



ANNUAL BUDGET REPORT FOR

ABAQULUSI MUNICIPALITY

2017/18 TO 2019/20

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Table of Contents

ABBREVIATIONS AND ACRONYMS	i
PART 1 – ANNUAL BUDGET	1
MAYOR’S REPORT.....	1
COUNCIL RESOLUTIONS.....	10
1.3 EXECUTIVE SUMMARY	12
OPERATING REVENUE FRAMEWORK	15
Property Rates	21
Sale of Electricity and Impact of Tariff Increases	24
Sanitation and Impact of Tariff Increases	25
Waste Removal and Impact of Tariff Increases	26
Overall impact of tariff increases on households	27
OPERATING EXPENDITURE FRAMEWORK	30
Free Basic Services: Basic Social Services Package.....	39
CAPITAL EXPENDITURE.....	39
Future operational cost of new infrastructure	42
ANNUAL BUDGET TABLES.....	42
OVERVIEW OF THE ANNUAL BUDGET PROCESS	79
Budget Process Overview	79
IDP and Service Delivery and Budget Implementation Plan	80
Financial Modelling and Key Planning Drivers	81
Community Consultation	82
OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP.....	83
MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	102
Performance indicators and benchmarks	107
Borrowing Management	107
Safety of Capital	108
Liquidity	108
Revenue Management	108
Creditors Management.....	108
Other Indicators.....	108
Free Basic Services: basic social services package for indigent households.....	110
Providing clean water and managing waste water	110
OVERVIEW OF BUDGET RELATED-POLICIES.....	111
Review of credit control and debt collection procedures/policies	111
Asset Management, Infrastructure Investment and Funding Policy	111
Budget Adjustment Policy.....	111
Supply Chain Management Policy.....	111
Budget and Virements Policy	112
Cash Management and Investment Policy.....	112
Tariff Policies	112
Financial Modelling and Scenario Planning Policy	112
OVERVIEW OF BUDGET ASSUMPTIONS.....	113
External factors	113
General inflation outlook and its impact on the municipal activities	113

Interest rates for borrowing and investment of funds	113
Collection rate for revenue services	113
Growth or decline in tax base of the municipality	113
Salary increases.....	114
Impact of national, provincial and local policies.....	114
Ability of the municipality to spend and deliver on the programmes	114
OVERVIEW OF BUDGET FUNDING	114
Medium-term outlook: operating revenue	114
Medium-term outlook: capital revenue	119
Cash Flow Management	125
Cash Backed Reserves/Accumulated Surplus Reconciliation	128
Funding compliance measurement	131
Cash/cash equivalent position	133
Cash plus investments less application of funds	133
Monthly average payments covered by cash or cash equivalents.....	133
Surplus/deficit excluding depreciation offsets	133
Property Rates/service charge revenue as a percentage increase less macro inflation target.....	134
Cash receipts as a percentage of ratepayer and other revenue	134
Debt impairment expense as a percentage of billable revenue	134
Capital payments percentage of capital expenditure	134
Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)	134
Transfers/grants revenue as a percentage of Government transfers/grants available.....	135
Consumer debtors change (Current and Non-current)	135
Repairs and maintenance expenditure level.....	135
Asset renewal/rehabilitation expenditure level.....	135
EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	136
COUNCILLOR AND EMPLOYEE BENEFITS.....	140
MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	145
TABLE 48 KZN263 SA25 - BUDGETED MONTHLY REVENUE AND EXPENDITURE.....	145
ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS.....	158
Water Services Department.....	158
CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....	159
CAPITAL EXPENDITURE DETAILS.....	159
LEGISLATION COMPLIANCE STATUS	193
OTHER SUPPORTING DOCUMENTS	194

List of Tables

Table 1 Consolidated Overview of the Draft 2017/20 MTREF	15
Table 2 Summary of revenue classified by Main Revenue Source A4	17
Table 3 Operating Transfers and Grant Receipts – Table SA18 – Transfer & Grant Receipts	19
Table 4 Comparison of proposed rates to be levied for the 2017/18 financial year	22
Table 5 Proposed Water Tariffs	23
Table 6 Comparison between current water charges and increases (Domestic)	24
Table 7 Comparison between current electricity charges and increases (Domestic) `	24
Table 8 Comparison between current sanitation charges and increases	26
Table 9 Comparison between current sanitation charges and increases, single dwelling- houses.....	26
Table 10 Comparison between current waste removal fees and increases	26
Table 11 KZN263 Table SA14 – Household Bills	28
Table 12 Summary of operating expenditure by type Table A4 by standard classification item.....	31
Table 13 Summary of operating expenditure – Revenue by source -Table A4 by standard classification item...	32
Table 14 Operational Repairs and Maintenance Schedule SA1	35
Table 15 Repairs and maintenance per asset class (Expenditure other items) – Schedule A9	37
Table 16 2015/16 Medium-Term Capital Budget per Vote – Schedule SA6.....	40
Table 17 KZN263 Table SA1 - Budget Summary	43
Table 18 KZN263 Table SA2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification).....	49
Table 19 KZN263 Table SA3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) 52	
Table 20 Surplus/ (Deficit) calculations for the trading services.....	54
Table 21 KZN263 Table A4 - Budgeted Financial Performance (Revenue and Expenditure).....	55
Table 22 KZN263 Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	58
Table 23 KZN263 Table A6 - Budgeted Financial Position.....	61
Table 24 KZN263 Table A7 - Budgeted Cash Flow from Operating activities Statement.....	64
Table 25 KZN263 Table A8 - Cash & Investments Backed Reserves / Accumulated Surplus Reconciliation	66
Table 26 KZN263 Table A9 - Asset Management.....	69
Table 27 KZN263 Table A10 - Basic Service Delivery Measurement	75
Table 28 IDP Strategic Objectives	84
Table 29 KZN263 Table SA4 - Reconciliation between the IDP Strategic Objectives and Budgeted Revenue.....	96
Table 30 KZN263 Table SA5 - Reconciliation between the IDP Strategic Objectives and Budgeted Operating Expenditure.....	98
Table 31 KZN263 Table SA6 - Reconciliation between the IDP Strategic Objectives and Budgeted Capital Expenditure.....	100
Table 32 KZN263 Table SA7 - Measurable performance objectives.....	104
Table 33 KZN263 Table SA8 - Performance Indicators and Benchmarks	106
Table 34 Breakdown of the Operating Revenue over the Medium-Term Revenue & Expenditure Framework. 114	
Table 35 Proposed tariff increases over the medium-term – Revenue Category	116
Table 36 KZN263 SA15 – Detail Investment Particulars by type.....	117
Table 37 KZN263 SA16 – Investment Particulars by Maturity	118
Table 38 Sources of Capital Revenue over the MTREF – Medium Term Revenue & Expenditure Framework A5 Capital.....	119

Table 39 KZN263 Table SA 17 - Detail of Borrowings Categorised by Type	121
Table 40 KZN263 Table SA 18 - Capital transfers and Grant Receipts	123
Table 41 KZN263 Table A7 - Budget Cash Flow from Operating Activities Statement	126
Table 42 KZN263 Table A8 - Cash backed reserves / accumulated surplus reconciliation.....	129
Table 43 KZN263 SA10 – Funding compliance measurement.....	132
Table 44 KZN263 SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	138
Table 45 KZN263 SA22 - Summary of Councillor and Staff Benefits	140
Table 46 KZN263 SA23 – Disclosure - Salaries, allowances and benefits (Political Office Bearers / Councillors / Senior Managers)	142
Table 47 KZN263 SA24 – Summary of personnel numbers	143
Table 48 KZN263 SA25 - Budgeted monthly Revenue and Expenditure.....	145
Table 49 KZN263 SA26 - Budgeted monthly Revenue and Expenditure (Municipal Vote).....	148
Table 50 KZN263 SA27 - Budgeted monthly Revenue and Expenditure (Standard Classification).....	150
Table 51 KZN263 SA28 - Budgeted monthly Capital Expenditure (Municipal Vote)	152
Table 52 KZN263 SA29 - Budgeted monthly Capital Expenditure (Standard Classification).....	154
Table 53 KZN263 SA30 - Budgeted Monthly Cash Flow	156
Table 54 SA2 - Water Services Department - Operating Revenue by source, Expenditure by type and total Capital Expenditure.....	Error! Bookmark not defined.
Table 55 Water Services Department – Performance objectives and indicators	159
Table 56 KZN263 SA34a - Capital Expenditure on new Assets by Asset Class.....	160
Table 57 KZN263 SA34b - Capital Expenditure on the Renewal of existing Assets by Asset Class.....	165
Table 58 KZN263 SA34c - Repairs and Maintenance Expenditure by Asset Class.....	172
Table 59 KZN263 SA34d - Future Financial Implications of the Capital Budget (Depreciation by Asset Class)..	177
Table 60 KZN263 SA35 - Future Financial Implications of the Capital Budget.....	182
Table 61 KZN263 SA36 - Detailed Capital Budget per Municipal Vote	191
Table 62 KZN263 SA37 - Projects delayed from previous financial year.....	192
Table 63 KZN263 Table SA1 - Supporting detail to Budgeted Financial Performance	194
Table 64 KZN263 Table SA2 – Matrix Financial Performance Budget (Revenue Source / Expenditure type and Department)	199
Table 65 KZN263 Table SA3 – Supporting detail to Statement of Financial Position.....	201
Table 66 KZN263 Table SA9 – Social, Economic and Demographic Statistics and Assumptions.....	204
Table 67 KZN263 SA32 – List of External Mechanisms	211

List of Figures

Figure 1 Main operational expenditure categories for the 2017/18 financial year.....	Error! Bookmark not defined.
Figure 2 Capital Infrastructure Programme.....	41
Figure 3 Expenditure by major type	Error! Bookmark not defined.
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF....	Error! Bookmark not defined.
Figure 5 Planning, budgeting and reporting cycle	103
Figure 6 Definition of performance information concepts.....	103
Figure 7 Breakdown of operating revenue over the 2017/18 MTREF.....	115
Figure 8 Sources of capital revenue for the 2017/18 financial year	120
Figure 9 Growth in outstanding borrowing (long-term liabilities).....	122
Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds.....	131

ABBREVIATIONS AND ACRONYMS

Adjustments Budgets – Prescribed in Section 28 of the Municipal Finance Management Act, this is the formal means by which a municipality may revise its budget during a financial year.

***Allocations** – Money received from Provincial and National Treasury.*

***Budget** – The financial plan of a municipality.*

***Budget related policy** – Policy of a municipality affecting, or affected by, the budget. Examples include tariff policy, rates policy and credit control and debt policy.*

***Budget Steering committee** – Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the MFMA.*

***Capital Expenditure** – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.*

***Cash Flow Statement** – A statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short-term investments.*

***CPI** – Headline Consumer Price Index*

***DMTN** – Domestic Medium Term Note*

***DORA** – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.*

***DORB** – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.*

***Executive Management Team** – A team comprising the Municipal Manager and the Executive Directors. It reports to the Municipal Manager.*

***Equitable Share** – A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services.*

***GDFI** - Gross Domestic Fixed Investment*

***GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.*

***IDP** – Integrated Development Plan. The main strategic planning document of a municipality.*

***KPI** – Key Performance Indicators. Measures of service output and/or outcome.*

***MFMA** - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.*

MTREF – Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.

MYPD – Multi Year Price Determination

NT – National Treasury

Operating Expenditure – The day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Portfolio Committee – In line with Section 79 of the Structures Act, the Municipality's Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

SCM - Supply Chain Management

SDBIP – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

SFA – Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.

Vote – One of the main segments into which a budget is divided, usually at directorate level.

Part 1 – Annual Budget

Mayor's Report

During the State of the National Address the President remarked that we are guided by the National Development Plan in building a South Africa that must be free from poverty, inequality and unemployment. The economy is not growing fast enough to create the jobs we need, there are some people including the youth who have not worked in years. It is for this reason that government has decided to focus on a few key areas packaged as the nine-point plan to reignite growth to enable the economy to create the much needed jobs. The focus areas include industrialisation, mining, agriculture, energy, small, medium and micro enterprises, managing workplace conflict, attracting investments, growing the oceans economy and tourism, additional cross-cutting areas such as water and sanitation infrastructure have also been added.

The extension of basic services to the people continued in the past year as we pursued a better life for all and to date nearly 7 million households have been connected to the grid and now have electricity. The successful execution of the Eskom's build and maintenance programmes helped to ensure stability and an end to load shedding. Government is committed to the overall Independent Power Producer Programme and the programme is being expanded to other sources of energy including coal and gas in addition to renewable energy. Government is also working hard to ensure reliable bulk water supply in the various areas to support economic growth while increasing access to vulnerable and rural municipalities. In an effort to curb high water losses, which in some municipalities exceed the national average, 10000 unemployed youth are being trained as plumbers, artisans and water agents. The government is calling upon municipalities to support the "War on Leaks" programme.

During the tabling of the National Budget speech, Minister Gordhan commented in the words of the Freedom Charter, "South Africa belongs to all who live in it", therefore the values of freedom, dignity and equality are embedded in our law and our polity. During the tabling of the budget for 2017/2018 the message was that the government is once again at a crossroad. Tough choices have to be made to achieve the development outcomes we all seek. Economic growth is slow, unemployment is far too high and many businesses and families are under stress. We need to overcome the inequalities and divisions of our society and all share in a more prosperous future. Change is difficult and often contested. In tough times we must draw strength from the resilience and diverse capabilities of our people, our business sector, our unions and social formations. Our growth challenge is intertwined with our transformation. We need to transform in order to grow and we need to grow in order to transform. Without transformation, growth will reinforce inequality and without growth, transformation will be distorted by patronage.

The projected rate of growth is not sufficient to reduce unemployment or impact significantly on poverty and inequality. It falls well short of our NDP goals. In order to boost investment in the short term there are several specific imperatives such as:

- *Continuing our independent power producer programme, both in renewable and to take advantage of gas investment opportunities*

- *Further strengthening of economic regulatory functions and streamlining investment approval processes*
- *Production-friendly industrial relations and prompt resolution of disputes*
- *An enabling environment for small enterprises and support through leveraging both public and private sector procurement budgets*
- *Focussed support on labour-intensive sectors, including agriculture and tourism related services*
- *Strengthening regional ties and trade links.*

To achieve sustained higher growth there are more radical transformation measures that are needed which relate in particular to economic power which include:

- *Testing our programmes to ensure that jobs can be created, eliminate poverty and narrow the inequality gap*
- *Transformation must be mass-based, benefiting the most disadvantaged South Africans through the creation of new assets, capabilities and opportunities to build livelihoods*
- *Mobilise both private and public investment in social and economic infrastructure, new technologies and new activities that build a modern and diversified economy*
- *Continue to confront cartels and collusion robustly and provide new opportunities for access to markets*
- *Transformation must re-shape our towns and build linkages across the rural and urban landscapes, where fragmentation and separation characterised past pattern*
- *Transformation must achieve a more balanced structure of ownership and control in our economy*
- *Transformation should build on and strengthen democracy and ensure open, transparent governance*
- *Transformation must build self-reliance of South Africans, reject the dependence on debt and protect our fiscal sovereignty*
- *Transformation must result in an economy that belongs to all*

The 2017 budget reflects a balance between maintaining our spending commitments and ensuring long-term health of the public finances. Slow economic growth has held us back and so decisive steps are needed to strengthen confidence, investment and growth.

Acting too quickly to reduce the deficit would harm service delivery, delay economic recovery and compromise revenue collection. By acting now to stabilise debt, we will ensure that future generations do not pay for today's expenses.

Government will continue to safeguard expenditure that protects poor households, but medium term expenditure limits are tight. Across all three spheres of government those responsible for deciding how money is spent have to do so with scrupulous rigour and care. It is only right that if households and companies face tough choices in balancing their income and expenses, the same disciplines must be applied in public expenditure.

The division of revenue involves a substantial redistribution of resources from the wealthiest areas in our country where most of the taxes are raised to lower income communities. The allocations to predominantly rural municipalities are twice as large per household than to metropolitan councils. This is an enabling

foundation to broader transform services and opportunities in our cities, towns and rural areas. Development also requires effective management of public services and promotion of enterprises and income generating activities.

In the context of the constrained fiscal environment, provinces have already made progress in reducing spending on non-core goods and services and in controlling personnel costs.

The Auditor-General has called for stronger leadership to remedy financial management challenges. Better cash management is needed to ensure suppliers are paid on time. Improved oversight is needed to curb unauthorized expenditure. There must be adherence to procurement rules to limit irregular expenditure.

Government continues to invest in improving the financial capability of municipalities. The four main areas are:

- *The new Municipal Standard Chart of Accounts, which will be implemented from 1 July 2017, contributing to greater transparency and consistency of municipal finances*
- *Targeted supply chain management interventions to achieve cost savings and combat fraud*
- *Enhanced revenue management, including appropriate tariff-setting, regular billing and effective collection systems*
- *Improved asset management, including adherence to 8% of the value of assets being spent on the maintenance of the assets.*

If we make progress in local financial management, we will transform the lives of millions of people.

The budget gives effect to our transformation action agenda by financing government programmes which:

- *Ensure that many more people live in dignity every year*
- *Radically improve access to services and economic participation across all racial lines*
- *Energise growth and create jobs*
- *Increase investment and development at all three levels of government.*

Sustainable communities require strengthened intergovernmental cooperation between national government, provinces and municipalities. Improved alignment in the delivery of services such as water, sanitation and electrification is central to achieving the objectives set out in the Integrated Urban Development Framework.

Government will pay approximately R500 billion for the delivery of goods and services. Not transfers, or hand-outs or cash distributions. The purpose is to acquire the infrastructure and operational inputs required for effective service delivery.

The new preferential procurement regulations have been gazetted to achieve the following:

- *30% of tenders awarded to large firms must go to small or black-owned enterprises, where feasible*
- *Procurement authorities are now empowered to set clear targets to promote black-owned and women-owned businesses, participation of youth and disabled persons and opportunities for rural enterprises and co-operatives*
- *South African suppliers will enjoy preference in respect of goods with significant local content, thus supporting job creation.*

Further procurement reforms will be published this year. It will establish a single procurement authority and will consolidate the currently fragmented regulatory environment.

The central supplier database is now fully operational and makes doing business with the state much easier and cost effective. It enables government to know who it is doing business with and to use technology to reduce opportunities for fraud and corruption.

Government will continue to monitor progress to ensure that suppliers who have met their delivery obligations are paid within 30 days.

During the State of the Province address, Premier Mchunu mentioned that the KZN Provincial Government will move with speed to achieve higher rates of economic growth that will result in job creation and assist in reducing unemployment. The day was rededicated to the defence of the human rights which are guaranteed in our constitution, the basic law of the land.

Through the Department of Arts and Culture, the Office of the Premier and municipalities a series of events will be rolled out aimed at celebrating the contribution made by OR Tambo towards the dismantling of apartheid. These events will be used to unite our people to celebrate the dawn of the new democratic dispensation. This will communicate a strong message that the people of KZN are one big family united in diversity. It is this diversity that makes us a unique country. We need to have common concerns and aspirations about the future of our province and country. The passion we need to share is the creation of an integrated non-racial society enjoying freedom, living in a safe and prosperous province.

The pride of our respective political parties and of personal ambition must not obscure the focus of promoting unity amongst our people. Unity refers to working together, cooperatively for a common purpose. This unity requires discipline, mutual respect, openness and trust. Working together on a joint programme of action to ensure its successful implementation. Equally, unity is not about agreeing on any issue without debate and gullibly swallowing information without analysis and questioning. Unity is about exercising tolerance to divergent views and accommodating different suggestions and not forcing undigested ideas for implementation without comprehension.

Our approach is to look critically at what it is that we had set to achieve previously and to acknowledge the gains we have made, but at the same time to be open and frank about areas where we have not achieved or failed.

The lingering drought remains a problem even though good rainfall has been experienced recently. It must be understood that we are approaching the end of our rain season and most dam levels still remain low.

The substation effort by National, Provincial and Local spheres of government must be acknowledged for the interventions made by drilling more boreholes, installing mobile packaged plants in areas severely affected and the acquisition of more water tankers to distribute the water. The province is still not achieving its water saving targets, too many people still do not want to understand the severity of the situation and not responding positively to calls to adhere to water restrictions.

The Department of Cooperative Governance and Traditional Affairs and disaster management teams are far more responsive today than ever before and become more proactive and forward looking in the way they discharge their duties.

During August 2016 local government elections took place and the objective of peaceful, smooth, free and fair elections were largely met and the transition of leadership in the local government was achieved.

COGTA have provided extensive support to the municipalities through the coordinated Back 2 Basics Programme. This programme has supported and guided municipalities to what can be described as a smooth transition into the fourth term of Local Government in the Province.

The position of Provincial Government has been clear, where there are problems, let's all engage and find solutions. Intimidation and violence will not resolve differences, instead it will deepen divisions and complicate the situation. Public protests associated with the destruction of property and intimidation of innocent members of the public will be dealt with harshly. We condemn in the strongest terms the disruption of service delivery, intimidation and interruption of construction by those who demand to be given tenders.

In our assessment we have realised the silo approach involving different government departments is ineffective. The central coordination of activities and sharing of resources will ensure maximum impact on the ground.

In order to build a compassionate society, we need to ensure that we are not sitting in our homes grinding hatred and anger but generating thoughts that are pure. It starts with a peace loving and cohesive family which becomes the glue to cohesive communities and a nation. We can therefore never underestimate the role of a stable home and family as probably the most effective counter to many of the unacceptable behaviour we see around us, as well as the social ills we have come to witness with disgust. We all need to work together, as partners to deal with the whole aspect of building the spirituality of all our people in the neighbourhood so that anyone who visits must always remember the smiles and the warmth of the local people.

Crime and violence remain a key concern and citizens have clearly indicated that they are not feeling safe and businesses have raised concerns about risks and losses. It is understood that the rate of crime and violence must be reduced to improve the socio-economic conditions our communities live in. The situation is further aggravated by widespread social ills, such as substance abuse, gender based violence and teenage pregnancies, creating a downward spiral of moral decay and increased criminality.

Road safety and traffic accidents fatalities have become a serious concern with the loss of productive citizens and negative economic consequences.

We will continue to assist vulnerable children such as abused and orphans, youth in distress, homeless children, those from unstable families and those in conflict with the law. We want to create safety nets to save them from joining the pool from which hardened criminals recruit.

Business leaders, churches, religious bodies and other community organisations must emphasise moral values in support of family teachings and thereby create a network that promotes an environment where human rights are respected.

The National Development Plan identifies steps that need to be taken to promote the values and principles of public administration contained in the Constitution to build an efficient, effective and development oriented public service as part of a capable and developmental state. The NDP highlights the need for well-run and effectively coordinated state institutions with skilled officials who are committed to the public good and capable of delivering consistently high quality services.

Whilst we recognise the need for specialist service providers and understand that some skills are not easy to in source, it has been noted there is an over reliance on external service providers and consultants in some departments. It has been resolved to keep a careful watch on the appointment and use of consultants to ensure we get value for money and where possible eliminate altogether.

Sustained focus is required to improve intergovernmental relations between the various spheres and institutions of government in the Province. The inter-related nature of powers and functions assigned to the respective spheres of government requires a strong basis for integration, coordination and alignment.

Government can only be effective in delivering on the needs of our people if it is served by professional, dedicated and loyal officials who take pride in their work and are committed to eradicate all forms of corruption.

We will deal firmly with fraudulent issuing of tenders and contracts to undeserving companies who advance cash, not proof of quality and capacity to perform as a basis of successful awarding of contracts. We need the co-operation of the private sector in order to turn around the situation. The private sector must assist by not offering bribes to state employees involved in procurement processes. We are sad to acknowledge there are still officials who are not interested but who are constantly looking for opportunities to serve themselves. We undertake to strengthen the implementation of I DO RIGHT campaign in the public service to promote ethical standards.

Job creation remains central to achieving our objectives of inclusive growth, radical structural economic transformation, distributing the benefits of growth more widely and consequently reducing dependency on the welfare system by broadening economic participation. The pattern and pace of economic growth needs to be adjusted and accelerated to achieve this outcome. It continues to require investment and interventions by both the public and private sectors to enable a conducive environment to further stimulate the generation of employment opportunities and inclusive economic growth.

Government needs to be increasingly efficient and innovative, in view of increasingly limited financial and human resources relative to what is required to achieve its development goals.

We need to continually interrogate our procurement practices to promote opportunities for local small contractors, however it must not be done at the expense of quality and therefore training and development of SMME's is a priority.

Provincial Treasury have been requested to ensure that supply chain management processes, procedures, structures, policies, practices and decisions are reviewed to advance radical economic transformation in KZN. Treasury is in the process of issuing a circular to all government departments and municipalities to amend their supply chain management policies and to make provision for appropriate set asides.

We recognise our responsibility towards the rights and interests of vulnerable groups in our society such as children, pregnant women, elderly people and people who are disabled or differently-abled people. Poverty and its consequences such as malnutrition, homelessness, poor housing and destitution is a major contributor to this vulnerability. If an activity is not measured it will not be undertaken and improved systematically. Women are over-represented where poverty, inequality, unemployment and gender based violence is measured. Government needs to fast-track the entry of women and youth into the mainstream economy through women and youth owned businesses.

Critically it was resolved that political leaders have a responsibility to act locally and collectively to make our towns and villages inclusive, safe, resilient, sustainable and healthy.

The Province of KZN has had to absorb severe budget cuts over the last financial year and has put measures in place to ensure that the impact of service delivery is minimised as far as practically possible.

Municipal budgets have also been affected by the abovementioned factors and equitable shares had to be revised. This has put pressure on prudent financial management to achieve an equitable balance between delivery of expectations and the ability to deliver.

The province remains focussed on fiscal discipline and various departments are giving buy-in. Cost-cutting has become a way of life in the province and any savings realised are directed towards service delivery projects for the betterment of the lives of our people.

On tabling the KZN Provincial Budget in 2016, MEC for Finance Ms B Scott mentioned that as a result of the subdued economic outlook as well as the need to provide additional funding to new social spending priorities, it was necessary to intensify the fiscal consolidation programme, alongside additions to the budget, while also ensuring the protection of basic social services as far as possible.

Provincial Treasury has reviewed the daily cash balances held in the provincial bank account and has noted a decline in the balances held compared to the same time last year. This has resulted in a decrease in the interest revenue budget that was anticipated to be earned which directly impacts on the resources available for allocation to departments. All departments were requested to prepare a plan that shows against which programmes or projects these budget cuts are to be effected whilst ensuring the key government programmes which have a major impact on economic spend and job creation are protected. Let us strive to see the positive by eliminating inefficiencies in our spending so as to free resources for service delivery.

The development of a Provincial Infrastructure Master Plan for the province is well underway and being developed with all infrastructures related authorities. The key areas being focused on are water, sanitation, electricity, ICT as well as specialist infrastructure to support lead economic sectors in the province. Infrastructure development is the foundation for poverty reduction and economic growth.

The cost-cutting measures first implemented in 2009/10 remain in place. These will be re-issued to all departments as a reminder to focus our resources on service delivery spending.

The department's budget allocation is for financial management (for general oversight of all departments and municipalities budget processes), internal audit, SCM, as well as support for transversal and interlinked financial systems. In addition, the department will continue to implement a number of transversal projects,

such as Operation Pay-on-Time, Operation Clean Audit, elimination of irregular expenditure, Municipal Support Programme, among others.

