	8,9%	-	-	5,9%	7,0%	7,0%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	4 113	182	4 005	4 760	3 492	3 492	3 719	3 979	4 258
Pension and UIF Contributions	3	7	10	8	9	9	10	11	11
Medical Aid Contributions	6	97	91	1 021	110	110	117	126	134
Performance Bonus	-	-	146	-	53	53	56	60	65
Motor Vehicle Allowance	2 293	511	883	941	866	866	923	987	1 057
Cellphone Allowance	154	52	91	785	98	98	104	112	120
Housing Allowances	-	64	129	110	153	153	163	175	187
Other benefits and allowances	5	0	110	117	361	361	385	412	440
<b>Sub Total - Senior Managers of Municipality</b>	<b>6 573</b>	<b>913</b>	<b>5 488</b>	<b>8 095</b>	<b>5 144</b>	<b>5 144</b>	<b>5 478</b>	<b>5 861</b>	<b>6 272</b>
% increase		(86,1%)	501,3%	47,5%	(36,5%)	-	6,5%	7,0%	7,0%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	74 286	90 433	99 979	103 251	111 466	111 466	118 787	121 826	130 353
Pension and UIF Contributions	6 317	10 738	14 873	12 905	16 186	16 186	17 188	18 391	19 679
Medical Aid Contributions	3 112	7 533	7 261	5 136	8 061	8 061	8 585	9 186	9 829
Overtime	12 643	17 064	22 215	19 704	24 200	24 200	25 773	27 577	29 508
Performance Bonus	2 143	6 565	6 855	9 704	7 202	7 202	7 670	8 207	8 781
Motor Vehicle Allowance	6 606	11 027	13 814	12 641	14 337	14 337	15 269	16 338	17 482
Cellphone Allowance	651	651	699	734	782	782	833	891	954
Housing Allowances	718	718	413	1 442	479	479	510	545	583
Other benefits and allowances	3 020	3 020	3 514	18 178	4 772	4 772	5 082	5 438	5 819
Payments in lieu of leave	1 532	1 532	1 967	1 419	732	732	780	834	893
Long service awards	515	515	626	314	1 000	1 000	1 065	1 140	1 219
Post-retirement benefit obligations	1 434	1 434	(4 009)	2 099	2 934	2 934	3 125	3 343	3 577
<b>Sub Total - Other Municipal Staff</b>	<b>112 976</b>	<b>151 231</b>	<b>168 207</b>	<b>187 528</b>	<b>192 151</b>	<b>192 151</b>	<b>204 667</b>	<b>213 717</b>	<b>228 677</b>
% increase		33,9%	11,2%	11,5%	2,5%	-	6,5%	4,4%	7,0%
<b>Total Parent Municipality</b>	<b>125 587</b>	<b>156 231</b>	<b>180 647</b>	<b>203 197</b>	<b>204 869</b>	<b>204 869</b>	<b>218 163</b>	<b>228 158</b>	<b>244 129</b>
		24,4%	15,6%	12,5%	0,8%	-	6,5%	4,6%	7,0%
<b>Board Members of Entities</b>									
Basic Salaries and Wages	250	-	-	350	350	350	373	391	411
<b>Sub Total - Board Members of Entities</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>373</b>	<b>391</b>	<b>411</b>
% increase		(100,0%)	-	-	-	-	6,5%	5,0%	5,0%
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	1 926	-	-	2 000	1 000	1 000	2 130	2 237	2 348
Motor Vehicle Allowance	1 191	-	-	-	-	-	-	-	-
Cellphone Allowance	47	-	-	-	-	-	-	-	-
Other benefits and allowances	46	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Entities</b>	<b>3 210</b>	<b>-</b>	<b>-</b>	<b>2 000</b>	<b>1 000</b>	<b>1 000</b>	<b>2 130</b>	<b>2 237</b>	<b>2 348</b>
% increase		(100,0%)	-	-	(50,0%)	-	113,0%	5,0%	5,0%
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	2 528	-	-	5 283	5 283	5 283	7 468	7 841	8 234
Pension and UIF Contributions	-	-	-	1 380	1 380	1 380	1 470	1 543	1 620
Medical Aid Contributions	-	-	-	450	450	450	479	503	528
Performance Bonus	148	-	-	500	500	500	533	559	587
Other benefits and allowances	304	-	-	100	100	100	107	112	117
Payments in lieu of leave	-	-	-	40	40	40	43	45	47
<b>Sub Total - Other Staff of Entities</b>	<b>3 128</b>	<b>-</b>	<b>-</b>	<b>7 753</b>	<b>7 753</b>	<b>7 753</b>	<b>10 099</b>	<b>10 604</b>	<b>11 134</b>
% increase		(100,0%)	-	-	-	-	30,3%	5,0%	5,0%
<b>Total Municipal Entities</b>	<b>6 588</b>	<b>-</b>	<b>-</b>	<b>10 103</b>	<b>9 103</b>	<b>9 103</b>	<b>12 601</b>	<b>13 231</b>	<b>13 893</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>132 175</b>	<b>156 231</b>	<b>180 647</b>	<b>213 300</b>	<b>213 972</b>	<b>213 972</b>	<b>230 764</b>	<b>241 389</b>	<b>258 022</b>
% increase		18,2%	15,6%	18,1%	0,3%	-	7,8%	4,6%	6,9%
<b>TOTAL MANAGERS AND STAFF</b>	<b>125 887</b>	<b>152 144</b>	<b>173 695</b>	<b>205 376</b>	<b>206 048</b>	<b>206 048</b>	<b>222 374</b>	<b>232 418</b>	<b>248 431</b>