Despite the budget cuts, our commitment to the people of KZN is that we will protect government's key priority programmes that are aimed at bringing a better life to all. This is in line with the province's commitment to achieving the vision of KZN as a "Prosperous province with a healthy, secure and skilled population, living in dignity and harmony, acting as a gateway to Africa and the world".

Our proven fiscal discipline will help us deal with the budget cuts while remaining focused on our key priority programmes. Adhering to the cost-cutting measures is not only the responsibility of Provincial Treasury. We all have a role to play to ensure that these cuts are first directed at 'nice-to-have' spending areas and thereby try to avoid cutting core service delivery areas. We must improve efficiencies in our spending so that we can re-direct more and more funds to core service delivery programmes for the benefit of our people.

As it is clear that the municipality is literally cash strapped, over and above cost containment measures preferred by the National Treasury, the municipality needs to adopt a bold and radical approach in its revenue enhancement program. As a matter of utmost urgency the municipality needs to consider the following from March ongoing:

- ✓ Clean up and compile a credible consumer database
- ✓ Migrate to Smart metering for water and electricity
- ✓ Disconnect fraudulent consumers, in all respects
- ✓ Provide and replace water meters
- ✓ Reconnect and ration water to consumers
- ✓ De-silt the dams as a matter of top priority
- ✓ Migrate to solar street lighting
- ✓ Clean up the indigent register
- ✓ Source funding from National Departments
- ✓ Pursue the DBSA negotiations held earlier
- ✓ Consider developing a regional shopping mall and satellite zonal shopping centres
- ✓ Devise effective, tried and tested ways of increasing revenue on parking lots
- ✓ Explore possibilities of municipal commuter ranks
- ✓ Bill plots that are not looked after and infected with rodents and snakes
- ✓ Rehabilitate our environment
- ✓ Improve tourist attraction
- ✓ Make a foot print on local economic development
- ✓ Update the water distribution register
- ✓ Deal with employment costs specifically overtime
- ✓ Review our finance related policies as soon as possible to circumvent high tariff increases
- ✓ Using funds for purposes they are meant for and have time-lined implementation plans
- ✓ S&T usage needs verification and approval. Fraudulent claims should stop
- ✓ Ward IDP

Highlights

- The municipality again obtained an unqualified audit opinion and is now focusing on the outstanding items to obtain a clean audit.

I would like to thank all members of this Council, including all representatives of all political parties and all members of the administration for their contributions made. A budget is defined as “a plan for spending money wisely” and the administration under the Acting Municipal Manager and the CFO and his team are trying to install strict fiscal discipline. I would further like to thank all members of the public who assisted and took part in putting the municipality on the winning path. Every input, suggestion and all active participation is valued. Abaqulusi Municipality is an example of what can be achieved with a partnership of an active and participating community and a responding Council. We must never forget that this is the purpose of local government and that we are mere servants placed here to serve our community. I would also like to thank all sectors of the community who still need upgrading of services and facilities who have been patiently waiting with us to achieve it. Trust us we are equal to the task.

Mr Speaker I am humbled by the huge task entrusted to me as leader of this Council, and the opportunity to table this Draft Budget to better serve our people. My team and I would like to ensure every citizen of Abaqulusi that we shall work tirelessly and leave no stone unturned to create a community of excellence for all with the funds entrusted to us. Trust us we will gradually achieve this

Thank you

Council Resolutions

On 25 May 2017 the Council of Abaqulusi Local Municipality met in the Council Chambers of Abaqulusi Municipality to consider the annual budget of the municipality for the financial year 2017/18. The Council noted the following resolutions:

1. The Council of Abaqulusi Local Municipality, acting in terms of Section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The Annual Budget of the municipality for the Financial Year 2017/18 and the Multi-Year and Single-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 on page 50;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 53;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 57; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 61.
 - 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 23 on page 63;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 66;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 68;
 - 1.2.4. Asset management as contained in Table 26 on page 71; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 75.
2. The Council of Abaqulusi Local Municipality, 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 2017 the proposed tariffs of Abaqulusi Municipality
3. To give proper effect to the municipality's annual budget, the Council of Abaqulusi Local Municipality approves:
 - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates 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.

4. *The Council of Abaqulusi Local Municipality approves and adopts with effect from 1 July 2017 all budget related policies.*
6. The MFMA Circular No 72 indicates that all municipalities must formulate service Level Standards which must form part of the 2017/18 tabled MTREF budget documentation. The Service Level Standards need to be tabled before the Council for formal adoption.

The setting of standards is an integral part of the service delivery value chain. It provides transparency in understanding performance indicators and strengthens the entire performance management system. In addition, it ensures accountability on the part of the officials responsible for providing the service.

Local government is mostly classified in the service delivery and governance category and as such needs to be clear on what the public at large can expect as a service delivery standard. Rate payers must be placed in a position by which they are able to measure the service outputs against the predetermined service standards. This also serves as a performance rating instrument at an organisational and individual level.

It is for this reason that the municipality must adopt service standards as part of our strategic objectives and report on the achievements.

The service standards must at a minimum incorporate the administrative, technical and economic development categories of the municipality.

The following are to be considered for use:

Administrative service standards

- Turnaround time in dealing with correspondence received
- Turnaround time in opening a consumer account
- Technical service standards
- Turnaround time in dealing with reported incidents (water leakage, potholes, power outages, etc.)
- Turnaround time in restoring water and electricity connectivity

Economic development service standards

- Turnaround time in processing rezoning applications
- Turnaround time in processing building plans
- Turnaround time in processing special business applications

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's 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.

The Municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate funds will be transferred from low- to high priority programmes so as to maintain sound financial stewardship. A critical review will also be undertaken of expenditure on non-essential and 'nice-to-have' items. 2016/17 MTREF was drafted in context of an economy that is not projected to grow supported.

The budget for the 2017/18 MTREF period is based on the realisation that revenues and cash flows are expected to remain under pressure in 2017/18 and the municipality must adopt a conservative approach when projecting expected revenues and cash receipts. The municipality must further in terms of MFMA Circular 85 carefully consider the affordability of tariff increases especially in relation to domestic consumers which makes up the bulk of the municipality's revenue base whilst considering the level and quality of services versus the associated cost.

The budget was compiled by ensuring that the financial management processes are transparent, aligned to the accountability cycle and facilitate good governance that is accountable to the local community. Public perception shows high levels of unhappiness with service delivery and perceived corruption at municipalities and sound leadership is required as well as measures put in place to address mismanagement by implementing effective systems to measure, monitor and evaluate performance.

The budget supports the provision of basic services to the communities, facilitating social and economic development, promoting a safe and healthy environment in a sustainable manner.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- Ensuring the timely delivery of capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view of removing any bottlenecks to investment and job creation.

- Under spending on repairs and maintenance – often seen as a way to reduce short term spending which shortens the life of assets, increases long term maintenance and refurbishment costs and causes a deterioration in the reliability of our infrastructure
- Spending on non-priorities – including unnecessary travel, luxury furnishings, excessive catering and the use of consultants to perform routine tasks.
- Not just employing more people without any reference to the level of staffing required delivering effective services. The municipality must through fully participating in the Expanded Public Works Program focus on maximizing its contribution to job creation by ensuring that service delivery and capital projects use labour intensive methods wherever appropriate and implement interns programmes to provide young people with on-the-job training.
- Collecting outstanding debts – this requires political commitment, sufficient administration capacity and pricing policies that ensure that bills are accurate and affordable.
- Pricing services correctly – the full cost of services must be reflected in the tariffs charged to consumers who can afford to pay. Overly generous subsidies and rebates that result in services running at a loss cannot be entertained.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustment Budget priorities and targets, as well as the base line allocations contained in the Adjustment Budget.
- Service level standards were used to inform the measurable objectives, targets and backlog eradication goals.
- Tariff and property rate increases should be affordable and try not to exceed inflation as measured by the CPI, except where the price increases in the services that are beyond the control of the municipality, i.e. ESKOM.
- No budget has been allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the Division of Revenue Act gazette.

National Treasury has issued a Circular (MFMA Circular No 64) giving guidance to municipalities of what should be done to maximise the revenue generating potential of existing sources of revenue such as property rates and trading services. Further Circulars will be issued by National Treasury to guide municipalities in developing credible revenue frameworks by reaffirming the fundamental principles of costing, revenue management and revenue enhancement.

Revenue management is described as a fundamental and routine financial management function of the municipality's revenue generating business that includes billing and collection activities in respect of trading services and property rates.

Revenue enhancement is about improving by making more, in the case of municipal revenue it is associated with increasing the value of revenue generated. Revenue enhancement can be broken into two components. The first being national policy developments that give rise to additional sources of revenue from government (grant funding) and the second component is the ability of the municipality to grow its own revenue base.

MFMA Circular No 58 advises that the municipality must ensure that the billing systems are accurate; accounts are sent out to residents on a monthly basis and follow-up to collect revenue owed to the municipality.

In terms of MFMA Circular No 64 the main responsibility of the municipality is to deliver services. In terms of Section 75A of the Municipal Systems Act the municipality is allowed to levy and recover fees, charges or tariffs in respect of municipal service delivery functions and recover collection charges and interest on outstanding amounts. The municipality must adopt by-laws to give effect to the implementation and enforcement of the tariff policies.

Revenue generation is everyone's responsibility, not just that of the revenue Section. The municipality must effectively manage all functions that impact protecting and growing the revenue base. The implementation of internal controls along the revenue value chain will aid effective data handovers; utilising system data validation mechanisms and ensuring that service level standards are fundamental to ensuring the integrity of the billing data but are advised to stay away from costly data cleansing exercises.

The following are fundamental to maximising the existing revenue:

- Billing system that correctly reflects all billing and customer information required to issue accurate accounts to consumers.
- All property within the municipal jurisdiction must be correctly valued and the billing system must be updated with any change in property ownership. This is necessary to protect and grow the property rates base.
- Effective business processes to ensure new property development as well as improvements to existing properties are valued as required.
- Correct categorisation of properties.
- Water and electricity meter numbers must be recorded correctly and linked to corresponding property.
- Continual maintenance of water and electricity meters to minimise losses due to leakages or incorrectly metered consumption.
- Accurate meter reading and minimising the amount of meter reading estimates.
- Refuse and sanitation service charges must be included in all billing records and the municipality must ensure these services are not run at a loss.
- Billing queries to be resolved within reasonable timeframes.
- Municipal functions must be adequately staffed with competently skilled individuals who understand the job requirements and how to deliver on it.

The Circular further advises municipalities to table "surplus" budgets. To achieve this the municipality must ensure cost reflective tariffs; operation efficiencies; maximising revenue regenerating potential of own revenue sources and a productive workforce and sound decision making to ensure that the limited financial resources are spent wisely so that value for money is achieved.

National Treasury's MFMA Circular No. 75, 78, 79, 85 and 86 was used to guide the compilation of the 2017/18 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/20 MTREF

	Adjustment Budget 2016 / 2017	Draft Budget Year 2017 / 2018	Draft Budget Year + 2018 / 2019	Draft Budget Year +2 2019 / 2020
	R Thousand	R Thousand	R Thousand	R Thousand
Total Operating Revenue	468,287	485,181	512,520	551,699
Total Operating Expenditure including non- cash items	561,838	591,314	623,449	667,894
(Surplus) / Deficit for the Year	93,551	106,133	110,929	116,195
Total Capital Expenditure	51,941	62,147	63,655	66,322

Total operating revenue has increased by R 16,8 million for the 2017/18 financial year when compared to the 2016/17 Adjustment Budget. For the two outer years, operational revenue will increase, equating to a total revenue growth of R 83,4 million over the MTREF when compared to the 2016/17 financial year.

Total operating expenditure for the 2017/18 financial year has been appropriated at R 591,3 million and translates into a budgeted operating deficit of R 106,1 million for non-cash items. When compared to the 2016/17 Adjustment Budget, operational expenditure has increased by 5% in the 2017/18 budget and 5,9% and 5, 9% increases for each of the respective outer years of the MTREF.

The capital budget of R 62,1 million for 2017/18 is 19,6% more when compared to the 2016/17 Adjustment Budget. The increase is due to MIG allocation which was reduced during the Adjustment Budget for 2016/17 as well as less grant funding from INEG during 2017/18. The capital program increases to R 63,6 million in the 2018/19 financial year due and then increases to R 66, 3 million in 2019/20 due to an increase in MIG. A portion of the capital budget will be funded from internally generated funds in each of the financial years of the MTREF. Capital from government grants and transfers amounts to R 52,7 million which is R 7,6 million **MORE** than the 2016/17 financial year. MIG amounting to R 37,7 million and INEG of R 15 million with capital from own funds of R 9,4 million

Operating Revenue Framework

For Abaqulusi 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 municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 92% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- 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 Municipality.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by Main Revenue Source A4

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	49 942	59 010	59 014	64 184	63 500	63 291	63 291	65 751	69 630	73 738
Service charges - electricity revenue	2	138 393	143 521	160 862	175 988	167 101	159 014	161 915	182 472	199 583	218 298
Service charges - water revenue	2	34 062	33 944	32 026	38 321	15 940	11 874	13 786	27 965	30 846	34 020
Service charges - sanitation revenue	2	15 576	21 214	18 401	20 458	19 580	16 518	22 042	20 869	23 192	25 761
Service charges - refuse revenue	2	11 284	12 446	13 891	14 806	14 430	14 239	18 904	15 382	17 523	19 051
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		1 189	1 297	1 223	1 463	1 497	1 268	1 268	1 450	1 503	1 601
Interest earned - external investments		4 369	3 166	1 730	1 956	1 250	1 973	1 973	1 750	1 853	1 963
Interest earned - outstanding debtors		5	–	15	16	13	13	13	13	14	15
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		9 375	8 297	8 621	1 713	1 108	1 155	1 155	4 510	4 776	5 058
Licences and permits		4 415	4 063	4 236	4 493	4 250	4 172	4 172	2 400	2 542	2 692
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		163 051	113 621	112 829	114 588	114 588	114 588	114 588	124 650	136 722	143 762
Other revenue	2	43 348	45 828	60 993	2 218	49 800	2 762	2 762	4 928	5 210	5 499
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		475 009	446 406	473 843	440 205	453 057	390 868	405 870	452 140	493 395	531 457

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 rates and services charges forms a significant % of the revenue basket for the Municipality.

Service charge revenues comprise more than 54,56% of the total revenue mix. In the 2017/18 financial year, revenue from services charges are expected to total R 246,6 million. This increases to R 271,1 million and R 297,1 million in the respective financial years of the MTREF. This can be mainly attributed to the increased cost of bulk electricity due to rapid increases in the Eskom tariffs for bulk electricity and consumers using less electricity due to the cost. 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 KZN263 SA1 (see page 99).

Property rates is the second largest revenue source totalling 14,4 % or R 65,7 million rand and increases to R 73,7 million by 2019/20.

The third largest sources are “other revenue” which consists of various items such as income received from permits and licenses, building plan fees, connection fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related. The anticipated revenue from other revenue is R 13,3 million.

Operating grants and transfers totals R 114,5 million in the 2016/17 financial year and increases to R124,6 million for 2017/18. Note that the year-on-year growth is 6% and 6% in the two outer years.

The municipality hopes to receive additional funding which will be applied to address:

- Compensation for rising costs of providing free basic water and electricity to poor households.
- Accelerate provision of access to clean water through bulk and reticulation projects.
- Accelerate provision of access to electricity and improving the sustainability of access through the refurbishment of key infrastructure.
- Expand the collection and use of data on the condition of municipal roads.
- Increase the number of interns with infrastructure-related skills. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts – SA18 – Transfer & Grant Receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
RECEIPTS:	1, 2									
- Operating Transfers and Grants										
National Government:		101 839	109 287	129 193	130 907	130 907	130 907	135 598	146 269	154 310
Local Government Equitable Share		89 399	96 203	106 246	107 884	107 884	107 884	117 393	129 314	137 095
Finance Management		1 550	1 698	1 600	1 625	1 625	1 625	1 700	1 955	2 215
Integrated National Electrification Programme		9 000	9 000	19 000	20 000	20 000	20 000	15 000	15 000	15 000
EPWP Incentive		1 000	1 376	1 417	1 398	1 398	1 398	1 505	–	–
Municipal Systems Improvement		890	1 010	930	–	–	–	–	–	–
Other transfers/grants [insert description]										
Provincial Government:		5 497	4 353	5 522	3 681	3 681	3 681	4 052	4 253	4 452
Sport and Recreation		143	151	4 772	3 681	3 681	3 681	4 052	4 253	4 452
Provincial Library Grant		2 592	2 700							
Cyber Cadet Grant		240	252							
Thusong Centre		2 522	1 250	750	–	–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		50	–	–	100	–	–	100	100	100
ZDM		50	–	–	100	–	–	100	100	100
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	107 386	113 640	134 715	134 688	134 588	134 588	139 750	150 622	158 862
Capital Transfers and Grants										
National Government:		29 907	34 158	39 566	35 078	25 078	25 078	37 740	39 769	41 911
Municipal Infrastructure Grant (MIG)		29 907	34 158	39 566	35 078	25 078	25 078	37 740	39 769	41 911

Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>ZDM</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Capital Transfers and Grants	5	29 907	34 158	39 566	35 078	25 078	25 078	37 740	39 769	41 911
TOTAL RECEIPTS OF TRANSFERS & GRANTS		137 293	147 798	174 281	169 766	159 666	159 666	177 490	190 391	200 773

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 Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. The municipality must however take into account the labour and other input costs of services, the need to ensure financial sustainability, local economic conditions, the affordability of services, the indigent policy. An appropriate balance between the interests of poor households, other consumers and financial sustainability needs to be maintained as excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of ESKOM bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. Based on NERSA's approval of a 0.31% increase to Eskom as per MFMA Circular 86. The municipality has allowed overall for a 1,88% increase in energy usage tariffs and 6,5% increase on all other tariffs as well as a high energy charge during the three winter months of July, August and June.

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 electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality 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 Municipality has undertaken the tariff setting process relating to service charges as follows.

Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The percentage increase for property rates is 6, 5%. All households receive a rebate on the first R 15,000 and indigent residents a further R 65,000.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 % rebate will be granted to registered indigents in terms of the Indigent Policy;

- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 % (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100% grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a 6,5 % increase from 1 July 2017 is contained below:

Table 4 Comparison of proposed rates to be levied for the 2017/18 financial year

Category	Current Tariff (1 July 2016)	Proposed tariff (from 1 July 2017)
	C	C
<i>Residential properties</i>	0,0075422	0,0080324
<i>State owned properties</i>	0,0188556	0,0200812
<i>Business & Commercial</i>	0,0188556	0,0200812
<i>Agricultural</i>	0,0018857	0,0020082
<i>Vacant land</i>	0,0188556	0,0200812
<i>Municipal rateable – Residential</i>	0,0075422	0,0080324
<i>Industrial</i>	0,0188556	0,0200812
<i>Non-permitted use/Illegal usage</i>	0,0188556	0,0200812
<i>Public benefit organisation properties</i>	0,0018857	0,0020082
<i>Special consent</i>	0,0188556	0,0200812

1.3.2 Sale of Water and Impact of Tariff Increases

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

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

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2017. This has not been possible due to the severe drought in the Abaqulusi area.

To mitigate the need for water tariff increases, municipalities are encouraged to put in place appropriate strategies to limit water losses to acceptable levels. Water losses have increased from 42% in 2014/15 to 46% in 2015/16 and further increased to 60, 87% in 2016/17.

Zululand District Municipality as well as Abaqulusi municipality has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that the current infrastructure is unlikely to sustain its long-term ability to supply water and the District Municipality will have no other choice but to provide funding for infrastructure upgrades.

A tariff increase of 6,5% from 1 July 2017 for water is proposed. In addition, 6 kl water per 30-day period will again be granted free of charge to all indigent community members.

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

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2016/17	PROPOSED TARIFFS 2017/18
	Rand per kl	Rand per kl
RESIDENTIAL		
(i) 0 to 6 kl per 30-day period	9.49	10.10
(ii) 6.01 to 30 kl per 30-day period	9.49	10.11
(iii) 30.01 to 99 kl per 30-day period	10.26	10.93
(iv) More than 99.01 per 30-day period	11.79	12.56
BUSINESS		
(i) 0 to 6 kl per 30-day period	9.49	10.10
(ii) 6.01 to 30 kl per 30-day period	9.49	10.11
(iii) 30.01 to 99 kl per 30-day period	10.26	10.93
(iv) More than 99.01 per 30-day period	11.79	12.56

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

Table 6 Comparison between current water charges and increases (Domestic)

Monthly consumption	Current amount payable	Proposed amount payable	Difference (Increase)	Percentage change
kℓ	R	R	R	
20	189.86	202.20	12.34	6.5%
30	284.79	303.30	18.51	6.5%
40	410.52	437.20	26.68	6.5%
50	513.15	546.50	33.35	6.5%
80	821.04	874.41	53.37	6.5%
100	1179.20	1255.85	76.65	6.5%

The tariff structure of the 2016/17 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R12.56 per kilolitre for consumption in excess of 99kℓ per 30-day period.

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. Eskom increase in the bulk electricity tariff to municipalities which will be effective from 1 July 2017 approved by NERSA of 0.31% increase guidelines for municipalities.

NERSA for the past 5 years in a row has allowed Eskom to increase its tariff to municipalities higher than what municipalities may charge their consumers and this continues to have a negative impact on the municipality's revenue from electricity and is starting to impact on the maintenance of the electrical infrastructure and the Section continues to show a deficit. An analysis of the municipality's consumption patterns is being done to calculate more accurate tariffs and submitted to NERSA for approval. The tariff increase is 6,1%. The Section is supposed to be ring fenced, but due to the theft of electricity due to tampering and bypassing of meters is not possible.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 7 Comparison between current electricity charges and increases (Domestic) `

DESCRIPTION	APPROVED TARIFFS 2016/2017	PROPOSED TARIFFS 2017/2018	PROPOSED TARIFFS 2018/2019	PROPOSED TARIFFS 2019/2020
		6.5%	5.9%	5.9%
<u>Domestic (Conventional)</u>				
Basic charge	R 64.49	R 100.00	R 105.90	R 112.15
Demand side management levy				
Network charge				
Cost per unit kWh - 0-50kwh - step tariff 1.88%	R 0.81	R 0.82	R 0.86	R 0.91

DESCRIPTION	APPROVED TARIFFS 2016/2017	PROPOSED TARIFFS 2017/2018 6.5%	PROPOSED TARIFFS 2018/2019 5.9%	PROPOSED TARIFFS 2019/2020 5.9%
<i>Cost per unit kWh - 051-350kwh -step tariff 1.88%</i>	R 1.12	R 1.19	R 1.26	R 1.28
<i>Cost per unit kWh - 351-600kwh - step tariff 1.88%</i>	R 1.48	R 1.51	R 1.54	R 1.57
<i>Cost per unit kWh - >600kwh - step tariff 1.88%</i>	R 1.72	R 1.75	R 1.85	R 1.85

The step tariff advised by NERSA and implemented since July 2011 results that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25-year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines. Electricity losses have increased from 20, 46% in 2014/15 to 30, 46% in 2015/16 and for 2016/17 the estimated loss is 46, 88%.

The approved budget for the Energy Section can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R50 million per year for five years will be necessary to steer the Municipality out of this predicament. It must be noted that ESKOM will receive an amount of R 28,5 million to perform electrification and this will then have to be maintained by the municipality.

In addition, the Section must raise awareness and promote behaviour change through communication and education to ensure the 10% reduction in energy consumption is achieved. A renewable and cleaner energy plan has to be developed, monitored, evaluated and updated annually. To upgrade street lights to LED fittings and other energy efficiency projects is a costly exercise for which funding must be sourced.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

Sanitation and Impact of Tariff Increases

A tariff increase of 6,5% for sanitation from 1 July 2017 is proposed. This Section is currently operating at a deficit and it is generally accepted that all service departments should at least break even. This is based on the input cost assumptions related to water. It should be noted that electricity costs contribute approximately 10% of waste water treatment input costs, therefore the higher than CPI increase of 10% 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;
- Free sanitation (100% of 6 kl water) will be applicable to registered indigents; and

- The total revenue expected to be generated from rendering this service amounts to R26, 6 million for the 2017/18 financial year.

Table 8 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2016/17		PROPOSED TARIFF 2017/18	
	% DISCHARGED	TARIFF PER kl	% DISCHARGED	TARIFF PER kl
		R		R
0 – 30 kl per 30-day period	75	7.36	75	7.84
30.01 – 99 kl per 30-day period	75	8.49	75	9.04
99.01 and above kl per 30-day period	75	9.13	75	9.72

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

Monthly sanitation consumption kl	Current amount Payable R	Proposed amount Payable R	Difference (6,5% increase) R
30	220.80	235.15	14.35
30.01 to 99	509.40	542.51	33.11
99.01 and above	903.87	962.62	58.75

Waste Removal and Impact of Tariff Increases

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The service of refuse collection is outsourced which is the main contributor of expenditure as well as the cost of remuneration. This Section is budgeted to have a deficit. It is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

A 6,5% increase in the waste removal tariff is proposed from 1 July 2017. Higher increases will not be viable in 2017/18 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher can be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2017:

Table 10 Comparison between current waste removal fees and increases

	WASTE REMOVAL 2016/17	WASTE REMOVAL 2017/18
<i>Tariff per container/household per month or part of a month: Areas serviced by means of: (Tariff is multiplied by the number of service rounds per week and the number of containers/households.)</i>	<i>Per month (R)</i>	
<i>Residential</i>	<i>87.54</i>	<i>93.23</i>
<i>Businesses per container</i>	<i>270.61</i>	<i>288.20</i>
<i>Businesses bulk container</i>	<i>2713.19</i>	<i>2889.55</i>

Overall impact of tariff increases on households

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 to a 6,5% increase for all households including indigent households.

In terms of Section 64 2(g) of the MFMA a Municipality must for the purposed of the sub-Section take reasonable steps to ensure

- (g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework;

Table 11 KZN263 Table SA14 – Household Bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		450.08	475.28	508.55	542.11	542.11	542.11	6.5%	577.35	611.41	647.48
Electricity: Basic levy		50.98	56.08	64.49	69.42	69.42	69.42	6.5%	100.00	105.90	112.15
Electricity: Consumption		1 248.32	1 373.15	1 579.12	1 699.76	1 699.76	1 699.76	1.9%	1 731.72	1 833.89	1 942.09
Water: Basic levy		30.20	33.22	36.54	40.26	40.26	40.26	6.5%	42.88	45.41	48.09
Water: Consumption		213.20	234.52	257.97	283.77	–	–	6.5%	302.22	320.05	338.93
Sanitation		87.52	96.27	105.90	121.78	121.78	121.78	6.5%	129.70	137.35	145.45
Refuse removal		62.91	69.20	76.12	87.54	87.54	87.54	6.5%	98.92	104.76	110.94
Other											
sub-total		2 143.21	2 337.72	2 628.69	2 844.64	2 560.87	2 560.87	4.9%	2 982.79	3 158.77	3 345.13
VAT on Services		300.05	327.28	368.02	398.25	358.52	358.52	14.0%	417.59	442.23	468.32
Total large household bill:		2 443.26	2 665.00	2 996.71	3 242.89	2 919.39	2 919.39	4.9%	3 400.38	3 601.00	3 813.45
% increase/-decrease			9.1%	12.4%	8.2%	(10.0%)	–		16.5%	5.9%	5.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		249.76	263.75	282.21	300.84	300.84	300.84	6.5%	320.39	339.29	359.31
Electricity: Basic levy		50.98	56.08	64.49	69.42	69.42	69.42	6.5%	100.00	105.90	112.15
Electricity: Consumption		534.53	587.98	676.18	727.84	727.84	727.84	1.9%	741.52	785.27	831.60
Water: Basic levy		30.20	33.22	36.54	40.26	40.26	40.26	6.5%	42.88	45.41	48.09
Water: Consumption		177.68	195.45	215.00	236.50	–	–	6.5%	251.87	266.73	282.47
Sanitation		87.52	96.27	105.90	121.78	121.78	121.78	6.5%	129.70	137.35	145.45
Refuse removal		62.91	69.20	76.12	87.54	87.54	87.54	6.5%	98.92	104.76	110.94
Other											
sub-total		1 193.58	1 301.95	1 456.44	1 584.18	1 347.68	1 347.68	6.4%	1 685.28	1 784.71	1 890.01
VAT on Services		167.10	182.27	203.90	221.79	188.68	188.68	14.0%	235.94	249.86	264.60

Total small household bill:		1 360.68	1 484.22	1 660.34	1 805.97	1 536.36	1 536.36	6.4%	1 921.22	2 034.57	2 154.61
% increase/-decrease			9.1%	11.9%	8.8%	(14.9%)	-		25.1%	5.9%	5.9%
				0.31	-0.26	-2.70	-1.00				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy		50.98	56.08	64.49	69.42	69.42	69.42	6.5%	100.00	105.90	112.15
Electricity: Consumption		-	-	-	-	-	-	1.9%	-	-	-
Water: Basic levy		30.20	33.22	36.54	40.26	40.26	40.26	6.5%	42.88	45.41	48.09
Water: Consumption		87.56	96.32	105.95	116.55	-	-	6.5%	124.13	131.45	139.21
Sanitation		87.52	96.27	105.90	121.78	121.78	121.78	6.5%	129.70	137.35	145.45
Refuse removal		62.91	69.20	76.12	87.54	87.54	87.54	6.5%	98.92	104.76	110.94
Other											
sub-total		319.17	351.09	389.00	435.55	319.00	319.00	13.8%	495.63	524.87	555.84
VAT on Services		44.68	49.15	54.46	60.98	44.66	44.66	14.0%	69.39	73.48	77.82
Total small household bill:		363.85	400.24	443.46	496.53	363.66	363.66	13.8%	565.02	598.35	633.66
% increase/-decrease			10.0%	10.8%	12.0%	(26.8%)	-		55.4%	5.9%	5.9%

Operating Expenditure Framework

The Municipality's expenditure framework for the draft 2017/18 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Strict adherences to the principle of **no project plan no budget**. If there is no business plan no funding allocation can be made; and
- Creation of job opportunities by the municipality thus an increase in staff costs.

The following table is a high level summary of the Draft 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of operating expenditure by type Table A4 by standard classification item

Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type	-										
Employee related costs	2	107 749	122 588	128 873	145 781	132 515	130 515	130 515	144 094	154 538	164 984
Remuneration of councillors		13 981	14 819	15 798	16 620	16 620	16 416	16 416	17 650	18 868	20 170
Debt impairment	3	7 128	16 848	6 150	7 461	6 500	5 596	5 596	6 903	7 310	7 742
Depreciation & asset impairment	2	108 415	99 106	82 095	110 958	82 931	72 361	72 361	96 842	102 556	108 607
Finance charges		3 079	1 623	347	959	620	8	8	620	657	695
Bulk purchases	2	122 108	127 786	143 324	159 013	147 800	137 150	137 150	147 500	161 017	176 583
Other materials	8	-	-	18 727	29 659	21 737	18 304	18 304	19 035	18 674	21 576
Contracted services		28 723	43 121	38 950	85 215	97 313	53 837	53 837	79 267	83 900	88 981
Transfers and subsidies		33 798	15 610	15 721	26 213	19 173	16 926	16 926	18 151	19 222	20 356
Other expenditure	4, 5	(135)	-	-	57 571	36 629	30 805	30 805	39 659	41 069	41 618
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		424 845	441 500	449 986	639 450	561 838	481 920	481 920	569 721	607 811	651 311

Table 13 Summary of operating expenditure – Revenue by source -Table A4 by standard classification item

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	49 942	59 010	59 014	64 184	63 500	63 291	63 291	65 751	69 630	73 738
Service charges - electricity revenue	2	138 393	143 521	160 862	175 988	167 101	159 014	161 915	182 472	199 583	218 298
Service charges - water revenue	2	34 062	33 944	32 026	38 321	15 940	11 874	13 786	27 965	30 846	34 020
Service charges - sanitation revenue	2	15 576	21 214	18 401	20 458	19 580	16 518	22 042	20 869	23 192	25 761
Service charges - refuse revenue	2	11 284	12 446	13 891	14 806	14 430	14 239	18 904	15 382	17 523	19 051
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		1 189	1 297	1 223	1 463	1 497	1 268	1 268	1 450	1 503	1 601
Interest earned - external investments		4 369	3 166	1 730	1 956	1 250	1 973	1 973	1 750	1 853	1 963
Interest earned - outstanding debtors		5	–	15	16	13	13	13	13	14	15
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		9 375	8 297	8 621	1 713	1 108	1 155	1 155	4 510	4 776	5 058
Licences and permits		4 415	4 063	4 236	4 493	4 250	4 172	4 172	2 400	2 542	2 692
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		163 051	113 621	112 829	114 588	114 588	114 588	114 588	124 650	136 722	143 762
Other revenue	2	43 348	45 828	60 993	2 218	49 800	2 762	2 762	4 928	5 210	5 499
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		475 009	446 406	473 843	440 205	453 057	390 868	405 870	452 140	493 395	531 457
Expenditure By Type											
Employee related costs	2	107 749	122 588	128 873	145 781	132 515	130 515	130 515	144 094	154 538	164 984
Remuneration of councillors		13 981	14 819	15 798	16 620	16 620	16 416	16 416	17 650	18 868	20 170
Debt impairment	3	7 128	16 848	6 150	7 461	6 500	5 596	5 596	6 903	7 310	7 742
Depreciation & asset impairment	2	108 415	99 106	82 095	110 958	82 931	72 361	72 361	96 842	102 556	108 607
Finance charges		3 079	1 623	347	959	620	8	8	620	657	695
Bulk purchases	2	122 108	127 786	143 324	159 013	147 800	137 150	137 150	147 500	161 017	176 583
Other materials	8	–	–	18 727	29 659	21 737	18 304	18 304	19 035	18 674	21 576
Contracted services		28 723	43 121	38 950	85 215	97 313	53 837	53 837	79 267	83 900	88 981
Transfers and subsidies		33 798	15 610	15 721	26 213	19 173	16 926	16 926	18 151	19 222	20 356
Other expenditure	4, 5	(135)	–	–	57 571	36 629	30 805	30 805	39 659	41 069	41 618
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–

Total Expenditure		424 845	441 500	449 986	639 450	561 838	481 920	481 920	569 721	607 811	651 311
Surplus/(Deficit)		50 164	4 906	23 857	(199 245)	(108 780)	(91 053)	(76 050)	(117 581)	(114 417)	(119 854)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 000	49 911	49 687	55 078	45 078	45 078	45 078	52 740	54 769	56 911
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	–	–	–	–	–	–	9 447	9 777	10 354
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 394)	(49 871)	(52 590)
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 394)	(49 871)	(52 590)
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 394)	(49 871)	(52 590)
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 394)	(49 871)	(52 590)

The budgeted allocation for employee related costs for the 2017/18 financial year totals R137,1 million, which equals 23,2% of the total operating expenditure. The multi-year Salary and Wage Collective Agreement from SALGBC for municipalities advised to budget for an annual increase of 7,36% for the 2017/18 financial year and for the two outer years 5,9% has been utilized. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Finance Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of critical and strategically important vacancies. Excessive overtime has been observed by National Treasury during their analysis of municipal budgets and although it is considered acceptable as long as it related to essential services an excessively high allocation could be an indication of performance inefficiencies as it is an expensive form of remuneration easily abused. If National Treasury finds excessive overtime to be legitimate it will be an indication that the organisational structure is insufficiently funded and funds being rather appropriated against vacancies. The maximum percentage allowable for overtime is of total remuneration.

The cost associated with the remuneration of councillors 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.

The provision of debt impairment was determined based on an annual collection rate of 92% and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R6,9 million and an amount of R 7, 3 for 2018/19 million which escalates to R7,7 million by 2019/20. 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.

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 R 96,8 million for the 2017/18 financial and equates to 16,4% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Bulk purchases are directly informed by the purchase of electricity from ESKOM. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. ESKOM increase has been budgeted for at 0,31%.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2017/18 the percentage of this against the group of expenditure is 3,2% (R 19 million) and decreases to R18,6 million in 2018/19 and increases to R21,5 million in 2019/20.

Contracted services have increased for the Municipality for the 2017/18 financial year. As part of the compilation of the 2017/18 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2017/18 financial year, this group of expenditure totals R 79, 2 million these contracts need to be further investigated before the 2018/19 financial year to try and apply cost efficiencies. For the two outer years' growth has been limited to 5.9%. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2017/18 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. The reason for the escalation is the additional refuse services for the small towns where refuse was in the past not being collected and the additional security costs as more security guards had to be employed due to theft and damage of infrastructure. Further details relating to contracted services can be seen in Table 64 KZN263 SA1 (see page 100).

Other expenditure comprises of various line items such as insurances, telephone costs, bank charges, Subsistence and travelling, leasing of office equipment, vehicle leases and other costs 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 limited to 6% for 2017/18 and curbed at 5.8% for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 KZN263 SA1 (see page 100).

1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by MFMA Circulars 74,75, 78, 79 and 85 and the outcome of the 2015/2016 audit qualification the municipality must budget for 10% of its expenditure budget to be allocated to repairs and maintenance and the on-going health of the municipality's infrastructure must be supported by an asset management plan. A further 40% of the municipal budget must be allocated to Capital for the renewal of existing assets and provide a detailed explanation and assurance that the budgeted amount is adequate to secure the on-going health of the municipality's infrastructure supported by reference to its asset management plan. The municipality in the state of local government finances and financial management has been accused of persistent under spending on capital and that the municipality is too reliant on capital grants. 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 14 Operational Repairs and Maintenance Schedule SA1

Repairs and Maintenance by Expenditure Item	8											
		Employee related costs										
		Other materials	12227	15064	18727	29659	21737	18304	18304	19035	18674	21576
		Contracted Services										
Other Expenditure												
Total Repairs and Maintenance Expenditure	9	12227	15064	18727	29659	21737	18304	18304	19035	18674	21576	

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance is allocated an amount of R 19 million which is less than the adjustment budget of 2016/2017 by R 2,5 million and will decrease in 2018/19 to R18,6 million and increase in 2019/20 to R21,5 million. During the 2016/17 Adjustment Budget this allocation was reduced from R 29,6 to R 21,7 million owing to the challenges faced by the Municipality. Notwithstanding, as part of the 2017/18 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2017/18 equates to R 19 million in relation to the

Adjustment Budget and continues to grow over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 3,2% and 5,9% 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 15 Repairs and maintenance per asset class (Expenditure other items) – Schedule A9

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE OTHER ITEMS										
<u>Depreciation</u>	7	108 414	99 106	82 095	110 958	82 931	72 361	96 842	102 556	108 607
<u>Repairs and Maintenance by Asset Class</u>	3	12 227	15 064	18 727	29 659	21 737	18 305	19 035	18 674	21 576
Roads Infrastructure		4 792	5 921	8 698	13 622	10 918	11 236	5 008	4 008	6 044
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		2 177	2 435	4 675	6 649	5 535	2 685	5 930	7 150	7 572
Water Supply Infrastructure		3 019	3 311	2 614	4 376	2 413	1 824	2 503	1 591	1 685
Sanitation Infrastructure		997	1 982	1 590	2 010	1 008	1 366	1 508	1 596	1 691
Solid Waste Infrastructure		21	–	99	213	120	–	200	212	224
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		11 006	13 649	17 675	26 871	19 993	17 111	15 148	14 557	17 216
Community Facilities		838	769	383	1 236	645	448	735	778	824
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		838	769	383	1 236	645	448	735	778	824
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		362	469	600	1 200	900	618	1 000	1 059	1 121
Housing		–	–	–	–	–	–	–	–	–
Other Assets		362	469	600	1 200	900	618	1 000	1 059	1 121
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		(31)	176	69	107	107	104	110	116	123
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		51	–	–	246	93	24	667	707	749

Transport Assets	-	-	-	-	-	-	-	1 375	1 456	1 542
Libraries	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	120 641	114 169	100 823	140 617	104 668	90 666	115 877	121 231	130 183	
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>	0.8%	1.0%	59.2%	1.0%	0.7%	0.6%	0.6%	0.6%	0.6%	0.7%
<i>Renewal and upgrading and R&M as a % of PPE</i>	1.0%	1.0%	1.0%	2.0%	2.0%	1.0%	2.0%	1.0%	2.0%	

For the 2017/18 financial year, R 15,1 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure receives R 5,9 million, road infrastructure of R 5 million, water R 2,5 million, sanitation R 1,5 million and refuse R 200 thousand.

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 Municipality's Indigent Policy on an annual basis. The applications are strictly reviewed annually and this year tighter controls were implemented to ensure this service is given to only the poorest of the poor. Detail relating to free services, cost of free basis services, revenue foregone owing to free basic services as well as basic service delivery measurement is contained in Table 27 KZN263 A10 (Basic Service Delivery Measurement) on page 75.

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.

The municipality's cost for the Free Basic Services is R 18,1 million.

Capital Expenditure

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

Table 16 2017/18 Medium-Term Capital Budget per Vote – Schedule SA6

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand													
Basic Service Delivery & Infrastructure Development	Energy Sources	A		10 919	13 524	23 365	29 000	23 500	20 034	19 500	19 330	19 585	
	Waste Management	B			26	61	35	–	35	37	39		
	Waste Water Management	C		14	591	12	1 652	450	–	1 550	1 641	1 738	
	Water Management	D		22		192	1 823	505	16	1 505	1 594	1 688	
	Road Transport	E		130	40 911	41 419	35 408	25 288	25 086	37 940	39 980	42 136	
	Asset Management	F		2	39		11	10	–	–	–	–	
	Cemeteries	G		50			1 166	1 166	–	600	850	900	
	Housing	H		–	–	–	–	–	–	–	–	–	
		I											
Municipal Transformation & Institutional Development	Administration & Corp	J		25	21	46	53	5	2	5	5	6	
	Human Resources	K		–	20	14	21	15	–	15	16	17	
	Fleet Management	L		–	–	–	–	–	–	–	–	–	
	Information Technology	M		85	234	128	746	600	211	610	646	684	
	Community & Social Services	N		15	65		–	–	–	–	–	–	
Financial Viability & Management	Finance			63	38	122	426	200	–	200	212	224	
	Supply Chain Management			–	–	–	–	–	–	–	–	–	
	Valuation Service			–	–	–	–	–	–	–	–	–	
Good Governance & Community Participation	Mayor & Council			–	–	–	–	–	–	–	–	–	
	Municipal Manager			–	–	–	–	–	–	–	–	–	
	Internal Audit			–	–	–	–	–	–	–	–	–	
LED & Social Development	Vehicle Licensing			–	–	–	–	7	5	7	7	8	
	Markets			–	–	–	–	–	–	–	–	–	
	Tourism			–	–	–	–	–	–	–	–	–	
	Corporate Wide Strategic Planning - LED			–	–	–	–	–	–	–	–	–	
	Public Safety			–	–	24	103	100	–	100	100	106	
	Community Halls & Facilities			–	54	19	50	20	–	20	21	22	
	Libraries			–	–	1	53	25	6	75	79	84	
	Museums			–	–	–	–	–	–	–	–	–	
Cross Cutting	Corporate Wide Strategic - Planning - IDP			–	–	–	–	–	–	–	–	–	
	Town Planning, Building Regulations & Enforcement			251		16	42	15	8	25	26	28	
		O P											
Allocations to other priorities				3									
Total Capital Expenditure				1	11 576	55 523	65 359	70 617	51 941	45 368	62 187	64 546	67 265

For 2017/18 an amount of R 9,4 million has been appropriated for the development of infrastructure from internal funding and R 52,7 million from grant funding. In the outer years this amount totals R9,7 million and R10, 3 million from internal funding and R 54, 7 million and R 56,9 million from grant funding respectively for each of the financial years. Roads, storm water, bus route and other rural projects receives the highest allocation of R37,7 million in 2017/18 which equates to 71,6% followed by electricity infrastructure at 28,4% or R15 million.

Total net assets represent 70 % or R 42,7 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26, A9 (Asset Management) on page 36. In addition to the Table A9, KZN263 Tables SA34a, b, c and d 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 pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery development;
- Parks, recreational facilities and swimming pools;
- Firefighting and security equipment;
- Customer care offices;
- Electricity for all (backlog eradication) – from ESKOM and the Municipality;
- Refurbishment and renewal electrical network;
- New electricity infrastructure;
- Public lighting;
- Waste water treatment works;
- Upgrading and renewal of sewers;
- Bulk supply and backlog eradication of water;
- Refurbishment and renewal of water network;
- Backlog eradication of roads;
- Backlog eradication of storm water drainage;
- Rehabilitation of roads; and
- Extension of main entry roads.

Furthermore, pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 A5. It needs to be noted that as part of the 2017/18 MTREF, this expenditure has been factored into the two outer years of the operational budget.

Annual Budget Tables

The following eighteen 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 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 17 KZN263 Table SA1 - Budget Summary

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		49 942	59 010	59 014	64 184	63 500	63 291	63 291	67 628	71 618	75 843
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>									1 877	1 987	2 104
Net Property Rates		49 942	59 010	59 014	64 184	63 500	63 291	63 291	65 751	69 630	73 738
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		141 091	145 521	162 862	177 587	170 301	161 915	161 915	185 871	203 182	222 109
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		2 698	2 000	2 000	1 599	3 200	2 902		3 398	3 599	3 811
Net Service charges - electricity revenue		138 393	143 521	160 862	175 988	167 101	159 014	161 915	182 472	199 583	218 298
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		36 153	36 524	34 826	41 519	17 880	13 786	13 786	30 026	33 028	36 331
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		2 091	2 580	2 800	3 198	1 940	1 913		2 060	2 182	2 311
Net Service charges - water revenue		34 062	33 944	32 026	38 321	15 940	11 874	13 786	27 965	30 846	34 020
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue		19 208	25 914	22 901	26 428	25 000	22 042	22 042	26 625	29 288	32 216
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											

less Cost of Free Basis Services (free sanitation service to indigent households)		3 632	4 700	4 500	5 970	5 420	5 524		5 756	6 096	6 455
Net Service charges - sanitation revenue		15 576	21 214	18 401	20 458	19 580	16 518	22 042	20 869	23 192	25 761
Service charges - refuse revenue	6										
Total refuse removal revenue		13 986	15 946	17 391	19 496	19 100	18 904	18 904	20 342	22 776	24 613
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		2 702	3 500	3 500	4 690	4 670	4 665		4 960	5 252	5 562
Net Service charges - refuse revenue		11 284	12 446	13 891	14 806	14 430	14 239	18 904	15 382	17 523	19 051
Other Revenue by source											
Interest Consumers		–	–	–	–	–	–	–	3 000	3 177	3 364
Other Revenue		43 348	45 828	60 993	1 729	49 324	2 334	2 334	353	368	374
Burial fees		–			192	120	105	105	110	116	123
Encroachment fees		–			57	70	60	60	50	50	50
Photostat Copies		–			23	18	16	16	15	16	17
Special Consent		–			43	32	24	24	912	966	1 023
Gate fees		–			1	0	0	0	20	21	23
Building Plan fees					16	35	39	39	150	159	168
Business Licences					–	–	–	–	100	106	112
Tender deposits					64	150	135	135	165	175	185
Rates Clearances					64	31	33	33	33	35	37
Monument Fees	3				31	20	16	16	20	21	22
Total 'Other' Revenue	1	43 348	45 828	60 993	2 218	49 800	2 762	2 762	4 928	5 210	5 499
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	61 465	73 915	67 248	75 283	70 259	69 688	69 688	82 800	88 446	94 477
Pension and UIF Contributions		612	647	14 548	16 107	15 307	15 163	15 163	16 225	17 337	18 526
Medical Aid Contributions		4 589	4 942	5 519	6 038	6 269	6 200	6 200	6 677	7 135	7 623
Overtime		8 996	12 348	17 213	17 989	16 714	16 775	16 775	12 704	13 543	14 475
Performance Bonus		4 590	4 810	5 446	7 078	5 714	5 682	5 682	6 026	7 135	7 576
Motor Vehicle Allowance		10 554	8 751	7 022	7 679	7 261	7 194	7 194	7 839	8 374	8 947
Cell phone Allowance		12 085	12 839	562	596	579	562	562	762	815	870
Housing Allowances		262	250	1 025	1 108	1 049	1 027	1 027	1 129	1 207	1 290
Other benefits and allowances		2 270	2 052	2 572	4 298	2 818	2 469	2 469	2 979	3 185	3 405
Payments in lieu of leave		2 298	2 002	4 067	3 815	3 530	2 861	2 861	3 749	3 970	4 204
Long service awards		29	32	23	31	16	15	15	16	18	19
Post-retirement benefit obligations	4	–	–	3 630	5 758	3 000	2 879	2 879	3 186	3 374	3 573

sub-total	5	107 749	122 588	128 873	145 781	132 515	130 515	130 515	144 094	154 538	164 984
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	107 749	122 588	128 873	145 781	132 515	130 515	130 515	144 094	154 538	164 984
Contributions recognised - capital											
								9 447	9 777	10 354	
Total Contributions recognised - capital		–	–	–	–	–	–	–	9 447	9 777	10 354
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		88 655	88 655	82 095	110 958	82 931	72 361	72 361	88 047	93 242	98 744
Lease amortisation		19 664	9 058	–	–	–	–	–	8 795	9 314	9 863
Capital asset impairment		96	1 393	–	–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE	10	–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	108 415	99 106	82 095	110 958	82 931	72 361	72 361	96 842	102 556	108 607
Bulk purchases											
Electricity Bulk Purchases		122 108	127 786	143 324	159 013	147 800	137 150	137 150	147 500	161 017	176 583
Water Bulk Purchases		–	–	–	–	–	–	–	–	–	–
Total bulk purchases	1	122 108	127 786	143 324	159 013	147 800	137 150	137 150	147 500	161 017	176 583
Transfers and grants											
Cash transfers and grants		–	–	–	101	95	95	95	100	106	112
Non-cash transfers and grants		33 798	15 610	15 721	26 112	19 078	16 831	16 831	18 051	19 116	20 244
Total transfers and grants	1	33 798	15 610	15 721	26 213	19 173	16 926	16 926	18 151	19 222	20 356
Contracted services											
Skills Levy		28 723	43 121	38 950	17 894	28 636	9 423	9 423	1 350	1 430	1 514
Internal Audit					2 132	2 100	360	360	2 000	2 118	2 243
Meter Reading					2 772	2 400	1 862	1 862	2 500	2 648	2 804
Computer Services					586	460	596	596	710	752	796
Finance Consultants					500	–	–	–	2 700	3 208	3 747
Parks					6 556	6 500	6 284	6 284	6 920	7 321	7 753
Security					12 899	11 200	8 958	8 958	13 000	13 767	14 579
Refuse Removal					11 086	13 300	9 722	9 722	14 000	14 500	15 355
Steiner					23	10	7	7	10	11	11
Digging of Graves					53	42	35	35	40	42	45
Electricity-Engineer					533	400	172	172	400	424	449
WSSA					394	350	343	343	1 222	1 294	1 370

Munsoft				1 599	1 700	1 445	1 445	1 800	1 906	2 019	
Departmental Plans				1 066	1 000	–	–	400	424	449	
Shoba Township Establishment				1 500	1 000	–	–	1 000	1 500	1 500	
Shared Services				533	500	–	–	500	530	561	
Land Use & Urban Schemes				1 100	1 000	–	–	1 500	1 589	1 682	
Special Audits				768	1 000	–	–	1 000	1 059	1 121	
LED WARD Project				2 200	2 200	58	58	2 200	2 200	2 200	
Valuation of properties								240	254	269	
Commission on vendor sales				1 161	905	973	973	1 000	1 059	1 121	
Photocopiers & faxes				640	530	162	162	570	604	639	
Lease of vehicles				17 962	20 900	12 268	12 268	22 655	23 992	25 407	
Telephones				1 258	1 180	1 169	1 169	1 200	1 271	1 346	
Audit Committee Members								350			
sub-total	1	28 723	43 121	38 950	85 215	97 313	53 837	53 837	79 267	83 900	88 981
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		28 723	43 121	38 950	85 215	97 313	53 837	53 837	79 267	83 900	88 981
Other Expenditure By Type	-										
Collection costs											
Contributions to 'other' provisions		(135)			12 212	10 500	9 159	9 159	–	–	–
Consultant fees											
Audit fees					2 132	4 000	6 338	6 338	3 650	3 865	4 093
General expenses	3								1 711	1 752	1 796
Legal Fees					11 856				1 070	1 133	1 200
Ward Committee Members					2 558	1 780	648	648	2 640	2 796	2 961
Newsletter & Radio Slot					160	75	–	–	100	106	112
Advertisements & Notices					373	345	322	322	370	392	415
Allowances & Pensioners Contributions					1 492	1 200	–	–	1 379	1 461	1 547
Banking Services					1 439	1 080	814	814	1 080	1 144	1 211
Brochures, Postcards, Printing & Stationery					11	5	3	3	755	804	846
Postage, Cartage & Railage					80	400	511	511	1 056	1 118	1 184
Chemicals					3 758	1 120	814	814	4 515	4 781	5 063
Cleaning Materials					431	353	352	352	364	390	413
Conference Fees & Travelling					3 334	2 790	3 137	3 137	2 828	2 985	3 158
Municipal Services					7 603	3 003	3 010	3 010	3 368	3 566	3 777
Compensation Commissioner					586	500	–	–	530	561	594
Strategic Planning Sessions & Refreshments					205	93	129	129	729	239	253
Budget Roadshows & Public Participation					693	300	3	3	1 720	1 762	1 807

First Aid Supplies					17	5	-	-	5	5	5
Council Community Projects					1 066	1 000	1 414	1 414	4 600	4 724	3 384
Poverty Alleviation					4 400	4 400	1 075	1 075	2 210	2 211	2 211
Spluma					1 066	900	-	-	1 000	1 059	1 121
Indigent Burials					235	280	302	302	280	297	314
Insurances					1 866	2 500	2 774	2 774	2 000	2 118	2 243
SALGA									1 700	1 800	1 907
Total 'Other' Expenditure	1	(135)	-	-	57 571	36 629	30 805	30 805	39 659	41 069	41 618