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

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

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

Table 46 MBRR SA24- Summary of personnel numbers

DC43 Harry Gwala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2018/19			Current Year 2019/20			Budget Year 2020/21		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	26	-	26	26	-	26	26	-	26
Board Members of municipal entities	3	-	3	3	-	3	5	-	5
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	8	-	8	8	-	8	9	-	9
Other Managers	19	15	3	18	15	2	18	15	2
Professionals	63	57	4	63	57	4	63	57	4
<i>Finance</i>	7	3	4	7	3	4	7	3	4
<i>Spatial/town planning</i>	1	1	-	1	1	-	1	1	-
<i>Information Technology</i>	2	3	-	2	3	-	2	3	-
<i>Roads</i>	1	1	-	1	1	-	1	1	-
<i>Electricity</i>	1	1	-	1	1	-	1	1	-
<i>Water</i>	8	8	-	8	8	-	8	8	-
<i>Sanitation</i>	2	2	-	2	2	-	2	2	-
<i>Refuse</i>	1	1	-	1	1	-	1	1	-
<i>Other</i>	40	37	-	40	37	-	40	37	-
Technicians	36	35	-	36	35	-	36	35	-
<i>Finance</i>	7	7	-	7	7	-	7	7	-
<i>Spatial/town planning</i>	4	4	-	4	4	-	4	4	-
<i>Information Technology</i>	1	-	-	1	-	-	1	-	-
<i>Roads</i>	1	1	-	1	1	-	1	1	-
<i>Electricity</i>	1	1	-	1	1	-	1	1	-
<i>Water</i>	4	4	-	4	4	-	4	4	-
<i>Sanitation</i>	3	3	-	3	3	-	3	3	-
<i>Refuse</i>	1	1	-	1	1	-	1	1	-
<i>Other</i>	13	13	-	13	13	-	13	13	-
Clerks (Clerical and administrative)	76	74	2	76	74	2	76	74	2
Service and sales workers	1	1	-	1	1	-	1	1	-
Skilled agricultural and fishery workers	1	1	-	1	1	-	1	1	-
Craft and related trades	1	1	-	1	1	-	1	1	-
Plant and Machine Operators	95	106	-	95	106	-	95	106	-
Elementary Occupations	48	47	3	48	47	3	48	47	3
<b>TOTAL PERSONNEL NUMBERS</b>	<b>377</b>	<b>337</b>	<b>49</b>	<b>376</b>	<b>337</b>	<b>48</b>	<b>379</b>	<b>337</b>	<b>51</b>
<b>% increase</b>				(0,3%)	-	(2,0%)	0,8%	-	6,3%
<b>Total municipal employees headcount</b>	<b>357</b>	<b>311</b>	<b>62</b>	<b>357</b>	<b>311</b>	<b>62</b>	<b>408</b>	<b>379</b>	<b>29</b>
Finance personnel headcount	46	46		67	58	5	68	61	23
Human Resources personnel headcount	6	6		7	7	-	9	9	

### 3.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 47 MBRR SA25-Budgeted monthly revenue and expenditure

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

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>															
Service charges - water revenue	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	4 212	50 540	53 543	56 707
Service charges - sanitation revenue	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	1 709	20 510	21 730	23 016
Interest earned - external investments	640	640	640	640	640	640	640	640	640	640	640	640	7 681	8 140	8 627
Interest earned - outstanding debtors	853	853	853	853	853	853	853	853	853	853	853	853	10 238	10 852	11 503
Fines, penalties and forfeits	66	66	66	66	66	66	66	66	66	66	66	(728)	-	-	-
Transfers and subsidies	34 167	34 167	34 167	34 167	34 167	34 167	34 167	34 167	34 167	34 167	34 167	11 426	387 266	411 458	441 097
Other revenue	92	92	92	92	92	92	92	92	92	92	92	92	1 107	1 165	1 224
Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>41 740</b>	<b>41 740</b>	<b>41 740</b>	<b>41 740</b>	<b>41 740</b>	<b>41 740</b>	<b>41 740</b>	<b>41 740</b>	<b>41 740</b>	<b>41 740</b>	<b>41 740</b>	<b>18 205</b>	<b>477 343</b>	<b>506 888</b>	<b>542 175</b>
<b>Expenditure By Type</b>															
Employee related costs	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	22 820	(28 278)	222 746	232 810	248 842
Remuneration of councillors	668	668	668	668	668	668	668	668	668	668	668	668	8 018	8 579	9 180
Debt impairment	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	(24 343)	-	-	-
Depreciation & asset impairment	7 021	7 021	7 021	7 021	7 021	7 021	7 021	7 021	7 021	7 021	7 021	(77 228)	-	-	-
Finance charges	365	365	365	365	365	365	365	365	365	365	365	365	4 385	4 595	4 816
Bulk purchases	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	1 553	18 632	19 527	20 464
Other materials	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	1 247	(4 603)	9 113	9 432	9 885
Contracted services	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	12 256	(15 864)	118 948	132 288	138 727
Transfers and subsidies	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	(15 583)	-	-	-
Other expenditure	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	6 428	(8 813)	61 896	63 101	66 237
Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>55 988</b>	<b>55 988</b>	<b>55 988</b>	<b>55 988</b>	<b>55 988</b>	<b>55 988</b>	<b>55 988</b>	<b>55 988</b>	<b>55 988</b>	<b>55 988</b>	<b>55 988</b>	<b>(172 127)</b>	<b>443 739</b>	<b>470 332</b>	<b>498 150</b>
<b>Surplus/(Deficit)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>(14 248)</b>	<b>190 331</b>	<b>33 605</b>	<b>36 556</b>	<b>44 025</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	21 957	263 488	277 232	293 486
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>212 289</b>	<b>297 092</b>	<b>313 788</b>	<b>337 510</b>
<b>Surplus/(Deficit)</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>7 709</b>	<b>212 289</b>	<b>297 092</b>	<b>313 788</b>	<b>337 510</b>

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

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

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

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

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

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

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

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

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

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

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



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

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

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

Table 52 MBRR SA30- Budgeted monthly cash flow

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

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

## 1.16 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

### Water Services Department – Vote 14

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

Table 43 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

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

Description	Vote 01 - Summary Council	Vote 02 - Summary Municipal	Vote 03 - Summary Budget And	Vote 04 - Summary Corporate	Vote 05 - Summary Social	Vote 06 - Summary Infrastructure	Vote 07 - Summary Water Services	Total
<b>R thousand</b>								
<b>Revenue By Source</b>								
Service charges - water revenue	-	-	-	-	-	-	50 540	50 540
Service charges - sanitation revenue	-	-	-	-	-	-	20 510	20 510
Service charges - refuse revenue	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	7 501	-	180	-	-	7 681
Interest earned - outstanding debtors	-	-	10 238	-	-	-	-	10 238
Other revenue	-	-	807	-	300	-	-	1 107
Transfers and subsidies	-	-	373 340	-	6 486	7 440	-	387 266
Gains	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>-</b>	<b>-</b>	<b>391 887</b>	<b>-</b>	<b>6 966</b>	<b>7 440</b>	<b>71 050</b>	<b>477 343</b>
<b>Expenditure By Type</b>								
Employee related costs	-	10 379	27 836	26 073	37 456	20 878	100 125	222 746
Remuneration of councillors	8 018	-	-	-	-	-	-	8 018
Debt impairment	-	-	26 556	-	-	-	-	26 556
Depreciation & asset impairment	-	-	8	10 955	1 257	69 030	2 998	84 249
Finance charges	-	-	4 373	-	12	-	-	4 385
Bulk purchases	-	-	-	-	-	-	18 632	18 632
Other materials	-	-	-	42	1 513	-	7 557	9 113
Contracted services	4 700	4 552	14 555	22 332	11 254	18 098	43 459	118 948
Other expenditure	2 959	1 705	11 221	21 908	7 302	565	16 236	61 896
<b>Total Expenditure</b>	<b>15 677</b>	<b>16 635</b>	<b>84 548</b>	<b>81 310</b>	<b>58 793</b>	<b>108 571</b>	<b>189 008</b>	<b>554 543</b>
<b>Surplus/(Deficit)</b>	<b>(15 677)</b>	<b>(16 635)</b>	<b>307 339</b>	<b>(81 310)</b>	<b>(51 827)</b>	<b>(101 131)</b>	<b>(117 957)</b>	<b>(77 200)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)					-	263 488	-	263 488
Transfers and subsidies - capital (in-kind - all)						-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(15 677)</b>	<b>(16 635)</b>	<b>307 339</b>	<b>(81 310)</b>	<b>(51 827)</b>	<b>162 356</b>	<b>(117 957)</b>	<b>186 288</b>

Table 44 Water Services Department – Performance objectives and indicators

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Vote1 - Executive &amp; Council</b>										
<b>Function 1 - Operations Department</b>										
<b>Sub-function 1 - Youth Development</b>										
To render youth development projects	Number of programmes	16,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	16,0%
<b>Sub-function 2 - Sports and Recreation</b>										
To promote sports initiatives and activities	Number of games & events held	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
<b>Sub-function 3 - Communication and Public Relations</b>										
To render intergrated communication services	Information Dissemination	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%	12,0%
<b>Sub-function 4 - Special Programmes</b>										
Programs for the Elderly, Disabled, HIV&Aids and Cultural Activities	Number of Programmes implemented	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
<b>Sub-function 5 - IDP/PMS</b>										
Compilation of Annual Report, SDBIP, Annual Performance Contracts and Rewarding Performance	Number of Reports	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%
<b>Sub-function 6 - Intergovernmental Relations</b>										
To hold the meetings as part of the intergovernmental realtions within the dictrict	Number of meeting Held	4,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	4,0%
<b>Vote2 - Finance</b>										
<b>Function 1 - Budget &amp; Treasury Office</b>										
<b>Sub-function 1 - Budgeting &amp; Reporting</b>										
Financial Viability & Management	Number of Reports Produced	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%
<b>Vote3 - Corporate Services</b>										
<b>Function 1 - Corporate Services</b>										
<b>Sub-function 2 - Human Resource Services</b>										
To provide Human Resource Management Services	Staff Capacity Building	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
<b>Vote4 - Economic &amp; Community Services</b>										
<b>Function 1 - Development &amp; Planning</b>										
<b>Sub-function 1 - Planning &amp; GIS</b>										
To provide Development Planning Services	Number of Precinct Plans Developed	4,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	4,0%
<b>Function 1 - Social Development</b>										
<b>Sub-function 2 - Environmental Health</b>										
The municipally shall therefore ensure that, its residents have access to an environment that is not harmful to their health and well being. (Section 24 of the constitution), and it shall ensure the promotion of social and economic upliftment (object of the municipal systems act) of its residents.	% Enforcements undertaken	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Surveillance of Business Premises	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%	240,0%
	Percentage of samples taken of functional water schemes	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%
<b>Sub-function 2 - Disaster Management</b>										
Turnaround time to respond to any disaster	% Enforcements undertaken	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs	5 Hrs
	Construction of Disaster Management Centre	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time	turnaround time
<b>Vote5 - Infrastructure Services</b>										
<b>Function 1 - Waste Water Infrastructure</b>										
<b>Sub-function 1 - Water</b>										
Reduction in water backlogs	Total number of HH with access to water	6893,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6755,0%	6435,0%
Reduction in sanitation backlogs	Number of household with new access to VIP sanitation	1956,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1844,0%
<b>Sub-function 3 - Electricity</b>										
To provide electricity to the existing water schemes	No of hh with electricity connection in the water scheme	2043,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1941,0%	1956,0%
<b>Sub-function 4 - Roads</b>										
Provision of new access roads	No of KM or road provided	100,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	98,0%	95,0%
<b>Sub-function 5 - Electricity</b>										
To ensure the maintenance of municipal building to enhance safety environment	Frequency of building maintenance	9500,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9800,0%	9000,0%
To ensure the maintenance of municipal building to enhance safety environment										
<b>Vote6 - Water Services</b>										
<b>Function 1 - Water</b>										
<b>Sub-function 1 - Water &amp; Sanitation infrastructure Planning &amp; Design</b>										
To ensure the effective management of all water Infrastructure	Water Feasibility Studies, Business Plans Approved	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	10,0%	10,0%	10,0%
To ensure the effective management of all Sanitation Infrastructure	Sanitation Feasibility Studies, Business Plans Approved	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
<b>Sub-function 2 - Water &amp; Sanitation Services Operations and Maintenance</b>										

There are 4 unfilled positions in the top management structure of the Water Services Department, Executive Director Water Services and 3 Area Managers that are still awaiting for short listing. The top management structure consists of 2 Executive Director (Water and Infrastructure services), three directors and 7 professional engineers. In Infrastructure the Director: PMU post is still on advert. As part of the performance objectives for the 2020/21 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R22, 8 million, R23, 4 million and R24, 5 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water and charges for sanitation of which budget appropriation for the 2020/21 financial year is R71 million and increases to R75, 2 million by 2021/22 by the 2022/23 and has been informed by a collection rate of 70 per cent and distribution losses of 40 per cent in the outer years.