Explanatory notes to KZN263 Table A1 - Budget Summary

1. *Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).*
2. *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.*
3. *Financial management reforms emphasises 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:*
 - a) *The operating surplus/deficit (after Total Expenditure) is negative over the MTREF*
 - b) *Capital expenditure is balanced by capital funding sources, of which*
 - I. *Transfers recognised is reflected on the Financial Performance Budget;*
 - II. *Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. 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.*
4. *The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a smaller deficit is reflected.*
5. *Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The Section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2019/20 the water backlog will have been very nearly eliminated.*

Table 18 KZN263 Table SA2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Finance	Vote 3 - Administration	Vote 4 - Community & Social Services	Vote 5 - Road Transport	Vote 6 - Energy Sources	Vote 7 - Housing	Vote 8 - Internal Audit	Vote 9 - Other	Vote 10 - Planning & Development	Vote 11 - Public Safety	Vote 12 - Waste Management	Vote 13 - Waste Water Management	Vote 14 - Water Management	Vote 15 -	Total
R thousand	1																
Revenue By Source																	
Property rates			67 628														67 628
Service charges - electricity revenue							185 871										185 871
Service charges - water revenue															30 026		30 026
Service charges - sanitation revenue														26 625			26 625
Service charges - refuse revenue													20 342				20 342
Service charges - other																	-
Rental of facilities and equipment			1 044	125	96												1 265
Interest earned - external investments			1 750														1 750
Interest earned - outstanding debtors			3 013														3 013
Dividends received			-														-
Fines, penalties and forfeits			-		-							2 500					2 500
Licences and permits			-			2 000				-		2 400					4 400
Agency services			-														-
Other revenue			1 064		161	254				100	534						2 113
Transfers and subsidies			119 093	1 505	4 052	-	15 000										139 650
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		-	193 592	1 630	4 309	2 254	200 871	-	-	100	534	4 900	20 342	26 625	30 026	-	485 181
Expenditure By Type																	
Employee related costs		2 044	18 108	17 810	11 158	12 468	19 137	2 135	765	422	5 443	11 910	4 589	16 622	14 547		137 159
Remuneration of councillors		17 650	-	-	-	-	-	-	-	-	-	-	-	-	-		17 650
Debt impairment		6 903	-	-	-	-	-	-	-	-	-	-	-	-	-		6 903
Depreciation & asset impairment		4 543	9 305	5 676	6 442	19 116	21 240	-	-	-	40	42	8 018	10 737	11 682		96 842
Finance charges		-	620	-	-	-	-	-	-	-	-	-	-	-	-		620
Bulk purchases		-	-	-	-	-	142 000	-	-	-	-	-	-	-	-		147 500
Other materials		-	-	3 363	150	5 008	5 930	-	-	-	-	375	200	1 508	2 503		19 035
Contracted services		3 358	3 250	27 075	7 930	-	2 650	-	3 350	-	8 680	13 000	14 000	500	6 122		89 915
Transfers and subsidies		-	3 577	1 505	-	-	10 379	-	-	-	-	-	4 960	5 756	2 060		28 236
Other expenditure		20 914	3 848	4 085	1 574	305	6 536	427	3 706	159	307	2 030	121	1 599	3 843		49 455
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Total Expenditure		55 412	38 707	59 514	27 254	36 897	207 872	2 562	7 821	581	14 470	27 358	31 887	42 221	40 757	-	593 315
Surplus/(Deficit)		(55 412)	154 884	(57 884)	(22 945)	(34 643)	(7 001)	(2 562)	(7 821)	(481)	(13 936)	(22 458)	(11 546)	(15 596)	(10 731)	-	(108 134)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)						37 740	15 000										52 740
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)																	-
Surplus/(Deficit) after capital transfers & contributions		(55 412)	154 884	(57 884)	(22 945)	3 097	7 999	(2 562)	(7 821)	(481)	(13 936)	(22 458)	(11 546)	(15 596)	(10 731)	-	(55 394)

Explanatory notes to KZN263 Table A2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

1. *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.*
2. *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.*
3. *Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Electricity, Water, Solid Waste and Waste water functions. 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.*
4. *Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Governance & Administration.*

Table 19 KZN263 Table SA3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits		41 643	26 071	16 580	16 580	8 302	8 302	8 302	8 302	8 302	8 302
Other current investments		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	41 643	26 071	16 580	16 580	8 302	8 302	8 302	8 302	8 302	8 302
<u>Consumer debtors</u>											
Consumer debtors		46 962	74 485	42 748	33 213	33 213	33 213	33 213	33 213	33 213	33 213
Less: Provision for debt impairment		(4 992)	(4 968)	–	–	–	–	–	–	–	–
Total Consumer debtors	2	41 970	69 517	42 748	33 213	33 213	33 213	33 213	33 213	33 213	33 213
<u>Debt impairment provision</u>											
Balance at the beginning of the year		(31 237)	–	–	–	–	–	–	–	–	–
Contributions to the provision											
Bad debts written off											
Balance at end of year		(31 237)	–	–	–	–	–	–	–	–	–
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		3 093 183	3 141 856	3 765 737	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748
Leases recognised as PPE		–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		1 551 688	1 634 380	3 734 102							
Total Property, plant and equipment (PPE)	2	1 541 495	1 507 476	31 635	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		1 381	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	–	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		1 381	–	–	–	–	–	–	–	–	–
<u>Trade and other payables</u>											
Trade and other creditors		57 094	66 129	31 980	69 646	69 646	69 646	69 646	69 646	69 646	69 646
Unspent conditional transfers		6 310	5 245	–	8 036	8 036	8 036	8 036	8 036	8 036	8 036
VAT		(3 402)	–	–	–	–	–	–	–	–	–

Total Trade and other payables	2	60 002	71 374	31 980	77 682	77 682	77 682	77 682	77 682	77 682	77 682
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	-	-	6 764	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		-	-	124 677	-	-	-	-	-	-	-
Total Non current liabilities - Borrowing		-	-	131 440	-	-	-	-	-	-	-
<u>Provisions - non-current</u>											
Retirement benefits		36 565	62 275	62 275	69 279	69 279	69 279	69 279	69 279	69 279	69 279
List other major provision items											
Refuse landfill site rehabilitation		53 122	55 632	61 334	61 334	61 334	61 334	61 334	61 334	61 334	61 334
Other		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current		89 687	117 907	123 609	130 613	130 613	130 613	130 613	130 613	130 613	130 613
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		1 577 136	1 469 444	3 734 102	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		1 577 136	1 469 444	3 734 102	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322
Surplus/(Deficit)		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 542)	(57 305)	(62 805)
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	1 636 300	1 524 261	3 807 647	1 249 155	1 329 620	1 347 348	1 362 350	1 337 780	1 336 018	1 330 517
<u>Reserves</u>	-										
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1 636 300	1 524 261	3 807 647	1 249 155	1 329 620	1 347 348	1 362 350	1 337 780	1 336 018	1 330 517

Explanatory notes to KZN263 Table A3 - Budgeted Financial Performance (Revenue and Expenditure by municipal vote)

1. 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 organisational structure of the 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 the electricity and water trading services.

Table 20 Surplus/ (Deficit) calculations for the trading services

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		165 008	220 081	176 884	181 870	181 251	181 113	195 222	210 295	222 999
Executive and council		6 909	1 049	1 025	16	39	58	-	-	-
Finance and administration		158 099	219 031	175 859	181 854	181 212	181 055	195 222	210 295	222 999
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		3 161	3 621	3 416	4 152	3 950	3 764	4 309	4 525	4 741
Community and social services		3 161	3 444	3 416	4 152	3 950	3 764	4 309	4 525	4 741
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	177	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		65 630	53 612	60 068	41 720	27 746	5 744	7 688	9 326	8 591
Planning and development		21 774	153	8 987	197	172	164	534	1 766	599
Road transport		43 856	53 459	51 081	41 523	27 574	5 580	7 154	7 561	7 992
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		234 535	233 674	256 186	285 030	252 281	216 648	277 863	288 273	315 269
Energy sources		157 854	154 577	180 951	197 587	190 301	161 915	200 871	203 182	222 109
Water management		39 988	37 238	34 902	41 519	17 880	13 786	30 026	33 028	36 331
Waste water management		19 208	25 914	22 891	26 428	25 000	22 042	26 625	29 288	32 216
Waste management		17 486	15 946	17 441	19 496	19 100	18 904	20 342	22 776	24 613
<i>Other</i>	4	50	-	50	100	-	-	100	100	100
Total Revenue - Functional	2	468 384	510 988	496 604	512 872	465 227	407 268	485 181	512 520	551 699

None

2. The electricity trading is showing signs of improvement over the 2017/18 MTREF from a deficit in the adjustment budget for 2016/17 of approximately R 20,5 million to a deficit of R 6,9 million in 2017/18 and increases in the outer two years. This is primarily as a result of the high increases in ESKOM bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers as well as additional requirements from the Section to upgrade the ageing infrastructure which is a non-cash item of depreciation.
3. The deficit on the water account remains relatively constant over the MTREF translating into a deficit of R 9,2 million and R 8,5 million for each of the respective outer financial years; and in the 2017/18 a deficit of R 10,7 million is forecast. This is mainly due to the non-cash item of depreciation.
4. Note that there are no longer surpluses on these trading accounts that can be utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and are not used to cross-subsidise other municipal services.

Table 21 KZN263 Table A4 - Budgeted Financial Performance (Revenue and Expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	49 942	59 010	59 014	64 184	63 500	63 291	63 291	65 751	69 630	73 738
Service charges - electricity revenue	2	138 393	143 521	160 862	175 988	167 101	159 014	161 915	182 472	199 583	218 298
Service charges - water revenue	2	34 062	33 944	32 026	38 321	15 940	11 874	13 786	27 965	30 846	34 020
Service charges - sanitation revenue	2	15 576	21 214	18 401	20 458	19 580	16 518	22 042	20 869	23 192	25 761
Service charges - refuse revenue	2	11 284	12 446	13 891	14 806	14 430	14 239	18 904	15 382	17 523	19 051
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 189	1 297	1 223	1 463	1 497	1 268	1 268	1 450	1 503	1 601
Interest earned - external investments		4 369	3 166	1 730	1 956	1 250	1 973	1 973	1 750	1 853	1 963
Interest earned - outstanding debtors		5	-	15	16	13	13	13	13	14	15
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		9 375	8 297	8 621	1 713	1 108	1 155	1 155	4 510	4 776	5 058
Licences and permits		4 415	4 063	4 236	4 493	4 250	4 172	4 172	2 400	2 542	2 692
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		163 051	113 621	112 829	114 588	114 588	114 588	114 588	124 650	136 722	143 762
Other revenue	2	43 348	45 828	60 993	2 218	49 800	2 762	2 762	4 928	5 210	5 499
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		475 009	446 406	473 843	440 205	453 057	390 868	405 870	452 140	493 395	531 457
Expenditure By Type											
Employee related costs	2	107 749	122 588	128 873	145 781	132 515	130 515	130 515	144 094	154 538	164 984
Remuneration of councillors		13 981	14 819	15 798	16 620	16 620	16 416	16 416	17 650	18 868	20 170
Debt impairment	3	7 128	16 848	6 150	7 461	6 500	5 596	5 596	6 903	7 310	7 742
Depreciation & asset impairment	2	108 415	99 106	82 095	110 958	82 931	72 361	72 361	96 842	102 556	108 607
Finance charges		3 079	1 623	347	959	620	8	8	620	657	695
Bulk purchases	2	122 108	127 786	143 324	159 013	147 800	137 150	137 150	147 500	161 017	176 583
Other materials	8	-	-	18 727	29 659	21 737	18 304	18 304	19 035	18 674	21 576
Contracted services		28 723	43 121	38 950	85 215	97 313	53 837	53 837	79 267	83 900	88 981

Transfers and subsidies	4,	33 798	15 610	15 721	26 213	19 173	16 926	16 926	18 151	19 222	20 356
Other expenditure	5	(135)	–	–	57 571	36 629	30 805	30 805	39 659	41 069	41 618
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		424 845	441 500	449 986	639 450	561 838	481 920	481 920	569 721	607 811	651 311
Surplus/(Deficit)		50 164	4 906	23 857	(199 245)	(108 780)	(91 053)	(76 050)	(117 581)	(114 417)	(119 854)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 000	49 911	49 687	55 078	45 078	45 078	45 078	52 740	54 769	56 911
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	–	–	–	–	–	–	9 447	9 777	10 354
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 394)	(49 871)	(52 590)
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 394)	(49 871)	(52 590)
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 394)	(49 871)	(52 590)
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 394)	(49 871)	(52 590)

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

1. Total revenue is R 452,1 million in 2017/18 and escalates to R531,4 million by 2019/20. This represents a year-on-year increase of 6, 5% for the 2017/18 financial year and 5.9% for the 2019/20 financial year.
2. Revenue to be generated from property rates is R 65,7 million in the 2017/18 financial year and increases to R 73,7 million by 2019/20 which represents 14,5% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5,9% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R246,6 million for the 2017/18 financial year and increasing to R 297,1 million by 2019/20. A notable trend is the growth in the total percentage revenue generated from services charges which remains constant at 6,5%, 6,2% and 5,9% in 2017/18, 2018/19 and 2019/20.
4. 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 are growing rapidly over the MTREF by 5,9 for the two outer years. The percentage share of this revenue source increases due to the new formula that was implemented for the Equitable Share allocation.
5. Bulk purchases have increased over the 2016/17 to 2019/20 period escalating from R 147 million to R 176 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from ESKOM.
6. 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 22 KZN263 Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**KZN263 Abaqulusi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding**

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Administration		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Road Transport		-	40 911	39 936	35 078	25 078	25 078	25 078	37 740	39 769	41 911
Vote 6 - Energy Sources		9 000	9 000	18 089	20 000	20 000	20 000	20 000	15 000	15 000	15 000
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 9 - Other		-	-	-	-	-	-	-	-	-	-
Vote 10 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 11 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 14 - Water Management		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	9 000	49 911	58 025	55 078	45 078	45 078	45 078	52 740	54 769	56 911
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		63	38	122	426	200	-	-	200	212	224
Vote 3 - Administration		112	314	189	831	630	213	213	630	667	707
Vote 4 - Community & Social Services		67	119	20	1 269	1 211	6	6	695	951	1 007
Vote 5 - Road Transport		128	-	1 507	423	300	8	8	300	312	330
Vote 6 - Energy Sources		1 919	4 524	5 275	9 000	3 500	34	34	4 500	4 330	4 585
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 9 - Other		-	-	-	11	7	5	5	7	7	8
Vote 10 - Planning & Development		251	-	16	42	25	8	8	25	26	28
Vote 11 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	26	-	61	35	-	-	35	37	39
Vote 13 - Waste Water Management		14	591	12	1 652	450	-	-	1 550	1 641	1 738

Vote 14 - Water Management		22	–	192	1 823	505	16	16	1 505	1 594	1 688
Vote 15 -		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		2 576	5 612	7 334	15 539	6 863	290	290	9 447	9 777	10 354
Total Capital Expenditure - Vote		11 576	55 523	65 359	70 617	51 941	45 368	45 368	62 187	64 546	67 265

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); 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.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/18 R 52,7 million has been allocated of the total R 62,1 million capital budgets, which total 84,8%. This allocation increases to R 54,7 million in 2018/19 and then increases to R 56,9 million in 2019/20
3. Single-year capital expenditure has been appropriated at R 9 million for the 2017/18 financial year and increases over the MTREF at levels of R 9,7 million and R 10,3 million respectively for the two outer years.
4. 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 Municipality. 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.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. For 2017/18, capital transfers totals R 52,7 million and increases to R 56,9 million by 2019/20. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 KZN263 Table A6 - Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash		53 151	10 565	16 580	10 565	10 565	10 565	10 565	10 565	10 565	10 565
Call investment deposits	1	41 643	26 071	16 580	16 580	8 302	8 302	8 302	8 302	8 302	8 302
Consumer debtors	1	41 970	69 517	42 748	33 213	33 213	33 213	33 213	33 213	33 213	33 213
Other debtors		26 646	18 191	44 082	18 191	58 088	58 088	58 088	58 088	58 088	58 088
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	7 894	11 943	12 493	11 943	7 027	7 027	7 027	7 027	7 027	7 027
Total current assets		171 304	136 287	132 483	90 492	117 194	117 194	117 194	117 194	117 194	117 194
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		27 677	25 390	34 767	25 390	26 946	26 946	26 946	26 946	26 946	26 946
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	1 541 495	1 507 476	31 635	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		570	202	1 713	202	92	92	92	92	92	92
Other non-current assets		–	3 854	–	3 855	3 855	3 855	3 855	3 855	3 855	3 855
Total non current assets		1 569 742	1 536 922	68 114	3 136 194	3 137 640	3 137 640	3 137 640	3 137 640	3 137 640	3 137 640
TOTAL ASSETS		1 741 046	1 673 209	200 597	3 226 686	3 254 835	3 254 835	3 254 835	3 254 835	3 254 835	3 254 835
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	1 381	–	–	–	–	–	–	–	–	–
Consumer deposits		12 841	13 103	13 592	13 103	13 592	13 592	13 592	13 592	13 592	13 592
Trade and other payables	4	60 002	71 374	31 980	77 682	77 682	77 682	77 682	77 682	77 682	77 682
Provisions		–	1 381	–	1 381	–	–	–	–	–	–
Total current liabilities		74 224	85 858	45 573	92 166	91 274	91 274	91 274	91 274	91 274	91 274
Non current liabilities											
Borrowing		–	–	131 440	–	–	–	–	–	–	–
Provisions		89 687	117 907	123 609	130 613	130 613	130 613	130 613	130 613	130 613	130 613

Total non current liabilities		89 687	117 907	255 050	130 613	130 613	130 613	130 613	130 613	130 613	130 613
TOTAL LIABILITIES		163 911	203 765	300 622	222 779	221 888	221 888	221 888	221 888	221 888	221 888
NET ASSETS	5	1 577 136	1 469 444	(100 025)	3 003 906	3 032 947	3 032 947	3 032 947	3 032 947	3 032 947	3 032 947
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 577 136	1 469 444	3 734 102	1 455 366	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	1 577 136	1 469 444	3 734 102	1 455 366	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322

Explanatory notes to Table A6 - Budgeted Financial Position

1. 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).
2. 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.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 41) providing a detailed analysis of the major components of a number of items, including:
 - *Call investments deposits;*
 - *Consumer debtors;*
 - *Property, plant and equipment;*
 - *Trade and other payables;*
 - *Provisions non current;*
 - *Changes in net assets; and*
 - *Reserves*
4. 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.
5. 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 24 KZN263 Table A7 - Budgeted Cash Flow from Operating activities Statement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		38 866	60 900	61 332	66 316	66 700	66 116	66 116	65 751	69 630	73 738
Service charges		210 439	224 763	283 614	247 893	232 281	216 648	216 648	246 688	271 144	297 130
Other revenue		58 327	13 731	–	11 936	8 153	8 120	8 120	13 288	14 031	14 850
Government - operating	1	133 084	114 773	112 829	114 513	114 513	114 513	114 513	124 650	133 567	141 547
Government - capital	1	9 000	49 911	49 687	55 078	45 078	45 078	45 078	52 740	54 769	56 911
Interest		4 375	3 166	1 746	1 972	1 250	1 973	1 973	1 763	1 867	1 978
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(418 410)	(403 580)	(401 053)	(491 946)	(459 013)	(396 312)	(396 312)	(550 950)	(587 933)	(630 259)
Finance charges		(3 079)	(458)	(926)	(959)	(606)	(8)	(8)	(620)	(657)	(695)
Transfers and Grants	1	(33 798)	(15 610)	(15 721)	(26 112)	(19 078)	(16 831)	(16 831)	(18 151)	(19 222)	(20 356)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(1 196)	47 596	91 507	(21 310)	(10 722)	39 297	39 297	(64 841)	(62 803)	(65 157)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	677	(294)	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	132 743	99 961	87 260	87 260	114 928	121 709	128 890
Payments											
Capital assets		(9 000)	(59 670)	(65 359)	(70 617)	(51 941)	(13 107)	(13 107)	(61 187)	(63 655)	(66 322)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 000)	(58 994)	(65 653)	62 126	48 020	74 153	74 153	53 741	58 054	62 568
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	692	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	(5 117)	(14 369)	–	–	–	–	–	–	–

NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(5 117)	(13 677)	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(10 196)	(16 515)	12 177	40 816	37 298	113 450	113 450	(11 100)	(4 749)	(2 589)
Cash/cash equivalents at the year begin:	2	83 211	53 151	1 445	13 622	13 622	(14 259)	(14 259)	11 931	831	(3 918)
Cash/cash equivalents at the year end:	2	73 015	36 636	13 622	54 438	50 920	99 191	99 191	831	(3 918)	(6 507)

Table 25 KZN263 Table A8 - Cash & Investments Backed Reserves / Accumulated Surplus Reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	73 015	36 636	13 622	54 438	50 920	99 191	99 191	17 509	26 073	34 112
Other current investments > 90 days		21 780	(0)	19 538	(27 292)	(32 053)	(80 324)	(80 324)	1 358	(7 206)	(15 245)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		94 794	36 636	33 160	27 145	18 867	18 867	18 867	18 867	18 867	18 867
<u>Application of cash and investments</u>											
Unspent conditional transfers		6 310	5 245	–	8 036	8 036	8 036	8 036	8 036	8 036	8 036
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(11 532)	(13 536)	(51 385)	17 848	(13 509)	(27 172)	(22 151)	(25 176)	(25 564)	(25 519)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(5 222)	(8 291)	(51 385)	25 884	(5 473)	(19 136)	(14 115)	(17 140)	(17 528)	(17 483)
Surplus(shortfall)		100 016	44 927	84 545	1 261	24 340	38 003	32 982	36 007	36 395	36 350

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality decreased significantly over the 2014/15 to 2015/16 period owing directly to a net decrease in cash for the 2016/17 financial year of R 53, 1 million.
4. The approved 2016/17 MTREF provided for a net decrease in cash of R 20,1 million for the 2016/17 financial year, during the Adjustment Budget the resulting changed to an overall projected cash position of R 8 million deficit at year end.
5. As part of the 2016/17 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
7. Cash and cash equivalents totals R 83 million non-cash deficit as at the end of the 2017/18 financial year and escalates to R 331 million deficits by 2019/20.

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. 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.
3. 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".
4. Non-compliance with Section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. *From the table it can be seen that for the period 2017/18 to 2019/20 the surplus remains constant at R 61 million.*

6. *As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to Section 18 of the MFMA.*
7. *As can be seen the draft budget has been modelled to a surplus of R61, 8 million in 2017/18 to surplus of R 61, 4 million by 2019/20. These figures will be revisited before the tabling of the final budget in May 2017.*

Table 26 KZN263 Table A9 - Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	11 576	55 523	65 359	70 617	51 941	45 368	61 187	63 655	66 322
Roads Infrastructure		130	40 929	41 419	35 078	25 078	25 078	37 940	39 981	42 135
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		10 919	13 524	23 365	29 000	23 500	20 034	20 000	20 295	20 607
Water Supply Infrastructure		22	-	192	1 823	505	16	505	535	566
Sanitation Infrastructure		14	591	12	1 652	450	-	550	582	617
Solid Waste Infrastructure		-	26	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		11 085	55 070	64 987	67 553	49 533	45 128	58 995	61 393	63 926
Community Facilities		151	65	44	-	-	-	1 195	1 207	1 278
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		151	65	44	-	-	-	1 195	1 207	1 278
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		85	234	128	746	600	211	600	635	673
Furniture and Office Equipment		255	154	199	2 318	1 808	29	397	420	446
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-

Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	-	-	-	-	-
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-

Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4								
Roads Infrastructure	130	40 929	41 419	35 078	25 078	25 078	37 940	39 981	42 135
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	10 919	13 524	23 365	29 000	23 500	20 034	20 000	20 295	20 607
Water Supply Infrastructure	22	-	192	1 823	505	16	505	535	566
Sanitation Infrastructure	14	591	12	1 652	450	-	550	582	617
Solid Waste Infrastructure	-	26	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	11 085	55 070	64 987	67 553	49 533	45 128	58 995	61 393	63 926
Community Facilities	151	65	44	-	-	-	1 195	1 207	1 278
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	151	65	44	-	-	-	1 195	1 207	1 278
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-

Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		85	234	128	746	600	211	600	635	673
Furniture and Office Equipment		255	154	199	2 318	1 808	29	397	420	446
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		11 576	55 523	65 359	70 617	51 941	45 368	61 187	63 655	66 322
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Roads Infrastructure</i>		682 026	178 543	178 543	178 543	178 543	178 543	178 543	178 543	178 543
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		596 992	572 862	572 862	572 862	572 862	572 862	572 862	572 862	572 862
<i>Water Supply Infrastructure</i>		299 714	290 010	290 010	290 010	290 010	290 010	290 010	290 010	290 010
<i>Sanitation Infrastructure</i>		131 637	126 000	126 000	126 000	126 000	126 000	126 000	126 000	126 000
<i>Solid Waste Infrastructure</i>		2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		1 712 476	1 169 523	1 169 523	1 169 523	1 169 523	1 169 523	1 169 523	1 169 523	1 169 523
Community Facilities		85 084	79 612	79 612	79 612	79 612	79 612	79 612	79 612	79 612
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		85 084	79 612	79 612	79 612	79 612	79 612	79 612	79 612	79 612
Heritage Assets		3 074	3 855	3 855	3 855	3 855	3 855	3 855	3 855	3 855
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		570	202	1 713	1 713	1 713	1 713	1 713	1 713	1 713
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-

Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 798 130	1 249 336	1 250 847	1 250 847	1 250 847	1 250 847	1 250 847	1 250 847	1 250 847
EXPENDITURE OTHER ITEMS										
Depreciation	7	108 414	99 106	82 095	110 958	82 931	72 361	88 047	93 242	98 744
Repairs and Maintenance by Asset Class	3	12 227	15 064	18 727	29 659	21 737	18 305	18 061	19 127	20 256
Roads Infrastructure		4 792	5 921	8 698	13 622	10 918	11 236	5 828	6 171	6 535
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		2 177	2 435	4 675	6 649	5 535	2 685	6 166	6 535	6 915
Water Supply Infrastructure		3 019	3 311	2 614	4 376	2 413	1 824	1 933	2 047	2 167
Sanitation Infrastructure		997	1 982	1 590	2 010	1 008	1 366	1 508	1 596	1 691
Solid Waste Infrastructure		21	-	99	213	120	-	200	212	224
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		11 006	13 649	17 675	26 871	19 993	17 111	15 634	16 561	17 533
Community Facilities		838	769	383	1 236	645	448	1 135	1 202	1 273
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		838	769	383	1 236	645	448	1 135	1 202	1 273
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		362	469	600	1 200	900	618	1 000	1 059	1 121
Housing		-	-	-	-	-	-	-	-	-
Other Assets		362	469	600	1 200	900	618	1 000	1 059	1 121
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		(31)	176	69	107	107	104	110	116	123
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		51	-	-	246	93	24	182	189	205
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		120 641	114 169	100 823	140 617	104 668	90 666	106 108	112 370	118 999

Explanatory notes to Table A9 - Asset Management

- 1. 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.*
- 2. National Treasury has recommended that municipalities should allocate at least 40 % of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Municipality is not able to meet both these recommendations.*