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

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

## **1.17 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS**

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

### **3.11 CAPITAL EXPENDITURE DETAILS**

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

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

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	186 088	5 498	72 687	96 344	116 912	116 912	248 033	260 982	270 841
Roads Infrastructure	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	157 242	5 498	70 959	96 344	116 912	116 912	213 161	220 311	220 445
<i>Dams and Weirs</i>	-	-	65 476	24 250	36 250	36 250	16 526	9 000	13 000
<i>Boreholes</i>	-	3 638	3 203	2 000	10 000	10 000	31 965	40 695	54 200
<i>Reservoirs</i>	-	-	-	13 680	27 390	27 390	6 900	5 895	800
<i>Pump Stations</i>	-	-	-	-	-	-	21 437	17 603	5 950
<i>Water Treatment Works</i>	157 242	-	2 281	-	-	-	12 000	3 500	5 000
<i>Bulk Mains</i>	-	-	-	24 200	19 321	19 321	27 669	37 150	57 900
<i>Distribution</i>	-	1 860	-	31 614	23 952	23 952	95 963	104 469	82 095
<i>Distribution Points</i>	-	-	-	-	-	-	-	-	-
<i>PRV Stations</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	600	-	-	700	2 000	1 500
Sanitation Infrastructure	28 847	-	-	-	-	-	34 873	40 671	50 395
<i>Pump Station</i>	-	-	-	-	-	-	8 700	9 500	7 750
<i>Reticulation</i>	-	-	-	-	-	-	19 506	25 771	34 645
<i>Waste Water Treatment Works</i>	28 847	-	-	-	-	-	-	-	-
<i>Outfall Sewers</i>	-	-	-	-	-	-	-	-	-
<i>Toilet Facilities</i>	-	-	-	-	-	-	6 667	5 400	8 000
Information and Communication Infrastructure	-	-	1 728	-	-	-	-	-	-
<i>Data Centres</i>	-	-	1 728	-	-	-	-	-	-
<b>Community Assets</b>	-	-	-	25	-	-	-	-	-
Community Facilities	-	-	-	25	-	-	-	-	-
<i>Halls</i>	-	-	-	-	-	-	-	-	-
<i>Centres</i>	-	-	-	25	-	-	-	-	-
<b>Other assets</b>	1 500	902	-	211	-	-	-	-	-
Operational Buildings	1 500	-	-	-	-	-	-	-	-
<i>Stores</i>	1 500	-	-	-	-	-	-	-	-
Housing	-	902	-	211	-	-	-	-	-
<i>Staff Housing</i>	-	902	-	211	-	-	-	-	-
<b>Intangible Assets</b>	950	-	-	100	-	-	200	210	221
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	950	-	-	100	-	-	200	210	221
<i>Computer Software and Applications</i>	950	-	-	100	-	-	200	210	221
<i>Load Settlement Software Applications</i>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	-	-	-	1 450	1 450	1 450	1 590	594	624
Computer Equipment	-	-	-	1 450	1 450	1 450	1 590	594	624
<b>Furniture and Office Equipment</b>	783	725	1 120	1 996	1 431	1 431	910	956	1 003
Furniture and Office Equipment	783	725	1 120	1 996	1 431	1 431	910	956	1 003
<b>Machinery and Equipment</b>	2 600	-	38	289	-	-	484	277	291
Machinery and Equipment	2 600	-	38	289	-	-	484	277	291
<b>Transport Assets</b>	1 000	-	-	-	-	-	2 500	-	-
Transport Assets	1 000	-	-	-	-	-	2 500	-	-
<b>Total Capital Expenditure on new assets</b>	<b>192 921</b>	<b>7 125</b>	<b>73 845</b>	<b>100 415</b>	<b>119 793</b>	<b>119 793</b>	<b>253 717</b>	<b>263 019</b>	<b>272 979</b>

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

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	2 850	215 128	181 384	95 857	98 238	98 238	780	10 150	14 600
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	2 850	-	41 249	53 887	46 864	46 864	780	10 150	14 600
Dams and Weirs	-	-	-	-	-	-	-	-	-
Bulk Mains	-	-	-	-	-	-	780	10 150	14 600
Distribution	2 850	-	26 126	53 887	46 864	46 864	-	-	-
Distribution Points	-	-	15 123	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	215 128	140 135	41 970	51 374	51 374	-	-	-
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	215 128	140 135	41 970	51 374	51 374	-	-	-
<b>Machinery and Equipment</b>	-	-	85	158	158	158	50	53	55
Machinery and Equipment	-	-	85	158	158	158	50	53	55
<b>Transport Assets</b>	-	-	11 472	1 500	800	800	-	-	-
Transport Assets	-	-	11 472	1 500	800	800	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>2 850</b>	<b>215 128</b>	<b>192 941</b>	<b>97 515</b>	<b>99 196</b>	<b>99 196</b>	<b>830</b>	<b>10 203</b>	<b>14 655</b>
<b>Renewal of Existing Assets as % of total capex</b>	0,0%	96,8%	72,3%	34,5%	35,5%	35,5%	0,3%	3,6%	4,9%
<b>Renewal of Existing Assets as % of deprecn"</b>	4,8%	321,1%	277,2%	255,3%	123,5%	123,5%	1,0%	11,6%	15,8%

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



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

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>79 066</b>	<b>4 193</b>	<b>16 089</b>	<b>11 546</b>	<b>17 813</b>	<b>17 813</b>	<b>18 685</b>	<b>19 582</b>	<b>20 522</b>
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	77 566	2 587	11 693	11 546	17 813	17 813	18 685	19 582	20 522
Dams and Weirs	-	-	-	-	-	-	-	-	-
Boreholes	-	-	-	-	-	-	-	-	-
Reservoirs	38 000	1 964	5 240	6 046	7 496	7 496	7 863	8 241	8 636
Pump Stations	39 566	32	3 138	3 000	6 706	6 706	7 034	7 372	7 726
Water Treatment Works	-	-	-	-	-	-	-	-	-
Capital Spares	-	590	3 314	2 500	3 611	3 611	3 788	3 969	4 160
Sanitation Infrastructure	1 500	1 606	4 396	-	-	-	-	-	-
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	1 500	1 606	4 396	-	-	-	-	-	-
<b>Community Assets</b>	<b>105</b>	<b>119</b>	<b>96</b>	<b>110</b>	<b>146</b>	<b>146</b>	<b>153</b>	<b>160</b>	<b>168</b>
Community Facilities	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	105	119	96	110	146	146	153	160	168
Indoor Facilities	105	119	96	110	146	146	153	160	168
<b>Other assets</b>	<b>1 700</b>	<b>1 727</b>	<b>1 167</b>	<b>1 500</b>	<b>2 173</b>	<b>2 173</b>	<b>2 500</b>	<b>2 631</b>	<b>2 763</b>
Operational Buildings	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
Municipal Offices	1 700	1 727	1 167	1 500	2 173	2 173	2 500	2 631	2 763
<b>Computer Equipment</b>	<b>120</b>	<b>79</b>	<b>9</b>	<b>190</b>	<b>-</b>	<b>-</b>	<b>520</b>	<b>-</b>	<b>-</b>
Computer Equipment	120	79	9	190	-	-	520	-	-
<b>Machinery and Equipment</b>	<b>7 800</b>	<b>8 189</b>	<b>15 933</b>	<b>8 500</b>	<b>690</b>	<b>690</b>	<b>724</b>	<b>759</b>	<b>795</b>
Machinery and Equipment	7 800	8 189	15 933	8 500	690	690	724	759	795
<b>Transport Assets</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>500</b>	<b>300</b>	<b>300</b>	<b>315</b>	<b>330</b>	<b>346</b>
Transport Assets	-	-	136	500	300	300	315	330	346
<b>Total Repairs and Maintenance Expenditure</b>	<b>88 791</b>	<b>14 306</b>	<b>33 430</b>	<b>22 346</b>	<b>21 121</b>	<b>21 121</b>	<b>22 897</b>	<b>23 462</b>	<b>24 594</b>
<b>R&amp;M as a % of PPE</b>	<b>4,9%</b>	<b>0,7%</b>	<b>1,5%</b>	<b>1,0%</b>	<b>1,0%</b>	<b>1,0%</b>	<b>1,0%</b>	<b>1,0%</b>	<b>1,0%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>19,4%</b>	<b>2,9%</b>	<b>6,2%</b>	<b>4,8%</b>	<b>3,8%</b>	<b>3,8%</b>	<b>5,8%</b>	<b>4,2%</b>	<b>4,2%</b>