Table 27 KZN263 Table A10 - Basic Service Delivery Measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		17 237	17 237	34 261	67	67	67	67	67	67
Piped water inside yard (but not in dwelling)		14 020	14 020	–	65	65	65	65	65	65
Using public tap (at least min.service level)	2	14	14	14	14	14	14	14	14	14
Other water supply (at least min.service level)	4	12	12	12	7	7	7	7	7	7
<i>Minimum Service Level and Above sub-total</i>		31 283	31 283	34 287	153	153	153	153	153	153
Using public tap (< min.service level)	3	3 207	3 207	3 207	3 207	3 207	3 207	3 207	3 207	3 207
Other water supply (< min.service level)	4	1 919	1 919	1 919	1 919	1 919	1 919	1 919	1 919	1 919
No water supply		40 232	40 232	40 232	40 232	40 232	40 232	40 232	40 232	40 232
<i>Below Minimum Service Level sub-total</i>		45 358	45 358	45 358	45 358	45 358	45 358	45 358	45 358	45 358
Total number of households	5	76 641	76 641	79 645	45 511	45 511	45 511	45 511	45 511	45 511
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		68 157	68 157	68 157	68 157	68 157	68 157	68 157	68 157	68 157
Flush toilet (with septic tank)		4 506	4 506	4 506	4 506	4 506	4 506	4 506	4 506	4 506
Chemical toilet		11 208	11 208	11 208	11 208	11 208	11 208	11 208	11 208	11 208
Pit toilet (ventilated)		22 379	22 379	22 379	22 379	22 379	22 379	22 379	22 379	22 379
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		106 250	106 250	106 250	106 250	106 250	106 250	106 250	106 250	106 250
Bucket toilet		919	919	919	919	919	919	919	919	919
Other toilet provisions (< min.service level)		53 876	53 876	53 876	53 876	53 876	53 876	53 876	53 876	53 876
No toilet provisions		28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842
<i>Below Minimum Service Level sub-total</i>		83 637	83 637	83 637	83 637	83 637	83 637	83 637	83 637	83 637
Total number of households	5	189 887	189 887	189 887	189 887	189 887	189 887	189 887	189 887	189 887
<u>Energy:</u>										
Electricity (at least min.service level)		19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
<i>Below Minimum Service Level sub-total</i>		3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
Total number of households	5	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024

<u>Refuse:</u>										
Removed at least once a week		11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
<i>Minimum Service Level and Above sub-total</i>		11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
Removed less frequently than once a week		1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270
Using communal refuse dump		1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763
Using own refuse dump		105 738	105 738	105 738	105 738	105 738	105 738	105 738	105 738	105 738
Other rubbish disposal		3 816	3 816	3 816	3 816	3 816	3 816	3 816	3 816	3 816
No rubbish disposal		15 010	15 010	15 010	15 010	15 010	15 010	15 010	15 010	15 010
<i>Below Minimum Service Level sub-total</i>		127 597	127 597	127 597	127 597	127 597	127 597	127 597	127 597	127 597
Total number of households	5	138 854	138 854	138 854	138 854	138 854	138 854	138 854	138 854	138 854
<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>	8									
Water (6 kilolitres per indigent household per month)		2 091	2 580	2 800	3 198	1 940	1 913	2 060	2 182	2 311
Sanitation (free sanitation service to indigent households)		3 632	4 700	4 500	5 970	5 420	5 524	5 756	6 096	6 455
Electricity/other energy (50kwh per indigent household per month)		2 698	2 000	2 000	1 599	3 200	2 902	3 398	3 599	3 811
Refuse (removed once a week for indigent households)		2 702	3 500	3 500	4 690	4 670	4 665	4 960	5 252	5 562
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		11 124	12 780	12 800	15 457	15 230	15 003	16 174	17 129	18 139
<u>Highest level of free service provided per household</u>										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
<u>Revenue cost of subsidised services provided (R'000)</u>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)										
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										

Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. *Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.*
2. *The Municipality continues to make good progress with the eradication of backlogs:*
 - a. *Water services – backlog will remain the same in 2017/18 as in 2016/17. These households are largely found in ‘rural areas’ and will need to be moved to formal areas so that they can receive services.*
 - b. *Sanitation services – backlog will remain the same over the MTREF*
 - c. *Electricity services – backlogs will be reduced in ESKOM supplied areas*
 - d. *Refuse services – backlog will be reduced in 2017/18, and in the outer two years of the MTREF. However, it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.*
3. *The budget provides for all households applying as indigent in 2017/18 to be registered and on approval from EXCO be entitled to receive Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.*
4. *It is anticipated that these Free Basic Services will cost the municipality R 18,1 million in 2017/18, increasing to R 20,3 million in 2019/20. This is covered by the municipality’s equitable share allocation from national government.*
5. *In addition to the Free Basic Services, the Municipality also ‘gives’ household’s R 18,1 million in free services in 2017/18. This “tax expenditure” needs to be seen within the context of the municipality’s overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the “free services” represent about 3,1% of total operating revenue.*

Part 2 – Supporting Documentation

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 EXCO and MANCOM of the municipality meeting under the chairpersonship of the Finance Portfolio.

The primary aim of the Budget Steering Committee is to ensure:

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

The above process was followed during the preparation of the budget.

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 2016) 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 on 31 August 2016. Key dates applicable to the process were:

- **August 2016:**
- *Table IDP Process Plan to EXCO and Council for approval*
- *Submit Annual Performance Report to Treasury*

September 2016:

- 1st IDP Representative Forum meeting
- Planning meeting and establishment of Budget Committee including review of IDP and budget policies as per Gazette 32141
- **October 2016 - Budget Framework**
- IDP Steering Committee meeting to address 2016/2017 IDP MEC comments and consider analysis report
- CBP workshop
- **November 2016**
- **Presentation of Departmental and Capital Budgets**
- Departments to present budget requirements to Finance, including tariff proposals. Suggested amendments to Budget related Policies
- **31 March 2017 Draft Budget**
- Submit Draft budget, tariffs, SDBIP's to EXCO for recommendation to Council Submit Draft IDP to EXCO for recommendation to Council
- **13 April – 25 April 2017 – Public consultation;**
- **28 April – 4 May 2017 – Balancing of budget**
- **28 April 2017 - Closing date for written comments;**
- **28 May 2017 - Tabling of the 2017/18 MTREF before Council for consideration and approval.**

IDP and Service Delivery and Budget Implementation Plan

The Abaqulusi Municipality implemented a new five-year IDP for the period July 2017 to June 2022 to inform and guide the current elected public representatives in their term of office. This document outlines the Municipality's intent in terms of the agreed six strategic focus areas that are required to overcome Abaqulusi challenges, achieve its vision, and give effect to its other strategic considerations

It started in October 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF in August.

The Municipality's 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.

Registration of community needs;

- *Compilation of departmental business plans including key performance indicators and targets;*
- *Financial planning and budgeting process;*
- *Public participation process;*
- *Compilation of the SDBIP, and*
- *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 2017/18 MTREF, based on the approved 2016/17 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 2017/18 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 2016/17 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 Modelling and Key Planning Drivers

Full compliance was done by the municipality during the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- *Municipality growth*
- *Policy priorities and strategic objectives*
- *Asset maintenance*
- *Economic climate and trends (i.e. inflation, ESKOM increases, household debt, migration patterns)*
- *Performance trends*
- *The approved 2016/17 adjustments budget and performance against the SDBIP*
- *Cash Flow Management Strategy*
- *Debtor payment levels*
- *Loan and investment possibilities*
- *The need for tariff increases versus the ability of the community to pay for services;*
- *Improved and sustainable service delivery*

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 75, 78, 79, 85 and 86 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The 2017/18 MTREF was tabled before Council on 31 March 2017 for community consultation and will be published on the municipality's website, and hard copies made available at customer care offices, municipal notice boards and various libraries. The final is being tabled before Council on the 25th of May 2017.

All documents in the appropriate format (electronic and printed) will be 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 and included public briefing sessions. The applicable date and venue were published in all the local newspapers and an average attendance of 3,000 members of the community was catered for. The Mayor, Speaker, Deputy Mayor and all Councillors together with Directors and Managers attended 22 road shows in all wards. Other stakeholders involved in the consultation include churches, non-governmental institutions, community-based organisations and taxi associations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects have been addressed, and where relevant considered as part of the finalisation of the 2017/18 MTREF. Feedback and responses to the submissions received will be available on request. The following are some of the issues and concerns raised as well as comments received during last year's consultation process:

- 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 Municipality 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;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large Sections of the community made it clear that they are not in favour 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.

The changes affecting the final 2017/18 MTREF will be compared to the draft 2017/18 MTREF that will be tabled for community consultation will be included.

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 Municipality, 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 Municipality strategically complies with the key national and provincial priorities.

The aim of this cycle is 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 Municipality's response to these requirements.

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 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

Key Performance Area: Basic Service Delivery and Infrastructure Development		
Goal: To reduce levels of infrastructure backlogs by providing Basic Services, Facilities and maintaining existing infrastructure.		
Key Focus Area	Development Objectives	Development Strategies
1. Roads	Expand accessibility in various wards by 2022.	<ul style="list-style-type: none"> Constructing New Gravel Roads Construct new paved roads Construct cause ways
	Maintain existing Roads in rural & urban areas by 2022.	<ul style="list-style-type: none"> Upgrading of gravel roads to tar Re-gravelling Rehabilitation of existing tar roads Blading of roads
2. Storm Water	Maintain and replace existing Storm Water Infrastructure by 2022.	<ul style="list-style-type: none"> Installation of new storm water drains Cleaning of storm water drains
3. Sanitation	Expand Sanitation Services in various wards by 2022.	<ul style="list-style-type: none"> Installation of new sewer lines
	Maintain and replace existing Sanitation Infrastructure by 2022.	<ul style="list-style-type: none"> Unblocking of sewer pipes Replace old sanitation pipes
4. Water	Expand water availability in various wards by 2022.	<ul style="list-style-type: none"> Installation of new water connections Installation of water meters
	Maintain and replace existing Water Infrastructure by 2022.	<ul style="list-style-type: none"> Replace old water Pipes Repairs to water lines Replacing water valves Repairs to existing water pumps Maintain purification treatment plants
5. Electricity	Expand electrical availability in various wards by 2022.	<ul style="list-style-type: none"> Installation of New electrical connections Installation of electrical meters
	Maintain existing network electricity in urban and rural areas by 2022.	<ul style="list-style-type: none"> Installation of Electrical Meters Installation of High Mast Lights Repairs to public lighting Repairs to high Mast Lighting Electricity Mains- Replace bare overhead conductors General Infrastructure-maintenance on mini substations Upgrade existing transformers General Infrastructure-maintenance on major substations Replace HT Overhead lines

		<ul style="list-style-type: none"> Repairs to Robots
6. Sport fields & Parks	Expand availability of Sports fields and Parks in various wards by 2022.	<ul style="list-style-type: none"> Construction of new Sports fields and Parks in various wards
	Maintain Existing Sports fields and Parks by 2022.	<ul style="list-style-type: none"> Upgrade and revamp existing Sports fields and Parks
7. Community Halls	Expand availability of Community Halls in various wards by 2022.	<ul style="list-style-type: none"> Construction of New Community Halls
	Maintain existing Community Halls by 2022.	<ul style="list-style-type: none"> Upgrade and revamp existing Community Halls
8. Crèches	Enhance Early Childhood Development by 2022	<ul style="list-style-type: none"> Building of new crèches
9. Refuse Removal	Expand Refuse Services in various wards by 2022.	<ul style="list-style-type: none"> Increase accessibility of refuse to new households
10. Human Settlements	To provide sustainable human settlements to the people of Abaqulusi by 2022	<ul style="list-style-type: none"> Identify and Secure land prior to project approval Ensure appointment of experienced and qualified implementing agents Land disposal policy for public use Strengthen Intergovernmental Relations Land identification and facilitation of bulk service provision Facilitate Land Release Approval and implementation of the Housing Sector Plan Set up housing consumer education programme

Key Performance Area: Municipal Transformation and Institutional Development

Goal: Empower and capacitate institutional structures and promotion of transparent cooperative governance.

Key Focus Area	Development Objective	Development Strategies
1. Human Resources Management	To ensure that the municipality practice sound Human Resources management by 2022.	<ul style="list-style-type: none"> • Conduct Workshops on labour relations • Ensure functionality of Local Labour Forum • Formulate, review and adopt new and existing HR Policies. • Review and adopt Employment Equity plan • Develop and adopt recruitment Plan and strategy • Develop and adopt Retention strategy • Review and adopt organizational structure • Review Job descriptions • Fast track filling of critical vacant posts
2. Human Resource Development	To ensure that the new and existing staff are capacitated to fulfil their functions and promote career development and comply with safety measures by June 2022.	<ul style="list-style-type: none"> • Develop/Review Workplace Skills Plan. • Develop/Review Induction Plan. • Sitting of OHS Committee and other HRD related committees. • Develop/Review of training policy • Develop/Review Wellness Programme. • To facilitate skills audit for municipal employees. • To facilitate skills audit for councillors through COGTA
3. Council Support	To ensure that Council and its committee fulfil their executive and legislative functions and play an effective oversight role over administration by 2022	<ul style="list-style-type: none"> • Develop and adopt Council Annual Programme • Monitoring and implementation of the Council Annual Programme • Monitoring the execution of Council resolutions • Provision of Administrative Support to Council and its Committees
4. Records Management	To ensure effective management of all internal and external records by 2022	<ul style="list-style-type: none"> • Implementation of Records Management Policy

5. <i>Fleet Management</i>	<i>To ensure effective management of fleet by 2022</i>	<ul style="list-style-type: none"> • <i>Implementation of Fleet Management Policy</i>
6. <i>Information Technology</i>	<i>To provide a secure ICT infrastructure which delivers appropriate levels of Confidentiality, integrity, availability, stability and growth by 2022.</i>	<ul style="list-style-type: none"> • <i>Development and monitoring of ICT infrastructure and relevant security mechanisms with provision of reports.</i> • <i>Workshop of ICT Policies and Procedures to staff.</i> • <i>Development of Intranet to provide basic information on Email and Internet security standards for users.</i> • <i>Ensure ICT secure procedures are followed.</i> • <i>Ensure security mechanisms are in place to ensure confidentiality and integrity of data.</i> • <i>Upgrade, and maintain relevant equipment and infrastructure to ensure stability of ICT infrastructure</i> • <i>Purchasing of new desktop computers, and servers to ensure renewal and growth.</i> • <i>Upgrading to new technologies.</i> • <i>Updating/Upgrading to new software as part of the new technology drive forward.</i> • <i>Renewal and expansion of DR and Data Backup Systems [e.g.; IaaS/PaaS Cloud Systems]</i> • <i>Develop compliance/Intranet calendar for staff on the Intranet as reference model to assist in providing staff with deadline dates for ALL reports.</i>

4. Records Management	<i>To have a fully functional and effective record system by June 2017 which is fully compliant with National Archives and Records Services Act of 1996.</i>	<i>Implementation of the records management policy.</i>
5. Public Participation	<i>Improve public participation satisfaction by June 2017.</i>	<i>To ensure that communities participate in the overall planning (IDP) legislative (By laws and oversight) PMS by June 2017.</i>
6. Fleet Management	<i>Measure controls and fleet management system</i>	<i>Implementation of the Fleet policy.</i>
7. ITC	<i>To have a website that is easily accessible and informative by June 2017</i>	<i>Monitor Website on a daily basis</i>

Key Performance Area: Financial Viability & Management

Goal: Ensure sound financial management and accountability

Key Focus Area	Development Objective	Development Strategies
1. Revenue	Ensure the Municipal Revenue Streams are optimised by 2022	<ul style="list-style-type: none"> Daily control checks and balances of cashiers and banking of cash Daily updating of valuation roll and financial system to secure correct billing of rates Monitor Billing vs Payment system Update Indigent Register Weekly visits to satellite offices to verify and secure financial procedures and income
2. Expenditure	To ensure effective expenditure control by 2022	<ul style="list-style-type: none"> Ensure payment of service providers within 30 days Ensure reconciliations are performed regularly Verification of all orders and invoices correctness before payment is done using check list and financial system and procedures
3. SCM	To strengthen the Supply Chain Unit and Processes by 2022	<ul style="list-style-type: none"> Develop Municipal Procurement Plan Update supplier's database Review SCM Policy Provide training and skills development to officials involved in procurement processes
4. Assets	To Maintain Fixed Assets of the Municipality in terms of GRAP	<ul style="list-style-type: none"> Maintain fixed assets register on a monthly basis Updating of all purchases and spot check visits to offices Maintaining the Fixed Assets Register in terms of the Fixed Assets Policy and GRAP 17 monthly
5. Financial Reporting	Ensure that financial reporting conforms to all legal and institutional requirements	<ul style="list-style-type: none"> Develop Draft Budget annually Develop and Adopt Final Budget annually Develop and adopt Final Budget Process Plan annually Submission of Monthly Section 71, Quarterly Section 52 & Half Year Section 72 Report

Key Performance Area: Good Governance and Community Participation

Goal: To be a Responsible, accountable, effective and efficient developmental Municipality

Key Focus Area	Development Objective	Development Strategies
1. Communication and customer satisfaction	To revive and strengthen Communications by 2022	<ul style="list-style-type: none"> Develop/adopt communication strategy Review the Communication Strategy
	To engage and improve customer satisfaction by 2022	<ul style="list-style-type: none"> Develop a customer care centre Appoint a customer care committee Conduct customer satisfaction surveys on regular basis Establish "suggestion boxes" at all municipal offices Utilisation of the municipal "hotline" system Establish additional municipal satellite offices
2. Internal Audit	To provide an assurance on the effectiveness of governance, risk management and internal control by 2022	<ul style="list-style-type: none"> Develop and implement the annual internal audit coverage plan Develop and implement quality assurance programmes to assess the effectiveness of internal audit unit Discuss and submit internal audit reports to Management, Audit Committee and MPAC Appoint audit steering committee Develop and implement the audit committee annual plan Develop and implement the audit committee assessment tool
3. Risk Management	To improve the effectiveness of risk management within the organisation by 2022	<ul style="list-style-type: none"> Conduct the risk assessment and develop the risk register Appoint risk management committee and assess the functionality thereof Incorporate risk action plans into departmental SDBIP Monitor the implementation of risks mitigation plans by Department Identify and assess new emerging risks throughout the period
4. Integrated Development Planning	To ensure effective decision-making, budgeting and management of resources	<ul style="list-style-type: none"> Develop and implement the IDP/Budget process plan

		<ul style="list-style-type: none"> • Engage in Community Consultation Process (IDP Rep Forums, Road-shows, Izimbizos) • Develop, review and adopt IDP annually
5. Performance Management	To promote a system of transparency and accountability within the municipality	<ul style="list-style-type: none"> • Review and adopt the PMS Framework • Establish Performance Evaluation Committee • Cascading of PMS • Develop APR
6. Back to Basics	To Create an all-inclusive participatory developmental municipality by 2022	<ul style="list-style-type: none"> • Regular reporting on the status of the municipality to National and Provincial CoGTA

Key Performance Area: Local Economic Development and Social Development

Goal: To promote socio-economic growth and job opportunities.

Key Focus Area	Development Objective	Development Strategies
1. Agriculture	Unleashing agricultural potential in Abaqulusi by 2022	<ul style="list-style-type: none"> • Coordinate the establishment of agri- business forums, farmers associations • Give support to the agricultural production • Coordinate agricultural activities • Establish cooperatives in all areas • Develop Agri-processing Hub • Develop/Review Agriculture Sector Plan
2. SMME's and informal traders	Promote entrepreneurship by 2022	<ul style="list-style-type: none"> • Train SMME's according to their needs to meet the standard • Coordinate intergovernmental structure to create job opportunities
3. Poverty alleviation	Reduce poverty in all wards by 2022	<ul style="list-style-type: none"> • Train the vulnerable community on income generating project • Deliver poverty alleviation project in all wards
4. Tourism	Promote tourism opportunities by 2022	<ul style="list-style-type: none"> • Co-ordinate tourism events in the municipality • Organise workshops and Road shows • Establish tourism industry and project focusing on tourism • Develop Tourism Sector Plan
5. Economic growth	Promote economic development by 2022	<ul style="list-style-type: none"> • Develop and implement investment strategy such as PPP • Develop and implement marketing strategy • Develop commercial centres in the Municipality • Review, adopt and implement the LED strategy • Develop a Mining strategy
6. Real estate	Proper Acquisition and disposal of real estate according to municipality by-laws by 2022	<ul style="list-style-type: none"> • Develop land release strategy • Develop real estate by-laws
7. Sport and Recreation	Promote Sports and Recreation in Abaqulusi by 2022	<ul style="list-style-type: none"> • Establish Sport and recreation Committee (Sport Council) • Conduct sport talent promotion and competitions • Provide DSR with a platform to support federations and players in different sport codes

8. Youth programmes	Establish and promote youth development programmes by 2022	<ul style="list-style-type: none"> • Establish Youth Committee (Youth Council) • Conduct youth empowerment sessions • Provide government departments and private sector with a platform to support the youth in their different developmental needs.
9. Arts and culture	Establish and promote cultural programmes by 2022	<ul style="list-style-type: none"> • Establish Art & Culture Committee (art & Culture Council) • Conduct artist' talent promotion and competitions • Provide department of arts and culture with a platform to support artists in their different art codes.
10. Social welfare	Ensure availability of social services programmes to the community of Abaqulusi by 2022	<ul style="list-style-type: none"> • Establish Social services stakeholder Committee • Support DSD in out rolling social development programmes.
11. Health HIV/AIDS	Establish and promote healthy living and HIV/AIDS awareness programmes BY 2022	<ul style="list-style-type: none"> • Establish health and HIV/AIDS Committee (AIDS Council) • Conduct awareness programmes • Provide department of health with a platform to support the community in their different health needs.
12. Special Programmes	Establish and promote community empowerment programmes for children, aged, disabled and vulnerable groups by 2022	<ul style="list-style-type: none"> • Establish Special programmes Committee (Children, Gender, elderly and Disability Councils) • Conduct empowerment sessions and awareness campaigns • Support NGO'S by sourcing assistance from potential sponsors and funders
13. Safety and Security	Enhancing safety and security by 2022	<ul style="list-style-type: none"> • Participate in the CPF and Neighbourhood watch meetings • Conduct crime-awareness programmes in communities

Key Performance Area: Cross Cutting (Spatial, Environment and Disaster Management)

Goal: To redress the spatial imbalances and promote sustainable environmental planning.

Key Focus Area	Development Objective	Development Strategies
1. Town Planning	To ensure effective management of current and desirable land uses by 2022	<ul style="list-style-type: none"> • Review and implementation of the Spatial Development Framework • Approval and implementation of Precinct Plans • Preparation of the Abaqulusi wall-to-wall scheme and Land Audit in compliance with the Spatial Planning and land Use Management Act 2013 • Facilitation of Township Establishment • Identification of developmental land • Conduct Information Workshops • Set up enforcement procedures
2. GIS	To have an effective and efficient GIS System by 2022	<ul style="list-style-type: none"> • Ensure GIS system is updated regularly • Renewal of GIS Licence annually • Integrate GIS System with other municipal departments
3. Building Inspectorate	To ensure the sustainability of the built environment by 2022	<ul style="list-style-type: none"> • Timeous Assessment of building plans • Workshop Built environment professionals • Training to current staff and appointment of additional Law Enforcement Officer
4. Fire & Disaster Management	Ensure Effective & Efficient response to community emergencies by 2022	<ul style="list-style-type: none"> • Strengthen stakeholder relations • Decentralisation of services • Establishment of Disaster Management Unit • Acquiring relevant and sufficient Disaster Equipment regularly
5. Environmental health	Establish and promote environmental health awareness programmes by 2022	<ul style="list-style-type: none"> • Establish Environmental issues committee (Enviro Council) • Conduct awareness programmes • Provide department of environmental affairs with a platform to support the municipality and the community in their different art environmental needs

ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT STRATEGIC DOCUMENTS

This KPA is aligned with the following national, provincial and district strategies to ensure that the municipality works in a way that is sustainable and provide a safe environment for its citizens.

This section need to be read together with section 4 of this report

National Development Plan identified the following primary challenges pertaining to this KPA:

- Spatial divides hobble inclusive development;
- Corruption levels are high

Cabinet Outcomes:

3. *All people in South Africa are and feel safe*
7. *Vibrant, equitable and sustainable rural communities with food security for all*
8. *Sustainable human settlements and improved quality of household's life enhanced*
10. *Environmental assets and natural resources that are well protected and continually*

KZN Provincial Growth and Development Plan/Strategy

3. *Human and Community Development*
4. *Strategic Infrastructure*
5. *Response to Climate Change*
7. *Spatial Equity*

Back to Basics Program:

1. *Creating decent living conditions*

Zululand District Growth and Development Plan

5. *Environmental Sustainability*
7. *Spatial Equity*

Batho Pele Principles:

- 1: *Consultation*
- 2: *Service Standards*
- 3: *Access*
- 4: *Courtesy*
- 5: *Information*
- 8: *Value for money*
- 6: *Openness and transparency*

Abaqulusi municipality

The goal, focus areas, development strategies and eventual projects of the municipality are all directly aligned with the broader governmental strategic documents to ensure the municipality strive to safeguard a sustainable, safe and well preserved environment for its current citizens and future generations.

The municipality's integrated approach to provide an enabling and conducive environment where people enjoy better living conditions and a safe life are reflected in the action plans that is part of this document.