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

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

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

Table 59 MBRR SA36- Detailed capital budget per municipal vote

DC43 Harry Gwala - Supporting Table SA36 Consolidated detailed capital budget

R thousand	Function	Project Description	Type	MTSF Service Outcome	IUDF	Asset Class	Asset Sub-Class	Ward Location	2020/21 Medium Term Revenue & Expenditure Framework							
									Audited Outcome 2018/19	Current Year 2019/20 Year Forecast	Full	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23		
Parent municipality:																
List all capital projects grouped by Function																
	Finance And Administration	Capital/Non-Infrastructure/Existing/Renewal/Transport Assets	RENEWAL		Governance	Transport Assets	Transport Assets	R-ADMIN OR HEAD OFFICE	-	800	-	-	-	-		
	Finance And Administration	Capital/Non-Infrastructure/Existing/Renewal/Transport Assets	RENEWAL		Governance	Transport Assets	Transport Assets	R-WHOLE OF THE DISTRICT	10 203	-	-	-	-	-		
	Finance And Administration	Capital/Non-Infrastructure/New/Other Assets/Housing/Staff Housing	NEW	Sustainable human settlements and improved quality of household life	Growth	Housing	Staff Housing	R-ADMIN OR HEAD OFFICE	-	-	-	-	-	-		
	Finance And Administration	Capital/Non-Infrastructure/New/Computer Equipment	NEW	An efficient, effective and development-oriented public service	Growth	Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	-	1 400	1 500	500	525			
	Finance And Administration	Capital/Non-Infrastructure/New/Furniture And Office Equipment	NEW	An efficient, effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	-	1 431	850	893	937			
	Finance And Administration	Capital/Non-Infrastructure/New/Furniture And Office Equipment	NEW	An efficient, effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF THE DISTRICT	-	-	60	63	66			
	Finance And Administration	Capital/Non-Infrastructure/New/Machinery And Equipment	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	38	-	-	-	-			
	Finance And Administration	Capital/Non-Infrastructure/New/Machinery And Equipment	NEW		Growth	Machinery And Equipment	Machinery And Equipment	R-WHOLE OF THE DISTRICT	-	-	264	277	291			
	Community And Social Services	Capital/Non-Infrastructure/New/Transport Assets	NEW		Growth	Transport Assets		R-WHOLE OF THE DISTRICT	-	-	2 500	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Dams And Weirs	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Dams And Weirs	R-UBUHLEBEZWE	-	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Bulk Mains	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Bulk Mains	R-GREATER KOKSTAD	-	-	170	2 650	2 100			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Bulk Mains	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Bulk Mains	R-INGWEKWA SANI	-	-	110	2 500	2 500			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Bulk Mains	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Bulk Mains	R-WHOLE OF THE DISTRICT	-	-	500	5 000	10 000			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Water Supply Infrastructure/Distribution Points	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution Points	R-INGWE	11 207	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Retiulation	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Retiulation	R-GREATER KOKSTAD	-	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Retiulation	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Retiulation	R-WHOLE OF THE DISTRICT	-	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-ADMIN OR HEAD OFFICE	-	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-GREATER KOKSTAD	48 239	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-INGWE	7 007	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-INGWEKWA SANI	2 028	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-UBUHLEBEZWE	9 287	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Waste Water Treatment Works	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Waste Water Treatment Works	R-WHOLE OF THE DISTRICT	73 574	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Renewal/Sanitation Infrastructure/Toilet Facilities	RENEWAL	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Toilet Facilities	R-INGWE	-	-	-	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Dams And Weirs	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Dams And Weirs	R-INGWEKWA SANI	-	-	1 000	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Pump Station	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Pump Stations	R-INGWEKWA SANI	-	-	1 200	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Water Treatment Works	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Water Treatment Works	R-UBUHLEBEZWE	-	-	500	-	-			
	Planning And Development	Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Distribution	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-INGWEKWA SANI	-	-	1 705	5 742	9 000			
	Planning And Development	Capital/Infrastructure/Existing/Upgrading/Water Supply Infrastructure/Distribution	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Water Supply Infrastructure	Distribution	R-UBUHLEBEZWE	-	-	2 270	2 458	3 000			
	Planning And Development	Capital/Infrastructure/Existing/Upgrading/Sanitation Infrastructure/Retiulation	UPGRADING	An efficient, competitive and responsive economic infrastructure network	Inclusion and Access	Sanitation Infrastructure	Retiulation	R-GREATER KOKSTAD	-	-	10 000	-	-			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Dams And Weirs	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Dams And Weirs	R-GREATER KOKSTAD	-	-	5 500	9 000	13 000			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Dams And Weirs	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Dams And Weirs	R-INGWE	57 264	-	-	-	-			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Dams And Weirs	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Dams And Weirs	R-WHOLE OF THE DISTRICT	-	-	2 000	-	-			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Boreholes	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-GREATER KOKSTAD	-	-	7 895	9 860	11 000			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Boreholes	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-INGWEKWA SANI	-	-	9 150	8 236	11 000			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Boreholes	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-UBUHLEBEZWE	-	-	8 779	12 000	15 000			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Boreholes	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Boreholes	R-WHOLE OF THE DISTRICT	-	-	6 141	10 599	17 200			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Reservoirs	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Reservoirs	R-INGWEKWA SANI	-	-	4 100	-	-			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Reservoirs	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Reservoirs	R-UBUHLEBEZWE	-	-	2 800	5 895	800			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Pump Station	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Pump Stations	R-GREATER KOKSTAD	-	-	1 000	4 000	1 000			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Pump Station	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Pump Stations	R-UBUHLEBEZWE	-	-	2 937	8 103	950			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Pump Station	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Pump Stations	R-WHOLE OF THE DISTRICT	-	-	17 500	5 500	4 000			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Water Treatment Works	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Water Treatment Works	R-INGWEKWA SANI	-	-	10 000	-	-			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Water Treatment Works	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Water Treatment Works	R-UBUHLEBEZWE	-	-	2 000	3 500	5 000			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Water Treatment Works	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Water Treatment Works	R-WHOLE OF THE DISTRICT	-	-	-	-	-			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Bulk Mains	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Bulk Mains	R-GREATER KOKSTAD	-	-	5 300	8 800	9 500			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Bulk Mains	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Bulk Mains	R-INGWEKWA SANI	-	-	16 514	15 700	29 000			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Bulk Mains	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Bulk Mains	R-UBUHLEBEZWE	-	-	5 855	12 650	19 400			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Distribution	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-ADMIN OR HEAD OFFICE	-	-	-	-	-			
	Planning And Development	Capital/Infrastructure/New/Water Supply Infrastructure/Distribution	NEW	An efficient, competitive and responsive economic infrastructure network	Growth	Water Supply Infrastructure	Distribution	R-GREATER KOKSTAD	-	-	3 910	5 085	3 275			



DC43 Harry Gwala - Supporting Table SA36 Consolidated detailed capital budget

R thousand	Function	Project Description	Type	MTSF Service Outcome	IUDF	Asset Class	Asset Sub-Class	Ward Location	2020/21 Medium Term Revenue & Expenditure Framework				
									Audited Outcome 2018/19	Current Year 2019/20 Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Entities:</b>													
<i>List all capital projects grouped by Entity</i>													
<b>Harry Gwala Development Agency</b>													
Finance And Administration	Capital/Non-Infrastructure/New:Computer Equipment	NEW	An efficient; effective and development-oriented public service	Growth	Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	-	-	90	94	99	
Finance And Administration	Capital/Non-Infrastructure/New:Intangible Assets:Computer Software And Applications	NEW	An efficient; effective and development-oriented public service	Growth	Licences And Rights	Computer Software And Applications	R-ADMIN OR HEAD OFFICE	-	-	200	210	221	
Planning And Development	Capital/Non-Infrastructure/New:Computer Equipment	NEW	An efficient; effective and development-oriented public service	Growth	Computer Equipment	Computer Equipment	R-ADMIN OR HEAD OFFICE	-	50	-	-	-	
Planning And Development	Capital/Non-Infrastructure/New:Furniture And Office Equipment	NEW	An efficient; effective and development-oriented public service	Growth	Furniture And Office Equipment	Furniture And Office Equipment	R-ADMIN OR HEAD OFFICE	-	-	-	-	-	
Planning And Development	Capital/Non-Infrastructure/New:Intangible Assets:Computer Software And Applications	NEW	An efficient; effective and development-oriented public service	Growth	Licences And Rights	Computer Software And Applications	R-ADMIN OR HEAD OFFICE	-	-	-	-	-	
Planning And Development	Capital/Non-Infrastructure/New:Machinery And Equipment	NEW	An efficient; effective and development-oriented public service	Growth	Machinery And Equipment	Machinery And Equipment	R-ADMIN OR HEAD OFFICE	-	-	-	-	-	
Planning And Development	Capital/Non-Infrastructure/New:Community Assets:Community Facilities:Centres	NEW	An efficient; effective and development-oriented public service	Growth	Community Facilities	Centres	R-ADMIN OR HEAD OFFICE	-	-	-	-	-	
<b>Entity Capital expenditure</b>								-	50	290	304	319	
<b>Total Capital expenditure</b>								266 785	279 230	271 221	281 421	299 635	

Table 60 MBRR SA37-Projects delayed from previous financial year

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

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

## **1.18 LEGISLATION COMPLIANCE STATUS**

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

### **In year reporting**

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

### **Internship programme**

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

### **Budget and Treasury Office**

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

### **Audit Committee**

An Audit Committee has been established and is fully functional.

### **Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2020/21 MTREF in May 2020 directly aligned and informed by the 2020/21 MTREF.

### **Annual Report**

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

### **MFMA Training**

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

### **Policies**

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

## 1.19 OTHER SUPPORTING DOCUMENTS

Table 45 MBRR Table SA1 - Supporting detail to budgeted financial performance

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
<b>REVENUE ITEMS:</b>										
<b>Service charges - water revenue</b>										
Total Service charges - water revenue	32 316	40 544	43 344	62 635	47 706	47 706	34 221	50 540	53 543	56 707
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)										
less Cost of Free Basis Services (6 kilolitres per indigent household per month)	4 647	2 347	343	-	-	-	-	-	-	-
<b>Net Service charges - water revenue</b>	<b>27 669</b>	<b>38 197</b>	<b>43 001</b>	<b>62 635</b>	<b>47 706</b>	<b>47 706</b>	<b>34 221</b>	<b>50 540</b>	<b>53 543</b>	<b>56 707</b>
<b>Service charges - sanitation revenue</b>										
Total Service charges - sanitation revenue	9 499	15 766	15 419	25 757	19 359	19 359	11 901	20 510	21 730	23 016
less Revenue Foregone (in excess of free sanitation service to indigent households)										
less Cost of Free Basis Services (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - sanitation revenue</b>	<b>9 499</b>	<b>15 766</b>	<b>15 419</b>	<b>25 757</b>	<b>19 359</b>	<b>19 359</b>	<b>11 901</b>	<b>20 510</b>	<b>21 730</b>	<b>23 016</b>
<b>Other Revenue by source</b>										
Fuel Levy										
Other Revenue	1 269	135	337	781	8 495	8 495	1 639	1 107	1 165	1 224
<b>Total 'Other' Revenue</b>	<b>1 269</b>	<b>135</b>	<b>337</b>	<b>781</b>	<b>8 495</b>	<b>8 495</b>	<b>1 639</b>	<b>1 107</b>	<b>1 165</b>	<b>1 224</b>