Table 29 KZN263 Table SA4 - Reconciliation between the IDP Strategic Objectives and Budgeted Revenue

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Basic Service Delivery & Infrastructure Development	Energy Sources			141 091	145 521	162 862	177 587	170 301	161 915	200 871	203 182	222 109
	Waste Management			17 486	15 946	17 441	19 496	19 100	18 904	20 342	22 776	24 613
	Waste Water Management			19 208	25 914	22 891	26 428	25 000	22 042	26 625	29 288	32 216
	Water Management			39 988	28 251	34 902	41 519	17 880	13 786	30 026	33 028	36 331
	Road Transport			59 646	41 106	40 122	35 324	25 284	28 941	254	254	254
	Asset Management			3 653	11 866	4 425	1 398	1 398	1 398	1 505	–	–
	Cemeteries			187	177	191	223	140	121	130	138	146
Municipal Transformation & Institutional Development	Administration & Corp			2 653	3 549	938	167	5	3	125	132	140
	Human Resources			184	248	–	–	–	–	–	–	–
	Fleet Management			–	–	–	–	–	–	–	–	–
	Information Technology			–	–	–	–	–	–	–	–	–
	Community & Social Services			–	–	–	–	–	–	–	–	–
Financial Viability & Management	Finance			154 262	206 917	215 511	182 699	229 657	179 654	193 592	210 163	222 859
	Supply Chain Management			–	–	–	–	–	–	–	–	–
	Valuation Service			–	–	–	–	–	–	–	–	–
Good Governance & Community Participation	Mayor & Council			6 909	1 049	1 025	16	39	58	–	–	–
	Municipal Manager			–	–	–	–	–	–	–	–	–
	Internal Audit			–	–	–	–	–	–	–	–	–

LED & Social Development	Vehicle Licensing		1 997	1 855	1 972	2 132	1 950	1 865	2 000	2 118	2 243	
	Markets		-	-	-	-	-	-	-	-	-	
	Tourism		50	-	50	100	-	-	100	100	100	
	Corporate Wide Strategic		-	-	-	-	-	-	-	-	-	
	Planning - LED											
	Public Safety		11 783	10 499	8 987	4 067	3 400	3 451	4 900	5 189	5 495	
	Community Halls & Facilities		292	342	441	203	99	105	96	102	108	
	Libraries		2 682	2 753	2 617	3 552	3 536	3 537	3 900	4 094	4 285	
	Museums		165	172	166	175	175	-	183	192	202	
	Housing		-	-	-	-	-	-	-	-	-	
Cross Cutting	Corporate Wide Strategic - Planning - IDP		-	-	-	-	-	-	-	-	-	
	Town Planning, Building		21 774	153	8 987	197	172	164	534	1 766	599	
	Regulations & Enforcement											
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	484 009	496 318	523 530	495 283	498 135	435 945	485 181	512 520	551 699

Table 30 KZN263 Table SA5 - Reconciliation between the IDP Strategic Objectives and Budgeted Operating Expenditure

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Basic Service Delivery & Infrastructure Development	Energy Sources			175 225	195 409	200 106	233 427	204 529	180 447	203 372	214 218	232 916
	Waste Management			17 867	21 059	20 756	33 737	28 985	25 218	31 852	33 417	35 437
	Waste Water Management			27 653	40 454	22 152	44 134	40 349	33 027	40 671	43 429	46 380
	Water Management			64 672	47 514	3 685	52 395	35 653	32 620	39 252	40 655	43 209
	Road Transport			80 054	26 460	29 282	66 165	64 281	51 728	35 291	36 189	40 242
	Asset Management			3 727	6 290	5 559	6 244	5 837	3 340	6 993	5 833	6 199
	Cemeteries			1 461	1 363	1 546	3 042	2 573	1 332	1 441	1 538	1 643
Municipal Transformation & Institutional Development	Administration & Corp			36 426	8 662	15 325	17 557	17 567	15 693	14 135	15 000	15 922
	Human Resources			2 952	3 837	4 911	5 723	4 598	4 368	5 077	5 420	5 786
	Fleet Management			–	–	–	–	–	–	23 751	25 155	26 641
	Information Technology			3 036	3 458	4 307	5 300	5 093	4 553	4 756	5 060	5 384
	Community & Social Services			–	–	–	4 444	4 295	4 300	4 681	4 988	5 316
	Media & Customer Relations			–	–	–	–	–	–	2 470	2 498	2 527
Financial Viability & Management	Finance			44 235	35 887	28 634	35 447	30 179	27 608	38 507	41 643	44 764
	Supply Chain Management			–	–	–	–	–	–	–	–	–
	Valuation Service			–	–	–	–	–	–	–	–	–
Good Governance & Community Participation												
	Mayor & Council			35 207	104 226	78 001	60 722	55 722	50 235	53 204	56 431	59 388
	Municipal Manager			4 145	75 026	75 380	7 569	5 364	5 052	2 209	2 671	2 832
	Internal Audit			–	–	–	–	–	–	7 821	7 913	8 388
LED & Social Development												
	Vehicle Licensing			1 096	1 266	1 129	1 264	1 291	1 280	1 399	1 496	1 599
	Markets			–	–	–	–	–	–	–	–	–
	Tourism			361	371	409	624	454	409	581	613	648
	Corporate Wide Strategic Planning - LED			–	–	–	–	–	–	4 937	4 969	5 002

Cross Cutting	Public Safety		14 353	27 576	28 996	29 736	27 046	21 784	27 258	28 985	30 823	
	Community Halls & Facilities		13 679	25 308	21 990	17 266	15 801	15 096	16 536	17 472	18 525	
	Libraries		2 397	2 456	2 691	3 384	3 039	2 842	3 301	3 517	3 755	
	Museums		261	326	392	584	426	296	439	468	500	
	Housing		1 059	1 893	1 980	2 481	2 436	2 004	2 562	2 735	2 919	
	Corporate Wide Strategic - Planning - IDP		—	—	—	—	—	—	839	888	941	
	Town Planning, Building Regulations & Enforcement		4 522	(14 449)	7 403	14 355	12 610	5 043	8 670	11 045	10 358	
Allocations to other priorities			2									
Expenditure By Type			1	534 389	614 392	554 635	645 600	568 128	488 275	582 004	614 245	658 045

Table 31 KZN263 Table SA6 - Reconciliation between the IDP Strategic Objectives and Budgeted Capital Expenditure

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Basic Service Delivery & Infrastructure Development	Energy Sources	A										
	Waste Management	B		10 919	13 524	23 365	29 000	23 500	20 034	19 500	19 330	19 585
	Waste Water Management	C			26		61	35	–	35	37	39
	Water Management	D		14	591	12	1 652	450	–	1 550	1 641	1 738
	Road Transport	E		22		192	1 823	505	16	1 505	1 594	1 688
	Asset Management	F		130	40 911	41 419	35 408	25 288	25 086	37 940	39 980	42 136
	Cemeteries	G		2	39		11	10	–	–	–	–
	Housing	H		50			1 166	1 166	–	600	850	900
Municipal Transformation & Institutional Development		I										
	Administration & Corp	J		25	21	46	53	5	2	5	5	6
	Human Resources	K		–	20	14	21	15	–	15	16	17
	Fleet Management	L		–	–	–	–	–	–	–	–	–
	Information Technology	M		85	234	128	746	600	211	610	646	684
Financial Viability & Management	Community & Social Services	N		15	65		–	–	–	–	–	–
	Finance			63	38	122	426	200	–	200	212	224
	Supply Chain Management			–	–	–	–	–	–	–	–	–
Good Governance & Community Participation	Valuation Service			–	–	–	–	–	–	–	–	–
	Mayor & Council			–	–	–	–	–	–	–	–	–
	Municipal Manager			–	–	–	–	–	–	–	–	–
LED & Social Development	Internal Audit			–	–	–	–	–	–	–	–	–
	Vehicle Licensing			–	–	–	–	7	5	7	7	8
	Markets			–	–	–	–	–	–	–	–	–
	Tourism			–	–	–	–	–	–	–	–	–
	Corporate Wide Strategic Planning - LED			–	–	–	–	–	–	–	–	–

Cross Cutting	Public Safety			-	-	24	103	100	-	100	100	106
	Community Halls & Facilities				54	19	50	20	-	20	21	22
	Libraries			-	-	1	53	25	6	75	79	84
	Museums			-	-	-	-	-	-	-	-	-
	Corporate Wide Strategic - Planning - IDP			-	-	-	-	-	-	-	-	-
	Town Planning, Building Regulations & Enforcement			251		16	42	15	8	25	26	28
Allocations to other priorities			3									
Total Capital Expenditure			1	11 576	55 523	65 359	70 617	51 941	45 368	62 187	64 546	67 265

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 Municipality 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 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 1 Planning, budgeting and reporting cycle

The performance of the Municipality 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 Municipality therefore has adopted one integrated performance management system which encompasses:

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

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

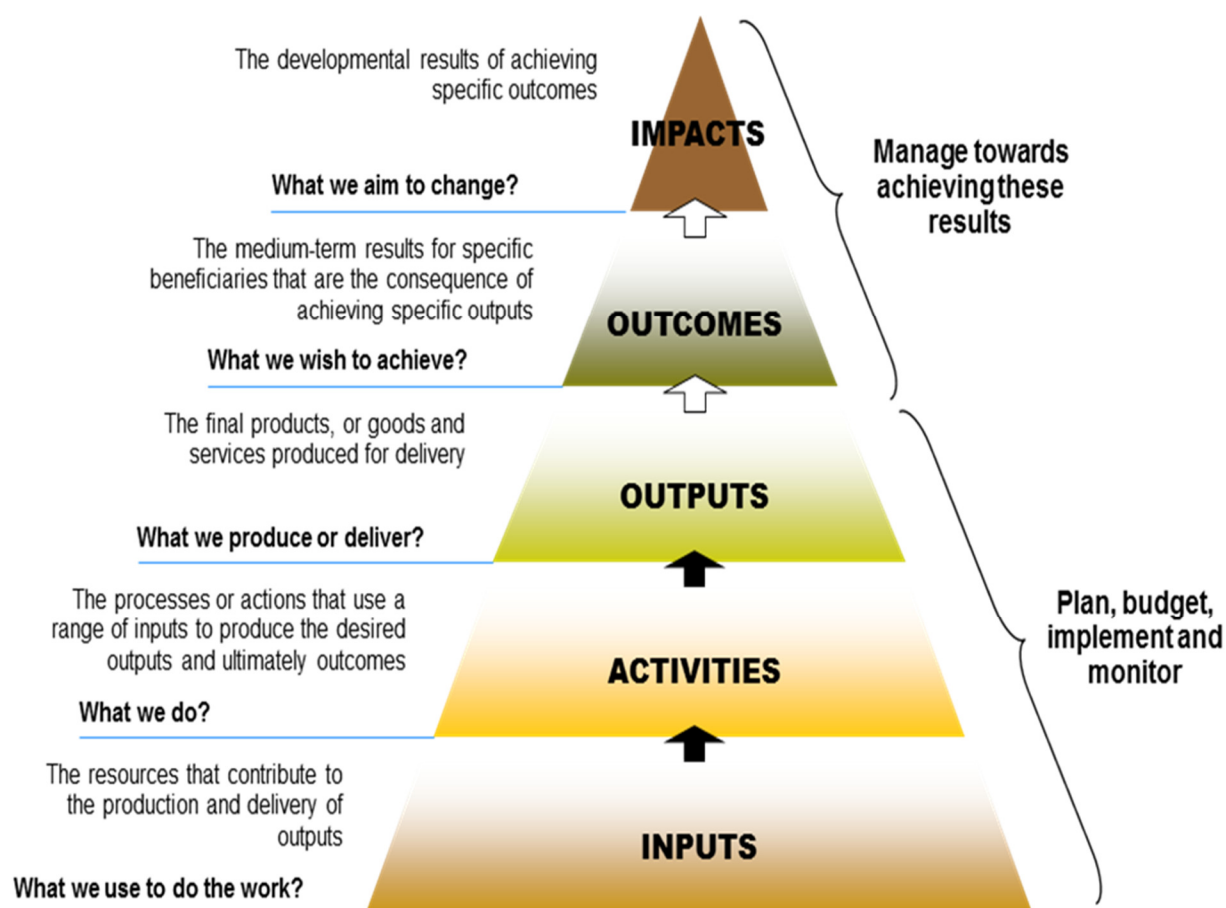


Figure 2 Definition of performance information concepts

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

.

Table 32 KZN263 Table SA7 - Measurable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 1 - vote name	SEE ATTACHED SCHEDULES									
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
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Sub-function 3 - (name)										
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Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
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<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

Table 33 KZN263 Table SA8 - Performance Indicators and Benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<u>Borrowing Management</u>							
Credit Rating		0	0	0	0	0	0
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.7%	1.5%	3.3%	0.2%	0.1%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.0%	2.0%	4.1%	0.3%	0.2%	0.0%
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%
<u>Safety of Capital</u>							
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>							
Current Ratio	Current assets/current liabilities	2.3	1.6	2.9	1.0	1.3	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.3	1.6	2.9	1.0	1.3	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	1.3	0.4	0.7	0.3	0.2	0.2
<u>Revenue Management</u>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	105.7%	121.4%	100.1%	106.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	105.7%	121.4%	100.1%	106.6%	106.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.4%	19.6%	18.3%	11.7%	20.2%	23.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.00%	0.00%	0.00%	0.0%	0.0%	0.0%
<u>Creditors Management</u>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))						
Creditors to Cash and Investments		78.2%	180.5%	234.8%	127.9%	136.8%	70.2%
<u>Other Indicators</u>							
	Total Volume Losses (kW)						
	Total Cost of Losses (Rand '000)		49 288	74 825			
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	24 983	38 444	106 385			
			30.46%	47.41%			
	Total Volume Losses (kℓ)						
	Total Cost of Losses (Rand '000)		5 669	3 393			
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	5 117	5 569	7 684			
			46.00%	54.00%			
Employee costs	Employee costs/(Total Revenue - capital revenue)	22.7%	27.5%	27.2%	33.1%	29.2%	33.4%

Remuneration	Total remuneration/(Total Revenue - capital revenue)	27.4%	31.8%	27.2%	38.3%	34.3%	39.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.6%	3.4%	4.0%	6.7%	4.8%	4.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	23.5%	22.6%	17.4%	25.4%	18.4%	18.5%
IDP regulation financial viability indicators		-					
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	37.7	20.7	183.1	260.5	260.5	260.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	27.4%	32.3%	30.4%	16.3%	32.4%	34.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.1	1.4	0.5	1.5	1.4	3.3

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, Abaqulusi Municipality'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 2017/18 MTREF:

- Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is 0% and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remained steady from 0, 1% in 2013/14 to 2016/17. It is estimated that the cost of borrowing as a percentage of the operating expenditure will remain at 0, 2 % in 2017/18 and will then remain at 0, 1 % at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 % which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality 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 2017/18 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. As part of the planning guidelines that informed the compilation of the 2017/18 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective, hence the ratio remains at 0%.
- The gearing ratio is a measure of the total long term borrowings over funds and reserves. The ratio remains at 0%.

Liquidity

- Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016/17 MTREF the current ratio is 1, 6 in the 2017/18 financial year and remains at 1, 6 for the two outer years of the MTREF. Going forward the municipality will have to maintain the ratio above 1.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.4 and as part of the financial planning strategy it has been remained at 0.4 in the 2017/18 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. 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, and credit control and debt collection.

Creditors Management

- The Municipality 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 has managed to ensure a 100% compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

Other Indicators

- The electricity distribution losses have increased from 30.46% to 46.88%. The initiatives to ensure these targets are controlled and lowered during the 2017/18 financial year include managing illegal connections and theft of electricity by auditing all systems, including prepaid meters.

- *The water distribution losses continue to increase from 46% in 2014/15 to 60.87% in 2016/17. The municipality will have to introduce a water leakage report and action centre. Also areas currently not metered will have to have meters installed to ensure residents pay for water consumed. It is planned to further try and reduce distribution losses from 50% in 2017/18 to 20% by 2019/20.*
- *Employee costs as a percentage of operating revenue continues to increase over the MTREF. 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 the Municipality'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 Municipality. Only registered indigents qualify for the free basic services and all indigents must apply annually and these applications will be scrutinized to ensure they are genuine.

For the 2017/18 financial year registered indigents have been provided for in the budget with this figured increasing by 2019/20. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

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 A10 (Basic Service Delivery Measurement) on page 75

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

The Municipality is in the process of applying to the Department of Water Affairs to become the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The water is generated from the Municipality's own water sources, such as boreholes and small dams.

The waste water plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2017/18 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- 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;*
- Shortage of skilled personnel makes proper operations and maintenance difficult;*
- 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 need to be undertaken to address these challenges:

- Infrastructure shortcomings will be addressed through the capital budget in terms of a 5-year upgrade plan;*
- The filling of vacancies has commenced and the Waste Water Section will embark on an in-house training programme, especially for operational personnel;*
- The Section is working in consultation with the Department of Water Affairs to address catchment management.*

Overview of budget related-policies

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

Review of credit control and debt collection procedures/policies

The policy adopted last year is credible, sustainable, manageable and informed by affordability and value for money. During the 2017/18 financial year there will be a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, an Integrated Indigent Exit Programme will have to be developed to link the registered indigent households to development, skills and job opportunities. The programme will further seek 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 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 92% on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality'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 Municipality's 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. An Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy will prescribe 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 Municipality 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 amended Supply Chain Management Policy must be adopted by Council in May 2017. The amendments must be extensively consulted on before the adoption in May 2017.

Budget and Virements Policy

The Budget and Virements 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 Municipality's system of delegations. The Budget and Virements Policy was approved by Council in May 2011 in respect of both Operating and Capital Budget Fund Transfers.

Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy needs to be approved by Council in May 2017. The aim of the policy is to ensure that the Municipality's 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. The amendment is to ensure the policy is GRAP compliant.

Tariff Policies

The Municipality's 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 will be compiled during the 2017/18 MTREF with the emphasis on affordability and long-term sustainability. The policy will dictate the approach to longer term financial modelling. The outcomes will then be filtered into the budget process. The model and scenario planning outcomes will be 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 will be the emphasis on financial sustainability. Amongst others, the following will be modelled as part of the financial modelling and scenario planning process:

- *Approved 2016/17 Adjustments Budget;*
- *Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);*
- *Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);*
- *Loan and investment possibilities;*
- *Performance trends;*
- *Tariff Increases;*
- *The ability of the community to pay for services (affordability);*
- *Policy priorities;*
- *Improved and sustainable service delivery; and*
- *Debtor payment levels.*

All the above existing policies are available on the Municipality's website, and all new policies will be placed on the website once adopted by Council. These include the following budget related policies:

- *Property Rates Policy;*
- *Funding and Reserves Policy;*
- *Borrowing Policy;*
- *Budget Policy; and*
- *Basic Social Services Package (Indigent Policy).*

Overview of budget assumptions

External factors

Owing to the economic slowdown, 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 Municipality'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 2017/18 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 25,2% of total operating expenditure in the 2017/18 MTREF

Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

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 (92%) of annual billings. Cash flow is assumed to be 92% 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

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, 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 multi-year Salary and Wage Collective Agreement from SALGBC has advised that municipality's budget for an annual increase of 7,36 % for the 2017/18 financial year and for the two outer years 6.8%.

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:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- 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 97 % is achieved on operating expenditure and 98% on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

Overview of budget funding

Medium-term outlook: operating revenue

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

Table 34 Breakdown of the Operating Revenue over the Medium-Term Revenue & Expenditure Framework

Description	2017/18 Medium Term Revenue & Expenditure Framework					
	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
Financial Performance						
Property rates	R 65,751,000.00	14,54%	R 69,630,000.00	14,11%	R 73,738,000.00	13,87%
Service charges	R 246,688,000.00	54,56%	R 271,144,000.00	54,95%	R 297,130,000.00	55,91%
Investment revenue	R 1,750,000.00	0,39%	R 1,853,000.00	0,38%	R 1,963,000.00	0,37%
Transfers recognised - operational	R 124,650,000.00	27,56%	R 136,722,000.00	27,71%	R 143,762,000.00	27,05%
Other own revenue	R 13,301,000.00	2,95%	R 14,045,000.00	2,85%	R 14,864,000.00	2,8%
Total Revenue (excluding capital transfers and contributions)	R 452,140,000.00	100.00%	R 493,395,000.00	100.00%	R 531,457,000.00	100.00%

Figure 3 Breakdown of operating revenue over the 2017/18 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 Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

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

- *Growth in the municipality and economic development;*
- *Revenue management and enhancement;*
- *Achievement of a 92 % annual collection rate for consumer revenue;*
- *National Treasury guidelines;*
- *Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;*
- *Achievement of full cost recovery of specific user charges;*
- *Determining tariff escalation rate by establishing/calculating revenue requirements;*
- *The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and*
- *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 2017/18 MTREF on the different revenue categories are:

Table 35 Proposed tariff increases over the medium-term – Revenue Category

Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand							
Revenue By Source							
Property rates	64 184	63 500	63 291	63 291	65 751	69 630	73 738
Service charges - electricity revenue	175 988	167 101	159 014	161 915	182 472	199 583	218 298
Service charges - water revenue	38 321	15 940	11 874	13 786	27 965	30 846	34 020
Service charges - sanitation revenue	20 458	19 580	16 518	22 042	20 869	23 192	25 761
Service charges - refuse revenue	14 806	14 430	14 239	18 904	15 382	17 523	19 051

Revenue to be generated from property rates is R 65,7 million in the 2017/18 financial year and increases to R73,7 million by 2019/20 which represents 14,5% of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered strategic revenue source further supplementary valuation processes will be undertaken during the 2017/18 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 246,6 million for the 2017/18 financial year and increasing to R 297,1 million by 2019/20. For the 2017/18 financial year services charges amount to 54,5% of the total revenue base and remains constant over the medium-term.

Operational grants and subsidies amount to R 124,6 million, R 136,7 million and R 143,7 million for each of the respective financial years of the MTREF, or 27,5%, 27,7% and 27% 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 Municipality with a budget allocation of R1, 7 million, R1,8 million and R 1,9 million for the respective three financial years of the 2017/18 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 36 KZN263 SA15 – Detail Investment Particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
<u>Parent municipality</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		41 643			12 000	10 000	10 000	12 000	15 000	15 000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	41 643	-	-	12 000	10 000	10 000	12 000	15 000	15 000
<u>Entities</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		41 643	-	-	12 000	10 000	10 000	12 000	15 000	15 000

Table 37 KZN263 SA16 – Investment Particulars by Maturity

Investments by Maturity	Ref	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1					
<u>Parent municipality</u>						
ABSA (Notice Deposit)		–				–
ABSA (Guarantee ESKOM)		–				–
ABSA (Call)		70				70
ABSA (Call)		1				1
ABSA (Call)		799				799
ABSA (Call)		2 355				2 355
SIMS		0				0
FIRST NATIONAL		–				–
INVESTEC BANK		–				–
STANDARD BANK		53				53
STANDARD BANK		1 070				1 070
NEDBANK		5 404				5 404
		–				–
Municipality sub-total		9 752		–	–	9 752
<u>Entities</u>						
						–
						–
						–
						–
						–
						–
Entities sub-total		–		–	–	–
TOTAL INVESTMENTS AND INTEREST	1	9 752		–	–	9 752

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The draft MTREF therefore provides for a budgeted non cash deficit of R 114,9 million and then R 121,7 million and R128,8 in each of the financial years. The municipality is seriously busy with an exercise of remodelling the tariffs for electricity in the 2017/18 financial year as the ESKOM increases of the past years which have been significantly more than the percentage the municipality was allowed to increase the tariffs is having a negative impact on the cash flow

Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 38 Sources of Capital Revenue over the MTREF – Medium Term Revenue & Expenditure Framework A5 Capital

Funded by:										
National Government		9 000	49 911	49 687	55 078	45 078	45 078	52 740	54 769	56 911
Provincial Government		–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	9 000	49 911	49 687	55 078	45 078	45 078	52 740	54 769	56 911
Public contributions & donations	5	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		2 660	5 612	7 334	15 539	6 863	290	9 447	9 777	10 354
Total Capital Funding	7	11 660	55 523	57 021	70 617	51 941	45 368	62 187	64 546	67 265

Figure 4 Sources of capital revenue for the 2017/18 financial year

Capital grants and receipts represents R 9,4 million from own funding and R52,7 million from grant funding for the 2017/18 financial year.

The following table is a detailed analysis of the Municipality's borrowing liability. (SA 17)

Table 39 KZN263 Table SA 17 - Detail of Borrowings Categorised by Type

Borrowing - Categorised by type R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-

Figure 5 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 40 KZN263 Table SA 18 - Capital transfers and Grant Receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
RECEIPTS:	1, 2									
- Operating Transfers and Grants										
National Government:		101 839	109 287	129 193	130 907	130 907	130 907	135 598	146 269	154 310
Local Government Equitable Share		89 399	96 203	106 246	107 884	107 884	107 884	117 393	129 314	137 095
Finance Management		1 550	1 698	1 600	1 625	1 625	1 625	1 700	1 955	2 215
Integrated National Electrification Programme		9 000	9 000	19 000	20 000	20 000	20 000	15 000	15 000	15 000
EPWP Incentive		1 000	1 376	1 417	1 398	1 398	1 398	1 505	-	-
Municipal Systems Improvement		890	1 010	930	-	-	-	-	-	-
Other transfers/grants [insert description]										
Provincial Government:		5 497	4 353	5 522	3 681	3 681	3 681	4 052	4 253	4 452
Sport and Recreation		143	151	4 772	3 681	3 681	3 681	4 052	4 253	4 452
Provincial Library Grant		2 592	2 700							
Cyber Cadet Grant		240	252							
Thusong Centre		2 522	1 250	750	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		50	-	-	100	-	-	100	100	100
ZDM		50	-	-	100	-	-	100	100	100
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	107 386	113 640	134 715	134 688	134 588	134 588	139 750	150 622	158 862
Capital Transfers and Grants										
National Government:		29 907	34 158	39 566	35 078	25 078	25 078	37 740	39 769	41 911
Municipal Infrastructure Grant (MIG)		29 907	34 158	39 566	35 078	25 078	25 078	37 740	39 769	41 911

Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
ZDM										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Capital Transfers and Grants	5	29 907	34 158	39 566	35 078	25 078	25 078	37 740	39 769	41 911
TOTAL RECEIPTS OF TRANSFERS & GRANTS		137 293	147 798	174 281	169 766	159 666	159 666	177 490	190 391	200 773

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 understand ability for councillors and management. Some specific features include:

- *Clear separation of receipts and payments within each cash flow category;*
- *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*
- *Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).*

Table 41 KZN263 Table A7 - Budget Cash Flow from Operating Activities Statement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		38 866	60 900	61 332	66 316	66 700	66 116	66 116	65 751	69 630	73 738
Service charges		210 439	224 763	283 614	247 893	232 281	216 648	216 648	246 688	271 144	297 130
Other revenue		58 327	13 731	–	11 936	8 153	8 120	8 120	13 288	14 031	14 850
Government - operating	1	133 084	114 773	112 829	114 513	114 513	114 513	114 513	124 650	133 567	141 547
Government - capital	1	9 000	49 911	49 687	55 078	45 078	45 078	45 078	52 740	54 769	56 911
Interest		4 375	3 166	1 746	1 972	1 250	1 973	1 973	1 763	1 867	1 978
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(418 410)	(403 580)	(401 053)	(491 946)	(459 013)	(396 312)	(396 312)	(550 950)	(587 933)	(630 259)
Finance charges		(3 079)	(458)	(926)	(959)	(606)	(8)	(8)	(620)	(657)	(695)
Transfers and Grants	1	(33 798)	(15 610)	(15 721)	(26 112)	(19 078)	(16 831)	(16 831)	(18 151)	(19 222)	(20 356)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(1 196)	47 596	91 507	(21 310)	(10 722)	39 297	39 297	(64 841)	(62 803)	(65 157)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	677	(294)	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	132 743	99 961	87 260	87 260	114 928	121 709	128 890
Payments											
Capital assets		(9 000)	(59 670)	(65 359)	(70 617)	(51 941)	(13 107)	(13 107)	(61 187)	(63 655)	(66 322)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 000)	(58 994)	(65 653)	62 126	48 020	74 153	74 153	53 741	58 054	62 568
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	692	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	(5 117)	(14 369)	–	–	–	–	–	–	–

NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(5 117)	(13 677)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(10 196)	(16 515)	12 177	40 816	37 298	113 450	113 450	(11 100)	(4 749)	(2 589)
Cash/cash equivalents at the year begin:	2	83 211	53 151	1 445	13 622	13 622	(14 259)	(14 259)	11 931	831	(3 918)
Cash/cash equivalents at the year end:	2	73 015	36 636	13 622	54 438	50 920	99 191	99 191	831	(3 918)	(6 507)

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2013/14 and 2016/17 financial year moving from a positive cash balance of R 13,6million to a balance of R 54,4 million with the approved 2016/17 MTREF. With the 2016/17 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition, the Municipality will have to undertake an extensive debt collection process to boost cash levels in the 2017/18 financial year. These initiatives and interventions still translate into a negative cash position for the Municipality and it is projected that cash and cash equivalents on hand will decrease by the financial year end. For the 2017/18 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase in 2017/18 and steadily increase by 2019/20. This schedule will be revisited before the final draft is presented in May 2017.

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:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- 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 42 KZN263 Table A8 - Cash backed reserves / accumulated surplus reconciliation

Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	73 015	36 636	13 622	54 438	50 920	99 191	99 191	17 509	26 073	34 112
Other current investments > 90 days		21 780	(0)	19 538	(27 292)	(32 053)	(80 324)	(80 324)	1 358	(7 206)	(15 245)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		94 794	36 636	33 160	27 145	18 867	18 867	18 867	18 867	18 867	18 867
Application of cash and investments											
Unspent conditional transfers		6 310	5 245	–	8 036	8 036	8 036	8 036	8 036	8 036	8 036
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(11 532)	(13 536)	(51 385)	17 848	(13 509)	(27 172)	(22 151)	(25 176)	(25 564)	(25 519)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(5 222)	(8 291)	(51 385)	25 884	(5 473)	(19 136)	(14 115)	(17 140)	(17 528)	(17 483)
Surplus(shortfall)		100 016	44 927	84 545	1 261	24 340	38 003	32 982	36 007	36 395	36 350

From the above table it can be seen that the cash and investments available total R 831 thousand in the 2017/18 financial year and decreases to a deficit of R6,5 million by 2019/20, 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. During the 2016/17 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2017/18 financial year no provision has been made for this liability as the total unspent conditional grant liability has been factored into the 2017/18 capital programme of the Municipality. The Municipality will apply for the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants needs to be motivated as part of existing projects.*
- *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.*
- *Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations. The municipality will not have a liability as VAT is normally claimed from SARS.*
- *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, as was experienced by the Municipality in 2016/17 resulting in cash flow challenges. 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 Municipality to meet its creditor obligations.*

The 2017/18 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. Nevertheless, from a pure cash flow perspective (cash out flow versus cash inflow) the budget is not funded as expenditure is more than the anticipated revenue. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds**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 43 KZN263 SA10 – Funding compliance measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	73 015	36 636	13 622	54 438	50 920	99 191	99 191	831	(3 918)	(6 507)
Cash + investments at the yr endless applications - R'000	18(1)b	2	100 016	44 927	84 545	1 261	24 340	38 003	32 982	32 482	32 482	32 482
Cash year end/monthly employee/supplier payments	18(1)b	3	3.1	1.4	0.5	1.5	1.4	3.3	3.3	0.0	(0.1)	(0.2)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 394)	(49 871)	(52 590)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	2.4%	(0.8%)	4.4%	(16.6%)	(11.6%)	(0.3%)	5.4%	3.1%	2.8%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	100.0%	90.8%	96.0%	100.8%	91.1%	106.0%	100.5%	100.0%	100.0%	100.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	2.9%	6.2%	2.2%	2.4%	2.3%	2.1%	2.0%	2.2%	2.1%	2.1%
Capital payments % of capital expenditure	18(1)c;19	8	77.7%	107.5%	100.0%	100.0%	100.0%	28.9%	28.9%	98.4%	98.6%	98.6%
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.	27.8%	(1.0%)	(40.8%)	77.6%	0.0%	0.0%	0.0%	0.0%	0.0%
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	0.8%	1.0%	59.2%	1.0%	0.7%	0.6%	0.6%	0.6%	0.6%	0.7%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Cash/cash equivalent position

The Municipality'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 2017/18 MTREF shows a surplus of R61 million 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, on page 68. 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 Municipality 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 such as rate boycotts. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months' coverage. This measure will have to be carefully monitored going forward.

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 2017/18 MTREF the indicative outcome is a surplus of R61 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.

Property Rates/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 (which is currently 5.6% – 5.9 %). The result is intended to be an approximation of the real increase in revenue. 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 100% for each of the respective financial years. Given that the assumed collection rate was based on a 92% performance target, the cash flow statement has been conservatively determined. 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 0% 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. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0% of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 104.

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 % could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

Consumer debtors change (Current and Non-current)

The purpose of these measures 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 Municipality's policy of settling debtors' 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 Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 KZN263 SA34C on page 155.

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 SA34b on page 152

Expenditure on grants and reconciliations of unspent funds

Table 45 KZN263 SA19 – Expenditure on Transfers and Grant Programmes

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		101 839	109 287	37 675	23 023	23 023	23 023	18 205	16 955	17 215
Local Government Equitable Share		89 399	96 203	15 721						
Finance Management		1 550	1 698	1 600	1 625	1 625	1 625	1 700	1 955	2 215
Integrated National Electrification Programme		9 000	9 000	18 089	20 000	20 000	20 000	15 000	15 000	15 000
EPWP Incentive		1 000	1 376	1 334	1 398	1 398	1 398	1 505	–	–
Municipal Systems Improvement		890	1 010	930						
Other transfers/grants [insert description]										
Provincial Government:		5 497	4 353	7 627	3 681	3 681	3 681	4 052	4 253	4 452
Sport and Recreation		143	151	6 877	3 681	3 681	3 681	4 052	4 253	4 452
Provincial Library Grant		2 592	2 700							
Cyber Cadet Grant		240	252							
Thusong Centre		2 522	1 250	750						
Other transfers/grants [insert description]										
District Municipality:		50	–	–	100	–	–	100	100	100
ZDM		50	–		100	–	–	100	100	100
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants:		107 386	113 640	45 302	26 804	26 704	26 704	22 357	21 308	21 767
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		29 907	34 158	39 936	35 078	25 078	25 078	37 740	39 769	41 911
Municipal Infrastructure Grant (MIG)		29 907	34 158	39 936	35 078	25 078	25 078	37 740	39 769	41 911

Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
ZDM										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		29 907	34 158	39 936	35 078	25 078	25 078	37 740	39 769	41 911
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		137 293	147 798	85 238	61 882	51 782	51 782	60 097	61 077	63 678

Table 44 KZN263 SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		98 005	109 287	129 193	130 907	130 907	130 907	135 598	146 269	154 310
Conditions met - transferred to revenue		93 594	109 287	129 193	130 907	130 907	130 907	135 598	146 269	154 310
Conditions still to be met - transferred to liabilities		4 411								
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		5 497	4 353	5 522	3 681	3 681	3 681	4 052	4 253	4 452
Conditions met - transferred to revenue		5 497	4 353	5 522	3 681	3 681	3 681	4 052	4 253	4 452
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year		100			100	-	-	100	100	100
Current year receipts										
Conditions met - transferred to revenue		100	-	-	100	-	-	100	100	100
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		99 191	113 640	134 715	134 688	134 588	134 588	139 750	150 622	158 862
Total operating transfers and grants - CTBM	2	4 411	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		7 125								
Current year receipts		38 982	40 911	39 566	35 078	25 078	25 078	37 740	39 769	41 911
Conditions met - transferred to revenue		46 107	40 911	39 566	35 078	25 078	25 078	37 740	39 769	41 911
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		5 786								
Current year receipts										
Conditions met - transferred to revenue		5 786	-	-	-	-	-	-	-	-

Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		51 893	40 911	39 566	35 078	25 078	25 078	37 740	39 769	41 911
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		151 084	154 551	174 281	169 766	159 666	159 666	177 490	190 391	200 773
TOTAL TRANSFERS AND GRANTS - CTBM		4 411	-	-	-	-	-	-	-	-

Councillor and employee benefits

Table 45 KZN263 SA22 - Summary of Councillor and Staff Benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
-	1	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages		13 981	14 819		16 620	16 620	16 416	17 650	18 868	20 170
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cell phone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		13 981	14 819	-	16 620	16 620	16 416	17 650	18 868	20 170
% increase	4		6.0%	(100.0%)	-	-	(1.2%)	7.5%	6.9%	6.9%
<u>Senior Managers of the Municipality</u>	2									
Basic Salaries and Wages		5 715	4 660		7 647	6 170	6 029	7 500	7 958	8 443
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	1 114	15	21	-	696	696
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cell phone Allowance	3	95	6	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5 810	4 666	-	8 761	6 185	6 051	7 500	8 653	9 139
% increase	4		(19.7%)	(100.0%)	-	(29.4%)	(2.2%)	24.0%	15.4%	5.6%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		61 465	73 915	67 248	73 771	70 259	69 688	75 300	80 488	86 034
Pension and UIF Contributions		12 464	647	14 548	16 107	15 307	15 163	16 225	17 337	18 526
Medical Aid Contributions		4 589	4 942	5 519	6 038	6 269	6 200	6 677	7 135	7 623

Overtime		8 996	12 348	17 213	17 989	16 714	16 775	12 704	13 543	14 475
Performance Bonus		4 590	4 810	5 446	5 965	5 714	5 682	6 026	6 439	6 880
Motor Vehicle Allowance	3	10 554	8 751	7 022	7 679	7 261	7 194	7 839	8 374	8 947
Cell phone Allowance	3	444	12 839	562	611	579	562	762	815	870
Housing Allowances	3	262	250	1 025	1 108	1 049	1 027	1 129	1 207	1 290
Other benefits and allowances	3	2 270	2 052	2 572	4 298	2 818	2 469	2 979	3 185	3 405
Payments in lieu of leave		2 298	2 002	4 067	3 815	3 530	2 861	2 124	2 249	2 382
Long service awards		29	32	23	31	16	15	16	18	19
Post-retirement benefit obligations	6	2 270	–	3 630	5 758	3 000	2 879	3 186	3 374	3 573
Sub Total - Other Municipal Staff		110 229	122 588	128 873	143 169	132 515	130 515	134 969	144 164	154 023
% increase	4		11.2%	5.1%	11.1%	(7.4%)	(1.5%)	3.4%	6.8%	6.8%
Total Parent Municipality		130 020	142 072	128 873	168 550	155 319	152 982	160 119	171 685	183 332
			9.3%	(9.3%)	30.8%	(7.8%)	(1.5%)	4.7%	7.2%	6.8%

Table 46 KZN263 SA23 – Disclosure - Salaries, allowances and benefits (Political Office Bearers / Councillors / Senior Managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		761 348					761 348
Chief Whip			696 008					696 008
Executive Mayor			931 799					931 799
Deputy Executive Mayor			761 348					761 348
Executive Committee			4 872 058					4 872 058
Total for all other councillors			9 627 776					9 627 776
Total Councillors	8	–	17 650 337	–	–			17 650 337
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 500 000					1 500 000
Chief Finance Officer			1 200 000					1 200 000
Director Technical Services			1 200 000					1 200 000
Director Corporate Services			1 200 000					1 200 000
Director Community Services			1 200 000					1 200 000
Director Development Planning			1 200 000					1 200 000
List of each official with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	7 500 000	–	–	–		7 500 000

Table 47 KZN263 SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		44	44		44	44		44	44	
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	6		6	6		6	6		6
Other Managers	7	20	20							
Professionals		82	–	–	82	–	–	82	–	–
Finance		66			66			66		
Spatial/town planning		8			8			8		
Information Technology		4			4			4		
Roads		4			4			4		
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		151	–	–	151	–	–	151	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads		29			29			29		
Electricity		40			40			40		
Water		40			40			40		
Sanitation		40			40			40		
Refuse		2			2			2		
Other										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		21			21			21		
Elementary Occupations		295			295			295		
TOTAL PERSONNEL NUMBERS	9	619	64	6	599	44	6	599	44	6

% increase					(3.2%)	(31.3%)	-	-	-	-
Total municipal employees headcount	6,10									
Finance personnel headcount	8,10									
Human Resources personnel headcount	8,10									

Monthly targets for revenue, expenditure and cash flow

Table 48 KZN263 SA25 - Budgeted monthly Revenue and Expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework	
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19
Revenue By Source														
Property rates	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	65 751	69 630
Service charges - electricity revenue	16 711	16 711	14 711	14 711	14 711	14 711	14 711	14 711	14 711	14 711	14 711	16 653	182 472	199 583
Service charges - water revenue	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 331	27 965	30 846
Service charges - sanitation revenue	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	20 869	23 192
Service charges - refuse revenue	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	15 382	17 523
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	121	121	121	121	121	121	121	121	121	121	121	120	1 450	1 503
Interest earned - external investments	146	146	146	146	146	146	146	146	146	146	146	146	1 750	1 853
Interest earned - outstanding debtors	1	1	1	1	1	1	1	1	1	1	1	1	13	14
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	376	376	376	376	376	376	376	376	376	376	376	376	4 510	4 776
Licences and permits	200	200	200	200	200	200	200	200	200	200	200	200	2 400	2 542
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies	39 131	1 700	–	–	39 131	–	5 557	–	39 131	–	–	–	124 650	136 722
Other revenue	411	411	411	411	411	411	411	411	411	411	411	411	4 928	5 210
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Total Revenue (excluding capital transfers and contributions)	67 927	30 496	26 796	26 796	65 927	26 796	32 353	26 796	65 927	26 796	26 796	28 738	452 140	493 395
Expenditure By Type														
Employee related costs	10 748	10 748	12 481	10 748	16 867	12 481	10 748	10 748	12 481	10 748	10 748	14 550	144 094	154 538
Remuneration of councillors	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	17 650	18 868
Debt impairment	–	–	–	–	–	–	–	–	–	–	–	6 903	6 903	7 310
Depreciation & asset impairment	7 337	7 337	7 337	7 337	7 337	7 337	7 337	7 337	7 337	7 337	7 337	16 132	96 842	102 556
Finance charges	–	–	–	–	–	–	–	–	–	–	–	620	620	657
Bulk purchases	21 667	21 667	9 853	9 853	9 853	9 853	9 853	9 853	9 853	9 853	9 853	15 487	147 500	161 017
Other materials	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	19 035	18 674
Contracted services	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 605	79 267	83 900
Transfers and subsidies	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 512	18 151	19 222
Other expenditure	3 234	3 234	3 234	3 234	3 234	3 234	3 234	3 234	3 234	3 234	3 234	4 085	39 659	41 069
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	54 161	54 161	44 081	42 347	48 466	44 081	42 347	42 347	44 081	42 347	42 347	68 953	569 721	607 811
Surplus/(Deficit)	13 766	(23 665)	(17 286)	(15 552)	17 460	(17 286)	(9 995)	(15 552)	21 845	(15 552)	(15 552)	(40 215)	(117 581)	(114 417)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	12 580		3 000	2 000	14 580	2 000	2 000	2 000	14 580	–	–	–	52 740	54 769
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	787	787	787	787	787	787	787	787	787	787	787	787	9 447	9 777
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	27 133	(22 878)	(13 498)	(12 765)	32 828	(14 498)	(7 208)	(12 765)	37 213	(14 765)	(14 765)	(39 428)	(55 394)	(49 871)
Taxation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	27 133	(22 878)	(13 498)	(12 765)	32 828	(14 498)	(7 208)	(12 765)	37 213	(14 765)	(14 765)	(39 428)	(55 394)	(49 871)

Table 49 KZN263 SA26 - Budgeted monthly Revenue and Expenditure (Municipal Vote)

Description R thousand	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote															
Vote 1 - Executive & Council	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance	45 115	7 684	5 984	5 984	45 115	5 984	5 984	5 984	45 115	5 984	5 984	8 677	193 592	210 163	859
Vote 3 - Administration	0	0	502	0	0	502	0	0	502	0	0	120	1 630	132	
Vote 4 - Community & Social Services	21	21	21	21	21	21	3 890	21	204	21	21	24	4 309	4 525	
Vote 5 - Road Transport	558	558	558	558	558	558	558	558	558	558	558	558	6 696	7 076	
Vote 6 - Energy Sources	14 711	14 711	17 711	16 711	16 711	16 711	16 711	16 711	16 711	14 711	14 711	24 051	200 871	203 182	109
Vote 7 - Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Vote 8 - Internal Audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Vote 9 - Other	–	–	–	–	–	–	–	–	–	–	–	100	100	100	
Vote 10 - Planning & Development	45	45	45	45	45	45	45	45	45	45	45	45	534	1 766	
Vote 11 - Public Safety	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Vote 12 - Waste Management	1 695	1 695	1 695	1 695	1 695	1 695	1 695	1 695	1 695	1 695	1 695	1 695	20 342	22 776	
Vote 13 - Waste Water Management	2 219	2 219	2 219	2 219	2 219	2 219	2 219	2 219	2 219	2 219	2 219	2 219	26 625	29 288	
Vote 14 - Water Management	2 502	2 502	2 502	2 502	2 502	2 502	2 502	2 502	2 502	2 502	2 502	2 502	30 026	33 028	
Vote 15 -	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Total Revenue by Vote	66 866	29 435	31 236	29 735	68 866	30 236	33 604	29 735	69 550	27 735	27 735	39 991	484 724	512 035	186
Expenditure by Vote to be appropriated															
Vote 1 - Executive & Council	4 618	4 618	4 618	4 618	4 618	4 618	4 618	4 618	4 618	4 618	4 618	4 618	55 412	59 102	
Vote 2 - Finance	3 226	3 226	3 226	3 226	3 226	3 226	3 226	3 226	3 226	3 226	3 226	3 225	38 707	41 855	
Vote 3 - Administration	4 928	4 928	4 928	4 928	4 928	4 928	4 928	4 928	4 928	4 928	4 928	4 928	59 136	61 047	
Vote 4 - Community & Social Services	2 258	2 258	2 258	2 258	2 258	2 258	2 258	2 258	2 258	2 258	2 258	2 258	27 092	28 934	
Vote 5 - Road Transport	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	64 467	67 221	
Vote 6 - Energy Sources	17 323	17 323	17 323	17 323	17 323	17 323	17 323	17 323	17 323	17 323	17 323	17 323	207 872	218 547	501
Vote 7 - Housing	204	204	204	204	204	204	204	204	204	204	204	321	2 562	2 735	
Vote 8 - Internal Audit	652	652	652	652	652	652	652	652	652	652	652	652	7 821	7 913	
Vote 9 - Other	48	48	48	48	48	48	48	48	48	48	48	49	581	613	
Vote 10 - Planning & Development	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	14 471	16 928	
Vote 11 - Public Safety	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Vote 12 - Waste Management	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	31 887	33 454	
Vote 13 - Waste Water Management	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	42 221	45 071	

Vote 14 - Water Management	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 397	40 757	42 249	
Vote 15 -												-	-	-	
Total Expenditure by Vote	49 406	49 406	49 406	49 406	49 406	49 406	49 406	49 406	49 406	49 406	49 406	49 523	592 986	625 669	158
Surplus/(Deficit) before assoc.	17 460	(19 971)	(18 169)	(19 671)	19 460	(19 169)	(15 802)	(19 671)	20 145	(21 671)	(21 671)	(9 532)	(108 263)	(113 633)	972
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	17 460	(19 971)	(18 169)	(19 671)	19 460	(19 169)	(15 802)	(19 671)	20 145	(21 671)	(21 671)	(9 532)	(108 263)	(113 633)	972

Table 50 KZN263 SA27 - Budgeted monthly Revenue and Expenditure (Standard Classification)

Description R thousand	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional															
Governance and administration	45 115	7 684	6 486	5 984	45 115	6 486	5 984	5 984	45 617	5 984	5 984	8 797	195 222	210 295	999
Executive and council	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration	45 115	7 684	6 486	5 984	45 115	6 486	5 984	5 984	45 617	5 984	5 984	8 797	195 222	210 295	999
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety	359	359	359	359	359	359	359	359	359	359	359	359	4 309	4 525	–
Community and social services	359	359	359	359	359	359	359	359	359	359	359	359	4 309	4 525	–
Sport and recreation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	641	641	641	641	641	641	641	641	641	641	641	640	7 688	9 326	–
Planning and development	45	45	45	45	45	45	45	45	45	45	45	45	534	1 766	–
Road transport	596	596	596	596	596	596	596	596	596	596	596	596	7 154	7 561	–
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	20 195	20 195	23 195	22 195	22 195	22 195	22 195	22 195	22 195	20 195	20 195	40 721	277 863	288 273	269
Energy sources	14 711	14 711	17 711	16 711	16 711	16 711	16 711	16 711	16 711	14 711	14 711	24 051	200 871	203 182	109
Water management	1 581	1 581	1 581	1 581	1 581	1 581	1 581	1 581	1 581	1 581	1 581	12 634	30 026	33 028	–
Waste water management	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 213	2 288	26 625	29 288	–
Waste management	1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 690	1 748	20 342	22 776	–
Other	–	–	–	–	–	–	–	–	–	–	–	100	100	100	–
Total Revenue - Functional	66 310	28 879	30 680	29 179	68 310	29 680	29 179	29 179	68 812	27 179	27 179	50 618	485 181	512 520	699
		43 993	48 795	46 293	85 424	46 795	46 293	46 293	85 926	42 293	42 293				
Expenditure - Functional															
Governance and administration	13 802	13 802	13 802	13 802	13 802	13 802	13 802	13 802	13 802	13 802	13 802	13 802	165 624	174 777	467
Executive and council	4 997	4 997	4 997	4 997	4 997	4 997	4 997	4 997	4 997	4 997	4 997	4 996	59 961	63 961	–
Finance and administration	8 154	8 154	8 154	8 154	8 154	8 154	8 154	8 154	8 154	8 154	8 154	8 154	97 842	102 903	667
Internal audit	652	652	652	652	652	652	652	652	652	652	652	652	7 821	7 913	–
Community and public safety	2 461	2 461	2 461	2 461	2 578	2 461	2 461	2 461	2 461	2 461	2 461	2 462	29 655	31 669	–

Community and social services	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	1 868	22 411	23 946
Sport and recreation	390	390	390	390	390	390	390	390	390	390	390	390	4 681	4 988
Public safety	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing	204	204	204	204	321	204	204	204	204	204	204	204	2 562	2 735
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	6 578	6 578	6 578	6 578	6 578	6 578	6 578	6 578	6 578	6 578	6 578	6 578	78 938	84 149
Planning and development	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	1 206	14 471	16 928
Road transport	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	5 372	64 467	67 221
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	34 395	34 395	24 395	24 395	24 395	24 395	24 395	24 395	24 395	24 395	24 395	34 395	322 737	339 320
Energy sources	24 823	24 823	14 823	14 823	14 823	14 823	14 823	14 823	14 823	14 823	14 823	24 823	207 872	218 547
Water management	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 396	3 397	40 757	42 249
Waste water management	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	3 518	42 221	45 071
Waste management	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	2 657	31 887	33 454
Other	48	48	48	48	48	48	48	48	48	48	48	49	581	613
Total Expenditure - Functional	57 285	57 285	47 285	47 285	47 402	47 285	47 285	47 285	47 285	47 285	47 285	57 285	597 535	630 528
Surplus/(Deficit) before assoc.	9 025	(28 406)	(16 605)	(18 106)	20 908	(17 605)	(18 106)	(18 106)	21 527	(20 106)	(20 106)	(6 667)	(112 353)	(118 008)
Share of surplus/ (deficit) of associate												–	–	–
Surplus/(Deficit)	9 025	(28 406)	(16 605)	(18 106)	20 908	(17 605)	(18 106)	(18 106)	21 527	(20 106)	(20 106)	(6 667)	(112 353)	(118 008)

Table 51 KZN263 SA28 - Budgeted monthly Capital Expenditure (Municipal Vote)

Description R thousand	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure to be appropriated															
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Road Transport	12 580	-	-	-	12 580	-	-	-	12 580	-	-	-	37 740	39 769	-
Vote 6 - Energy Sources	-	-	3 000	2 000	2 000	2 000	2 000	2 000	2 000	-	-	-	15 000	15 000	-
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Planning & Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Water Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	12 580	-	3 000	2 000	14 580	2 000	2 000	2 000	14 580	-	-	-	52 740	54 769	-
Single-year expenditure to be appropriated															
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance	-	-	-	-	-	-	200	-	-	-	-	-	200	212	-
Vote 3 - Administration	-	-	-	-	200	-	120	120	50	70	-	70	630	667	-
Vote 4 - Community & Social Services	-	-	-	-	-	-	-	-	-	-	-	695	695	951	-
Vote 5 - Road Transport	-	-	-	-	-	-	-	-	-	-	-	300	300	312	-
Vote 6 - Energy Sources	-	-	-	-	1 000	500	500	1 000	500	750	-	250	4 500	4 330	-
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Other	-	-	-	-	-	-	-	-	7	-	-	-	7	7	-

Vote 10 - Planning & Development	-	-	-	-	-	10	-	5	-	-	10	-	25	26
Vote 11 - Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management	-	-	-	-	-	-	15	-	-	10	-	10	35	37
Vote 13 - Waste Water Management	-	-	-	-	100	100	100	100	100	-	-	1 050	1 550	1 641
Vote 14 - Water Management	-	-	-	-	100	100	100	100	100	-	-	1 005	1 505	1 594
Vote 15 -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	1 400	710	1 035	1 325	757	830	10	3 380	9 447	9 777
Total Capital Expenditure	12 580	-	3 000	2 000	15 980	2 710	3 035	3 325	15 337	830	10	3 380	62 187	64 546

Table 52 KZN263 SA29 - Budgeted monthly Capital Expenditure (Standard Classification)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional															
Governance and administration	–	–	–	–	200	–	320	120	50	70	–	70	830	879	
Executive and council	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Finance and administration	–	–	–	–	200	–	320	120	50	70	–	70	830	879	
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Community and public safety	–	–	–	–	650	–	–	–	–	–	–	145	795	1 051	
Community and social services	–	–	–	–	600	–	–	–	–	–	–	95	695	951	
Sport and recreation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Public safety	–	–	–	–	50	–	–	–	–	–	–	50	100	100	
Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Economic and environmental services	3 163	3 163	3 163	3 163	3 163	3 173	3 163	3 168	3 163	3 163	3 173	3 153	37 965	40 007	
Planning and development	–	–	–	–	–	10	–	5	–	–	10	–	25	26	
Road transport	3 163	3 163	3 163	3 163	3 163	3 163	3 163	3 163	3 163	3 163	3 163	3 153	37 940	39 981	
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Trading services	1 667	1 667	1 667	1 667	1 867	1 867	1 882	1 867	1 867	1 677	1 667	3 232	22 590	22 602	
Energy sources	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 167	19 500	19 330	
Water management	–	–	–	–	100	100	100	100	100	–	–	1 005	1 505	1 594	
Waste water management	–	–	–	–	100	100	100	100	100	–	–	1 050	1 550	1 641	
Waste management	–	–	–	–	–	–	15	–	–	10	–	10	35	37	
Other	–	–	–	–	–	–	–	–	7	–	–	–	7	7	
Total Capital Expenditure - Functional	4 829	4 829	4 829	4 829	5 879	5 039	5 364	5 154	5 086	4 909	4 839	6 599	62 187	64 546	
Funded by:															
National Government	12 580	–	3 000	2 000	14 580	2 000	2 000	2 000	14 580	–	–	–	52 740	54 769	
Provincial Government	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
District Municipality	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Other transfers and grants	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Transfers recognised - capital	12 580	–	3 000	2 000	14 580	2 000	2 000	2 000	14 580	–	–	–	52 740	54 769	
Public contributions & donations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	

Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	787	787	787	787	787	787	787	787	787	787	787	787	787	9 447	9 777
Total Capital Funding	13 367	787	3 787	2 787	15 367	2 787	2 787	2 787	15 367	787	787	787	62 187	64 546	

Table 53 KZN263 SA30 - Budgeted Monthly Cash Flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source													1		
Property rates	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	5 479	65 751	69 630	
Service charges - electricity revenue	16 711	16 711	14 711	14 711	14 711	14 711	14 711	14 711	14 711	14 711	14 711	16 653	182 472	199 583	298
Service charges - water revenue	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 330	2 330	27 965	30 846	
Service charges - sanitation revenue	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	20 869	23 192	
Service charges - refuse revenue	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	1 282	15 382	17 523	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	121	121	121	121	121	121	121	121	121	121	121	121	1 450	1 503	
Interest earned - external investments	146	146	146	146	146	146	146	146	146	146	146	146	1 750	1 853	
Interest earned - outstanding debtors	1	1	1	1	1	1	1	1	1	1	1	1	13	14	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	376	376	376	376	376	376	376	376	376	376	376	376	4 510	4 776	
Licences and permits	200	200	200	200	200	200	200	200	200	200	200	200	2 400	2 542	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer receipts - operational	39 131	1 700	-	-	39 131	-	5 557	-	39 131	-	-	-	124 650	133 567	547
Other revenue	411	411	411	411	411	411	411	411	411	411	411	411	4 928	5 210	
Cash Receipts by Source	67 927	30 496	26 796	26 796	65 927	26 796	32 353	26 796	65 927	26 796	26 796	28 738	452 140	490 239	243
Other Cash Flows by Source															
Transfer receipts - capital	12 580		3 000	2 000	14 580	2 000	2 000	2 000	14 580	-	-	-	52 740	54 769	
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	114 928	114 928	121 709	890
Total Cash Receipts by Source	80 507	30 496	29 796	28 796	80 507	28 796	34 353	28 796	80 507	26 796	26 796	143 666	619 808	666 717	043
Cash Payments by Type															
Employee related costs	10 748	10 748	12 481	10 748	16 867	12 481	10 748	10 748	12 481	10 748	10 748	14 551	144 094	154 538	984
Remuneration of councillors	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	1 471	17 650	18 868	
Finance charges	-	-	-	-	-	-	-	-	-	-	-	620	620	657	
Bulk purchases - Electricity	21 667	21 667	9 853	9 853	9 853	9 853	9 853	9 853	9 853	9 853	9 853	15 487	147 500	161 017	583
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	19 035	18 674	
Contracted services	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 606	6 606	79 267	83 900	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 513	1 513	18 151	19 222	
Other expenditure	11 950	11 950	11 950	11 950	11 950	11 950	11 950	11 950	11 950	11 950	11 950	11 950	143 404	150 935	965
Cash Payments by Type	55 540	55 540	45 460	43 726	49 845	45 460	43 726	43 726	45 460	43 726	43 726	53 783	569 721	607 811	311
Other Cash Flows/Payments by Type															
Capital assets	5 099	5 099	5 099	5 099	5 099	5 099	5 099	5 099	5 099	5 099	5 099	5 099	61 187	63 655	
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	60 639	60 639	50 559	48 825	54 944	50 559	48 825	48 825	50 559	48 825	48 825	58 882	630 908	671 467	632
NET INCREASE/(DECREASE) IN CASH HELD	19 868	(30 143)	(20 763)	(20 030)	25 562	(21 763)	(14 473)	(20 030)	29 948	(22 030)	(22 030)	84 784	(11 100)	(4 749)	589
Cash/cash equivalents at the month/year begin:	11 931	31 799	1 656	(19 108)	(39 137)	(13 575)	(35 339)	(49 811)	(69 841)	(39 893)	(61 923)	(83 953)	11 931	831	918
Cash/cash equivalents at the month/year end:	31 799	1 656	(19 108)	(39 137)	(13 575)	(35 339)	(49 811)	(69 841)	(39 893)	(61 923)	(83 953)	831	831	(3 918)	507

Annual Budgets and SDBIPs – Internal Departments

Water Services Department

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 54 Water Services Department – Performance objectives and indicators

There are currently unfilled positions in the structure of the Water Services Section. The top management structure consists of the Director Technical Services and Manager Water. As part of the performance objectives for the 2017/18 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.