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

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousand</b>										
<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages	99 558	90 614	103 984	115 644	121 591	121 591	73 578	132 477	136 274	145 604
Pension and UIF Contributions	673	10 745	14 883	14 293	17 575	17 575	10 750	18 668	19 945	21 311
Medical Aid Contributions	6 017	7 630	7 352	6 607	8 621	8 621	5 492	9 182	9 815	10 492
Overtime	15 056	17 064	22 215	19 704	24 200	24 200	16 042	25 773	27 577	29 508
Performance Bonus	-	6 565	7 002	10 204	7 755	7 755	5 134	8 259	8 826	9 433
Motor Vehicle Allowance	14 295	11 539	14 697	13 582	15 204	15 204	10 102	16 192	17 325	18 538
Cellphone Allowance	-	703	790	1 519	880	880	581	937	1 003	1 073
Housing Allowances	1 361	783	542	1 552	632	632	421	673	720	771
Other benefits and allowances	12 592	3 020	3 624	18 396	5 233	5 233	3 434	5 574	5 962	6 377
Payments in lieu of leave	2 059	1 532	1 989	1 812	772	772	506	822	879	940
Long service awards	188	515	626	314	1 000	1 000	100	1 065	1 140	1 219
Post-retirement benefit obligations	790	1 434	(4 009)	2 099	2 934	2 934	-	3 125	3 343	3 577
<b>sub-total</b>	<b>152 588</b>	<b>152 144</b>	<b>173 695</b>	<b>205 726</b>	<b>206 398</b>	<b>206 398</b>	<b>126 141</b>	<b>222 746</b>	<b>232 810</b>	<b>248 842</b>
<i>Less: Employees costs capitalised to PPE</i>	-	-	-	-	-	-	-	-	-	-
<b>Total Employee related costs</b>	<b>152 588</b>	<b>152 144</b>	<b>173 695</b>	<b>205 726</b>	<b>206 398</b>	<b>206 398</b>	<b>126 141</b>	<b>222 746</b>	<b>232 810</b>	<b>248 842</b>
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment	58 880	66 560	69 320	37 702	79 781	79 781	45 002	83 706	87 725	91 936
Lease amortisation	-	433	285	491	513	513	131	543	569	597
<b>Total Depreciation &amp; asset impairment</b>	<b>58 880</b>	<b>66 993</b>	<b>69 605</b>	<b>38 192</b>	<b>80 294</b>	<b>80 294</b>	<b>45 133</b>	<b>84 249</b>	<b>88 294</b>	<b>92 533</b>
<b>Bulk purchases</b>										
Electricity Bulk Purchases	-	10 790	35	-	-	-	-	-	-	-
Water Bulk Purchases	12 582	13 996	19 186	15 000	17 762	17 762	11 668	18 632	19 527	20 464
<b>Total bulk purchases</b>	<b>12 582</b>	<b>24 786</b>	<b>19 221</b>	<b>15 000</b>	<b>17 762</b>	<b>17 762</b>	<b>11 668</b>	<b>18 632</b>	<b>19 527</b>	<b>20 464</b>
<b>Transfers and grants</b>										
Cash transfers and grants	-	3 692	-	-	-	-	11 000	-	-	-
Non-cash transfers and grants	-	8 016	14 000	-	-	-	-	-	-	-
<b>Total transfers and grants</b>	<b>-</b>	<b>11 708</b>	<b>14 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contracted services</b>										
<i>Outsourced Services</i>	-	69 416	75 242	42 943	63 152	63 152	30 308	40 464	43 709	45 884
<i>Consultants and Professional Services</i>	-	68 198	71 012	47 268	62 005	62 005	45 707	62 437	71 815	75 273
<i>Contractors</i>	112 638	13 541	10 292	11 290	15 662	15 662	10 099	16 048	16 764	17 569
<b>Total contracted services</b>	<b>112 638</b>	<b>151 155</b>	<b>156 547</b>	<b>101 502</b>	<b>140 820</b>	<b>140 820</b>	<b>86 113</b>	<b>118 948</b>	<b>132 288</b>	<b>138 727</b>
<b>Other Expenditure By Type</b>										
<i>Other Expenditure</i>	76 645	36 084	37 963	57 324	59 046	59 046	35 954	61 896	63 101	66 237
<b>Total 'Other' Expenditure</b>	<b>76 645</b>	<b>36 084</b>	<b>37 963</b>	<b>57 324</b>	<b>59 046</b>	<b>59 046</b>	<b>35 954</b>	<b>61 896</b>	<b>63 101</b>	<b>66 237</b>
<b>Repairs and Maintenance</b>										
<b>by Expenditure Item</b>										
Employee related costs	45 597	-	-	-	-	-	-	-	-	-
Other materials	20 510	8 268	15 942	8 500	690	690	568	724	759	795
Contracted Services	18 209	6 039	17 488	13 846	20 431	20 431	11 045	22 173	22 703	23 798
Other Expenditure	4 475	-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>88 791</b>	<b>14 306</b>	<b>33 430</b>	<b>22 346</b>	<b>21 121</b>	<b>21 121</b>	<b>11 614</b>	<b>22 897</b>	<b>23 462</b>	<b>24 594</b>



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

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

Description	Vote 01 - Summary Council	Vote 02 - Summary Municipal	Vote 03 - Summary Budget And	Vote 04 - Summary Corporate	Vote 05 - Summary Social	Vote 06 - Summary Infrastructure	Vote 07 - Summary Water Services	Total
<b>R thousand</b>								
<b>Revenue By Source</b>								
Service charges - water revenue	-	-	-	-	-	-	50 540	50 540
Service charges - sanitation revenue	-	-	-	-	-	-	20 510	20 510
Service charges - refuse revenue	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	7 501	-	180	-	-	7 681
Interest earned - outstanding debtors	-	-	10 238	-	-	-	-	10 238
Other revenue	-	-	807	-	300	-	-	1 107
Transfers and subsidies	-	-	373 340	-	6 486	7 440	-	387 266
Gains	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	<b>391 887</b>	-	<b>6 966</b>	<b>7 440</b>	<b>71 050</b>	<b>477 343</b>
<b>Expenditure By Type</b>								
Employee related costs	-	10 379	27 836	26 073	37 456	20 878	100 125	222 746
Remuneration of councillors	8 018	-	-	-	-	-	-	8 018
Debt impairment	-	-	26 556	-	-	-	-	26 556
Depreciation & asset impairment	-	-	8	10 955	1 257	69 030	2 998	84 249
Finance charges	-	-	4 373	-	12	-	-	4 385
Bulk purchases	-	-	-	-	-	-	18 632	18 632
Other materials	-	-	-	42	1 513	-	7 557	9 113
Contracted services	4 700	4 552	14 555	22 332	11 254	18 098	43 459	118 948
Transfers and subsidies	-	-	-	-	-	-	-	-
Other expenditure	2 959	1 705	11 221	21 908	7 302	565	16 236	61 896
Losses	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>15 677</b>	<b>16 635</b>	<b>84 548</b>	<b>81 310</b>	<b>58 793</b>	<b>108 571</b>	<b>189 008</b>	<b>554 543</b>
<b>Surplus/(Deficit)</b>	<b>(15 677)</b>	<b>(16 635)</b>	<b>307 339</b>	<b>(81 310)</b>	<b>(51 827)</b>	<b>(101 131)</b>	<b>(117 957)</b>	<b>(77 200)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)						263 488	-	263 488
Transfers and subsidies - capital (in-kind - all)						-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(15 677)</b>	<b>(16 635)</b>	<b>307 339</b>	<b>(81 310)</b>	<b>(51 827)</b>	<b>162 356</b>	<b>(117 957)</b>	<b>186 288</b>

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

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

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
<b>ASSETS</b>										
<b>Consumer debtors</b>										
Consumer debtors	177 328	217 638	205 714	202 409	202 409	202 409	215 400	230 190	267 607	307 222
Less: Provision for debt impairment	(154 549)	(207 758)	(178 781)	(159 670)	(159 670)	(159 670)	(150 710)	(196 735)	(222 841)	(250 498)
<b>Total Consumer debtors</b>	<b>22 779</b>	<b>9 880</b>	<b>26 933</b>	<b>42 739</b>	<b>42 739</b>	<b>42 739</b>	<b>64 690</b>	<b>33 454</b>	<b>44 766</b>	<b>56 724</b>
<b>Debt impairment provision</b>										
Balance at the beginning of the year	119 940	(159 670)	(159 670)	(159 670)	(159 670)	(159 670)	(150 710)	(131 628)	(196 812)	(222 922)
Contributions to the provision	34 877	-	8 960	5 645	5 645	5 645	21 277	(65 107)	(26 028)	(27 575)
Bad debts written off	(268)	(48 088)	(28 071)	(5 645)	(5 645)	(5 645)	(21 277)	-	-	-
<b>Balance at end of year</b>	<b>154 549</b>	<b>(207 758)</b>	<b>(178 781)</b>	<b>(159 670)</b>	<b>(159 670)</b>	<b>(159 670)</b>	<b>(150 710)</b>	<b>(196 735)</b>	<b>(222 841)</b>	<b>(250 498)</b>
<b>Property, plant and equipment (PPE)</b>										
PPE at cost/valuation (excl. finance leases)	2 221 906	2 410 644	2 699 183	2 677 198	2 673 904	2 673 904	2 892 005	2 855 685	2 963 858	3 133 923
Leases recognised as PPE										
Less: Accumulated depreciation	409 053	468 524	528 680	513 370	513 370	513 370	580 626	567 223	602 123	638 794
<b>Total Property, plant and equipment (PPE)</b>	<b>1 812 853</b>	<b>1 942 120</b>	<b>2 170 503</b>	<b>2 163 828</b>	<b>2 160 534</b>	<b>2 160 534</b>	<b>2 311 379</b>	<b>2 288 462</b>	<b>2 361 735</b>	<b>2 495 129</b>
<b>LIABILITIES</b>										
<b>Current liabilities - Borrowing</b>										
Short term loans (other than bank overdraft)	6 094									
Current portion of long-term liabilities	5 793	(682)	-	(4 290)	(4 290)	(4 290)	(965)	4 555	1 287	1 365
<b>Total Current liabilities - Borrowing</b>	<b>11 887</b>	<b>(682)</b>	<b>-</b>	<b>(4 290)</b>	<b>(4 290)</b>	<b>(4 290)</b>	<b>(965)</b>	<b>4 555</b>	<b>1 287</b>	<b>1 365</b>
<b>Trade and other payables</b>										
Trade Payables	136 415	158 864	95 912	67 946	64 409	64 409	76 034	68 498	72 608	76 964
Other creditors	-	-	818	-	-	-	952	-	-	-
Unspent conditional transfers	61 318	60 822	43 814	39 678	236	236	127 761	236	236	236
VAT	-	5 151	17 004	-	-	-	-	-	-	-
<b>Total Trade and other payables</b>	<b>197 733</b>	<b>224 836</b>	<b>157 549</b>	<b>107 624</b>	<b>64 645</b>	<b>64 645</b>	<b>204 747</b>	<b>68 734</b>	<b>72 844</b>	<b>77 200</b>
<b>Non current liabilities - Borrowing</b>										
Borrowing	12 353	14 816	8 657	10 558	4 555	4 555	6 662	-	-	-
Finance leases (including PPP asset element)	-	13 666	29 073	2 734	8 986	8 986	20 663	3 485	-	-
<b>Total Non current liabilities - Borrowing</b>	<b>12 353</b>	<b>28 482</b>	<b>37 730</b>	<b>13 292</b>	<b>13 541</b>	<b>13 541</b>	<b>27 325</b>	<b>3 485</b>	<b>-</b>	<b>-</b>
<b>Provisions - non-current</b>										
Retirement benefits	20 947	17 728	11 438	17 728	17 728	17 728	11 438	18 792	19 919	21 114
Refuse landfill site rehabilitation										
Other	13 861	5 221	7 502	5 221	5 221	5 221	7 502	5 535	5 867	6 219
<b>Total Provisions - non-current</b>	<b>34 809</b>	<b>22 949</b>	<b>18 940</b>	<b>22 949</b>	<b>22 949</b>	<b>22 949</b>	<b>18 940</b>	<b>24 326</b>	<b>25 786</b>	<b>27 333</b>
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - opening balance	1 864 891	1 630 973	1 825 028	1 824 573	1 683 164	1 683 164	2 063 683	1 959 998	2 036 455	2 164 693
GRAP adjustments	-	-	-	-	-	-	-	-	-	-
Restated balance	1 864 891	1 630 973	1 825 028	1 824 573	1 683 164	1 683 164	2 063 683	1 959 998	2 036 455	2 164 693
Surplus/(Deficit)	163 079	210 879	240 350	282 636	191 864	191 864	199 690	186 976	198 394	216 584
Other adjustments	(382 097)	(16 825)	(1 695)	189 653	277 031	277 031	(98 360)	84 778	84 361	84 427
<b>Accumulated Surplus/(Deficit)</b>	<b>1 645 873</b>	<b>1 825 028</b>	<b>2 063 683</b>	<b>2 296 863</b>	<b>2 152 059</b>	<b>2 152 059</b>	<b>2 165 013</b>	<b>2 231 752</b>	<b>2 319 209</b>	<b>2 465 704</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 645 873</b>	<b>1 825 028</b>	<b>2 063 683</b>	<b>2 296 863</b>	<b>2 152 059</b>	<b>2 152 059</b>	<b>2 165 013</b>	<b>2 231 752</b>	<b>2 319 209</b>	<b>2 465 704</b>

Table 654 MBRR Table SA9- Social, economic and demographic statistics and assumptions

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

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

Table 66 MBRR SA32- List of external mechanisms