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Replacement and upgrading of deficient reticulation infrastructure; and
- Purification plant upgrades.

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 R 2,5 million, R 1,5 million and R 1,6 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2017/18 financial year is R 30 million and increases to R36,3 million by 2019/20 and has been informed by a collection rate of 92% and distribution losses of 50%, as well as ensuring that all areas currently not metered have water meters installed this will increase the collection rate, reduce the losses and allow for more funds to be allocated to repairing the infrastructure.

The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for a 1% efficiency gain per annum. In relation to this target, past performance has been irregular with a total distribution loss of 46 % in 2014/15; increasing to 60.87% in the 2016/17 adjustment budget and budgeted for 2017/18 at 50% for the year.

Contracts having future budgetary implications

In terms of the Municipality'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.

Capital expenditure details

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

Table 55 KZN263 SA34a - Capital Expenditure on new Assets by Asset Class

Description R thousand	Ref 1	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		11 085	55 070	64 987	67 553	49 533	45 128	60 495	62 364	65 271
Roads Infrastructure	130	40 929	41 419	35 078	25 078	25 078	37 940	39 981	42 135	
Roads	130	40 929	41 419	35 078	25 078	25 078	37 940	39 981	42 135	
Road Structures	-	-	-	-	-	-	-	-	-	-
Road Furniture	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	10 919	13 524	23 365	29 000	23 500	20 034	19 500	19 148	19 710	
Power Plants	-	-	-	-	-	-	-	-	-	-
HV Substations	-	-	-	-	-	-	-	-	-	-
HV Switching Station	-	-	-	-	-	-	-	-	-	-
HV Transmission Conductors	-	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	5 500	1 500	-	2 000	2 118	2 243	
MV Switching Stations	-	-	-	-	-	-	-	-	-	-
MV Networks	10 919	13 524	23 365	20 000	20 000	20 000	15 000	15 000	15 000	
LV Networks	-	-	-	3 500	2 000	34	2 500	2 030	2 467	
Capital Spares	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	22	-	192	1 823	505	16	1 505	1 594	1 688	
Dams and Weirs	-	-	-	-	-	-	-	-	-	-
Boreholes	-	-	-	-	-	-	-	-	-	-
Reservoirs	-	-	-	-	-	-	-	-	-	-
Pump Stations	-	-	-	-	-	-	-	-	-	-
Water Treatment Works	-	-	-	-	-	-	-	-	-	-
Bulk Mains	-	-	-	-	-	-	-	-	-	-
Distribution	22	-	192	1 823	505	16	1 505	1 594	1 688	

Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	14	591	12	1 652	450	-	1 550	1 641	1 738
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	14	591	12	1 652	450	-	1 550	1 641	1 738
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	26	-	-	-	-	-	-	-
Landfill Sites	-	26	-	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Rail Lines	-	-	-	-	-	-	-	-	-
Rail Structures	-	-	-	-	-	-	-	-	-
Rail Furniture	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Sand Pumps	-	-	-	-	-	-	-	-	-
Piers	-	-	-	-	-	-	-	-	-
Revetments	-	-	-	-	-	-	-	-	-
Promenades	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	-	-	-	-	-	-

Distribution Layers	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	151	65	44	-	-	-	695	951	1 007
Community Facilities	151	65	44	-	-	-	695	951	1 007
Halls	67	65	19	-	-	-	20	21	22
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	30	-	24	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	1	-	-	-	75	79	84
Cemeteries/Crematoria	-	-	-	-	-	-	600	850	900
Police	-	-	-	-	-	-	-	-	-
PurIs	-	-	-	-	-	-	-	-	-
Public Open Space	54	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-

Other Heritage	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Municipal Offices	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-

Load Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		85	234	128	746	600	211	610	646	684
Computer Equipment		85	234	128	746	600	211	610	646	684
Furniture and Office Equipment		255	154	199	2 318	1 808	29	387	586	303
Furniture and Office Equipment		255	154	199	2 318	1 808	29	387	586	303
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	11 576	55 523	65 359	70 617	51 941	45 368	62 187	64 546	67 265

Table 56 KZN263 SA34b - Capital Expenditure on the Renewal of existing Assets by Asset Class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
-										
Infrastructure		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-

Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
Dams and Weirs	-	-	-	-	-	-	-	-	-
Boreholes	-	-	-	-	-	-	-	-	-
Reservoirs	-	-	-	-	-	-	-	-	-
Pump Stations	-	-	-	-	-	-	-	-	-
Water Treatment Works	-	-	-	-	-	-	-	-	-
Bulk Mains	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-	-	-	-

Capital Spares	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Rail Lines	-	-	-	-	-	-	-	-	-
Rail Structures	-	-	-	-	-	-	-	-	-
Rail Furniture	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Sand Pumps	-	-	-	-	-	-	-	-	-
Piers	-	-	-	-	-	-	-	-	-
Revetments	-	-	-	-	-	-	-	-	-
Promenades	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	-	-	-	-	-	-
Distribution Layers	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-
Centres	-	-	-	-	-	-	-	-	-

Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Purfs	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-

Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>	-	-	-	-	-	-	-	-	-
<i>Unimproved Property</i>	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>	-	-	-	-	-	-	-	-	-
<i>Unimproved Property</i>	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
<i>Municipal Offices</i>	-	-	-	-	-	-	-	-	-
<i>Pay/Enquiry Points</i>	-	-	-	-	-	-	-	-	-
<i>Building Plan Offices</i>	-	-	-	-	-	-	-	-	-
<i>Workshops</i>	-	-	-	-	-	-	-	-	-
<i>Yards</i>	-	-	-	-	-	-	-	-	-
<i>Stores</i>	-	-	-	-	-	-	-	-	-
<i>Laboratories</i>	-	-	-	-	-	-	-	-	-
<i>Training Centres</i>	-	-	-	-	-	-	-	-	-
<i>Manufacturing Plant</i>	-	-	-	-	-	-	-	-	-
<i>Depots</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-

Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-

Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 57 KZN263 SA34c - Repairs and Maintenance Expenditure by Asset Class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
-										
Infrastructure		11 006	13 649	17 675	26 871	19 993	17 111	15 148	14 557	17 216
Roads Infrastructure		4 792	5 921	8 698	13 622	10 918	11 236	5 008	4 008	6 044
Roads		4 792	5 921	8 698	13 622	10 918	11 236	5 008	4 008	6 044
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		2 177	2 435	4 675	6 649	5 535	2 685	5 930	7 150	7 572
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		1 592	1 549	3 677	5 583	4 335	1 945	4 730	5 950	6 301
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		585	886	999	1 066	1 200	741	1 200	1 200	1 271
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		3 019	3 311	2 614	4 376	2 413	1 824	2 503	1 591	1 685
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		3 019	3 311	2 614	4 376	2 413	1 824	2 503	1 591	1 685

Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	997	1 982	1 590	2 010	1 008	1 366	1 508	1 596	1 691
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	997	1 982	1 590	2 010	1 008	1 366	1 508	1 596	1 691
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	21	-	99	213	120	-	200	212	224
Landfill Sites	21	-	99	213	120	-	200	212	224
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Rail Lines	-	-	-	-	-	-	-	-	-
Rail Structures	-	-	-	-	-	-	-	-	-
Rail Furniture	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Sand Pumps	-	-	-	-	-	-	-	-	-
Piers	-	-	-	-	-	-	-	-	-
Revetments	-	-	-	-	-	-	-	-	-
Promenades	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	-	-	-	-	-	-

Distribution Layers	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	838	769	383	1 236	645	448	735	778	824
Community Facilities	838	769	383	1 236	645	448	735	778	824
Halls	63	93	102	250	100	101	100	106	112
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	345	313	101	501	265	240	5	5	6
Museums	30	29	30	120	120	9	120	127	135
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	190	39	150	350	150	99	500	530	561
Cemeteries/Crematoria	43	3	1	15	10	-	10	11	11
Police	-	-	-	-	-	-	-	-	-
Purls	-	-	-	-	-	-	-	-	-
Public Open Space	166	291	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
	1	1	1	1	1	1	1	1	1
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-

Other Heritage	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Other assets	362	469	600	1 200	900	618	1 000	1 059	1 121
Operational Buildings	362	469	600	1 200	900	618	1 000	1 059	1 121
Municipal Offices	362	469	600	1 200	900	618	1 000	1 059	1 121
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-

Load Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		(31)	176	69	107	107	104	110	116	123
Computer Equipment		(31)	176	69	107	107	104	110	116	123
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		51	-	-	246	93	24	667	707	749
Machinery and Equipment		51	-	-	246	93	24	667	707	749
Transport Assets		-	-	-	-	-	-	1 375	1 456	1 542
Transport Assets		-	-	-	-	-	-	1 375	1 456	1 542
Libraries		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	12 227	15 064	18 727	29 659	21 737	18 305	19 035	18 674	21 576
R&M as a % of PPE		0.8%	1.0%	59.2%	1.0%	0.7%	0.6%	0.6%	0.6%	0.7%
R&M as % Operating Expenditure		2.9%	3.4%	4.2%	4.6%	3.9%	3.8%	3.9%	3.3%	3.5%

Table 58 KZN263 SA34d - Capital Budget (Depreciation by Asset Class)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Depreciation by Asset Class/Sub-class										
-										
Infrastructure		14 177	62 259	57 319	94 852	66 660	57 320	70 793	74 970	79 393
Roads Infrastructure		4 944	6 309	24 466	26 081	18 000	16 734	19 116	20 244	21 438
Roads		4 944	6 309	24 466	26 081	18 000	16 734	19 116	20 244	21 438
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		3 278	31 413	-	33 750	20 000	18 719	21 240	22 493	23 820
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		3 278	31 413	-	33 750	20 000	18 719	21 240	22 493	23 820
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		1 967	13 777	13 928	14 847	11 000	10 381	11 682	12 371	13 101
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		1 967	13 777	13 928	14 847	11 000	10 381	11 682	12 371	13 101
Distribution Points		-	-	-	-	-	-	-	-	-

PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	3 987	10 759	11 056	11 786	10 110	4 421	10 737	11 370	12 041
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	3 987	10 759	11 056	11 786	10 110	4 421	10 737	11 370	12 041
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	7 869	8 388	7 550	7 066	8 018	8 491	8 992
Landfill Sites	-	-	7 869	8 388	7 550	7 066	8 018	8 491	8 992
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Rail Lines	-	-	-	-	-	-	-	-	-
Rail Structures	-	-	-	-	-	-	-	-	-
Rail Furniture	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Sand Pumps	-	-	-	-	-	-	-	-	-
Piers	-	-	-	-	-	-	-	-	-
Revetments	-	-	-	-	-	-	-	-	-
Promenades	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	-	-	-	-	-	-
Distribution Layers	-	-	-	-	-	-	-	-	-

Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	430	13 191	6 226	6 637	6 106	5 729	6 485	6 867	7 272
Community Facilities	430	13 191	6 226	6 637	6 106	5 729	6 485	6 867	7 272
Halls	368	13 152	6 184	6 592	6 066	5 687	6 442	6 822	7 225
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	63	40	42	45	40	42	42	45	48
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Purfs	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-

Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Other assets	93 611	23 424	17 924	8 901	9 603	8 782	10 198	10 800	11 437
Operational Buildings	93 611	23 424	17 924	8 901	9 603	8 782	10 198	10 800	11 437
Municipal Offices	1 348	1 899	3 749	4 398	5 345	4 790	5 676	6 011	6 366
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	92 263	21 525	14 175	4 503	4 258	3 991	4 522	4 788	5 071
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	38	38	36	40	43	45
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	38	38	36	40	43	45
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	38	38	36	40	43	45

<u>Computer Equipment</u>		197	231	627	507	504	472	510	540	572
Computer Equipment		197	231	627	507	504	472	510	540	572
<u>Furniture and Office Equipment</u>		-	-	-	24	20	22	22	23	24
Furniture and Office Equipment		-	-	-	24	20	22	8 817	9 337	9 888
<u>Machinery and Equipment</u>		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
<u>Transport Assets</u>		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
<u>Libraries</u>		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
<u>Zoo's, Marine and Non-biological Animals</u>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Depreciation	1	108 414	99 106	82 095	110 958	82 931	72 361	96 842	102 556	108 607

Table 59 KZN263 SA34e - Capital Budget (Upgrading of Existing Assets by Asset Class)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
-										
Infrastructure		-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-

Dams and Weirs	-	-	-	-	-	-	-	-	-
Boreholes	-	-	-	-	-	-	-	-	-
Reservoirs	-	-	-	-	-	-	-	-	-
Pump Stations	-	-	-	-	-	-	-	-	-
Water Treatment Works	-	-	-	-	-	-	-	-	-
Bulk Mains	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-

Rail Lines	-	-	-	-	-	-	-	-	-
Rail Structures	-	-	-	-	-	-	-	-	-
Rail Furniture	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Sand Pumps	-	-	-	-	-	-	-	-	-
Piers	-	-	-	-	-	-	-	-	-
Revetments	-	-	-	-	-	-	-	-	-
Promenades	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Data Centres	-	-	-	-	-	-	-	-	-
Core Layers	-	-	-	-	-	-	-	-	-
Distribution Layers	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-
Centres	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-

Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
PurIs	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-

Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Municipal Offices	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-

<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
<u>Biological or Cultivated Assets</u>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
<u>Intangible Assets</u>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<i>Water Rights</i>	-	-	-	-	-	-	-	-	-
<i>Effluent Licenses</i>	-	-	-	-	-	-	-	-	-
<i>Solid Waste Licenses</i>	-	-	-	-	-	-	-	-	-
<i>Computer Software and Applications</i>	-	-	-	-	-	-	-	-	-
<i>Load Settlement Software Applications</i>	-	-	-	-	-	-	-	-	-
<i>Unspecified</i>	-	-	-	-	-	-	-	-	-
<u>Computer Equipment</u>	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
<u>Furniture and Office Equipment</u>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
<u>Machinery and Equipment</u>	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
<u>Transport Assets</u>	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
<u>Libraries</u>	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-

Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	1	-	-	-	-	-	-	-	-	-
Upgrading of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Upgrading of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 60 KZN263 SA35 - Future Financial Implications of the Capital Budget

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
Capital expenditure	1							
Vote 1 - Executive & Council		–	–	–	–	–	–	–
Vote 2 - Finance		200	212	224	238	252	267	283
Vote 3 - Administration		630	667	707	749	794	841	892
Vote 4 - Community & Social Services		695	951	1 007	1 067	1 131	1 199	1 271
Vote 5 - Road Transport		38 040	40 081	42 241	44 776	47 462	50 310	53 329
Vote 6 - Energy Sources		19 500	19 330	19 585	20 760	22 006	23 326	24 726
Vote 7 - Housing		–	–	–	–	–	–	–
Vote 8 - Internal Audit		–	–	–	–	–	–	–
Vote 9 - Other		7	7	8	8	9	9	10
Vote 10 - Planning & Development		25	26	28	30	32	33	35
Vote 11 - Public Safety		–	–	–	–	–	–	–
Vote 12 - Waste Management		35	37	39	42	44	47	50
Vote 13 - Waste Water Management		1 550	1 641	1 738	1 843	1 953	2 070	2 195
Vote 14 - Water Management		1 505	1 594	1 688	1 789	1 896	2 010	2 131
Vote 15 -		–	–	–	–	–	–	–
<i>List entity summary if applicable</i>								
Total Capital Expenditure		62 187	64 546	67 265	71 301	75 579	80 114	84 920
Future operational costs by vote	2							
Vote 1 - Executive & Council		–	–	–	–	–	–	–
Vote 2 - Finance		–	–	–	–	–	–	–
Vote 3 - Administration		–	–	–	–	–	–	–
Vote 4 - Community & Social Services		–	–	–	–	–	–	–
Vote 5 - Road Transport		–	–	–	–	–	–	–
Vote 6 - Energy Sources		–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–
Vote 8 - Internal Audit		–	–	–	–	–	–	–
Vote 9 - Other		–	–	–	–	–	–	–
Vote 10 - Planning & Development		–	–	–	–	–	–	–
Vote 11 - Public Safety		–	–	–	–	–	–	–
Vote 12 - Waste Management		–	–	–	–	–	–	–
Vote 13 - Waste Water Management		–	–	–	–	–	–	–
Vote 14 - Water Management		–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–
<i>List entity summary if applicable</i>		–	–	–	–	–	–	–

Total future operational costs		-	-	-	-	-	-	-
<u>Future revenue by source</u>	3							
Property rates		-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-
List other revenues sources if applicable		-	-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-	-
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		62 187	64 546	67 265	71 301	75 579	80 114	84 920

Table 61 KZN263 SA36 - Detailed Capital Budget per Municipal Vote

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>															
Parent Capital expenditure											-	-	-		
Entities: <i>List all capital projects grouped by Entity</i>															
Entity A Water project A															
Entity B Electricity project B															
Entity Capital expenditure									-	-	-	-	-		
Total Capital expenditure									-	-	-	-	-		

Table 62 KZN263 SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub- Class 3	GPS co- ordinates 4	Previous target year to complete	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
							Year					
R thousand												
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Entities: <i>List all capital projects grouped by Municipal Entity</i>												
Entity Name <i>Project name</i>												

Legislation compliance status

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

1. In year reporting

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

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained interns through this programme and a majority of them were appointed either in the Municipality or other municipalities.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in June 2017 directly aligned and informed by the 2017/18 MTREF.

6. Annual Report

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

7. MFMA Training

The MFMA training module in electronic format is presented for the Municipality's internal employees and training is on-going.

Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

Other supporting documents

Table 63 KZN263 Table SA1 - Supporting detail to Budgeted Financial Performance

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
REVENUE ITEMS:										
<u>Property rates</u>										
Total Property Rates	49 942	59 010	59 014	64 184	63 500	63 291	63 291	67 628	71 618	75 843
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>								1 877	1 987	2 104
Net Property Rates	49 942	59 010	59 014	64 184	63 500	63 291	63 291	65 751	69 630	73 738
<u>Service charges - electricity revenue</u>										
Total Service charges - electricity revenue	141 091	145 521	162 862	177 587	170 301	161 915	161 915	185 871	203 182	222 109
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>										
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>	2 698	2 000	2 000	1 599	3 200	2 902		3 398	3 599	3 811
Net Service charges - electricity revenue	138 393	143 521	160 862	175 988	167 101	159 014	161 915	182 472	199 583	218 298
<u>Service charges - water revenue</u>										
Total Service charges - water revenue	36 153	36 524	34 826	41 519	17 880	13 786	13 786	30 026	33 028	36 331
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>										
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	2 091	2 580	2 800	3 198	1 940	1 913		2 060	2 182	2 311
Net Service charges - water revenue	34 062	33 944	32 026	38 321	15 940	11 874	13 786	27 965	30 846	34 020
<u>Service charges - sanitation revenue</u>										
Total Service charges - sanitation revenue	19 208	25 914	22 901	26 428	25 000	22 042	22 042	26 625	29 288	32 216
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>										

less Cost of Free Basis Services (free sanitation service to indigent households)	3 632	4 700	4 500	5 970	5 420	5 524		5 756	6 096	6 455
Net Service charges - sanitation revenue	15 576	21 214	18 401	20 458	19 580	16 518	22 042	20 869	23 192	25 761
Service charges - refuse revenue										
Total refuse removal revenue	13 986	15 946	17 391	19 496	19 100	18 904	18 904	20 342	22 776	24 613
Total landfill revenue										
less Revenue Foregone (in excess of one removal a week to indigent households)										
less Cost of Free Basis Services (removed once a week to indigent households)	2 702	3 500	3 500	4 690	4 670	4 665		4 960	5 252	5 562
Net Service charges - refuse revenue	11 284	12 446	13 891	14 806	14 430	14 239	18 904	15 382	17 523	19 051
Other Revenue by source										
Interest Consumers	–	–	–	–	–	–	–	3 000	3 177	3 364
Other Revenue	43 348	45 828	60 993	1 729	49 324	2 334	2 334	353	368	374
Burial fees	–			192	120	105	105	110	116	123
Encroachment fees	–			57	70	60	60	50	50	50
Photostat Copies	–			23	18	16	16	15	16	17
Special Consent	–			43	32	24	24	912	966	1 023
Gate fees	–			1	0	0	0	20	21	23
Building Plan fees				16	35	39	39	150	159	168
Business Licences				–	–	–	–	100	106	112
Tender deposits				64	150	135	135	165	175	185
Rates Clearances				64	31	33	33	33	35	37
Monument Fees				31	20	16	16	20	21	22
Total 'Other' Revenue	43 348	45 828	60 993	2 218	49 800	2 762	2 762	4 928	5 210	5 499
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	61 465	73 915	67 248	75 283	70 259	69 688	69 688	82 800	88 446	94 477
Pension and UIF Contributions	612	647	14 548	16 107	15 307	15 163	15 163	16 225	17 337	18 526
Medical Aid Contributions	4 589	4 942	5 519	6 038	6 269	6 200	6 200	6 677	7 135	7 623
Overtime	8 996	12 348	17 213	17 989	16 714	16 775	16 775	12 704	13 543	14 475
Performance Bonus	4 590	4 810	5 446	7 078	5 714	5 682	5 682	6 026	7 135	7 576
Motor Vehicle Allowance	10 554	8 751	7 022	7 679	7 261	7 194	7 194	7 839	8 374	8 947
Cell phone Allowance	12 085	12 839	562	596	579	562	562	762	815	870
Housing Allowances	262	250	1 025	1 108	1 049	1 027	1 027	1 129	1 207	1 290
Other benefits and allowances	2 270	2 052	2 572	4 298	2 818	2 469	2 469	2 979	3 185	3 405
Payments in lieu of leave	2 298	2 002	4 067	3 815	3 530	2 861	2 861	3 749	3 970	4 204
Long service awards	29	32	23	31	16	15	15	16	18	19
Post-retirement benefit obligations	–	–	3 630	5 758	3 000	2 879	2 879	3 186	3 374	3 573

sub-total	107 749	122 588	128 873	145 781	132 515	130 515	130 515	144 094	154 538	164 984
<u>Less: Employees costs capitalised to PPE</u>										
Total Employee related costs	107 749	122 588	128 873	145 781	132 515	130 515	130 515	144 094	154 538	164 984
Contributions recognised - capital								9 447	9 777	10 354
Total Contributions recognised - capital	-	-	-	-	-	-	-	9 447	9 777	10 354
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	88 655	88 655	82 095	110 958	82 931	72 361	72 361	88 047	93 242	98 744
Lease amortisation	19 664	9 058	-	-	-	-	-	8 795	9 314	9 863
Capital asset impairment	96	1 393	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	108 415	99 106	82 095	110 958	82 931	72 361	72 361	96 842	102 556	108 607
Bulk purchases										
Electricity Bulk Purchases	122 108	127 786	143 324	159 013	147 800	137 150	137 150	147 500	161 017	176 583
Water Bulk Purchases	-	-	-	-	-	-	-	-	-	-
Total bulk purchases	122 108	127 786	143 324	159 013	147 800	137 150	137 150	147 500	161 017	176 583
Transfers and grants										
Cash transfers and grants	-	-	-	101	95	95	95	100	106	112
Non-cash transfers and grants	33 798	15 610	15 721	26 112	19 078	16 831	16 831	18 051	19 116	20 244
Total transfers and grants	33 798	15 610	15 721	26 213	19 173	16 926	16 926	18 151	19 222	20 356
Contracted services										
Skills Levy	28 723	43 121	38 950	17 894	28 636	9 423	9 423	1 350	1 430	1 514
Internal Audit				2 132	2 100	360	360	2 000	2 118	2 243
Meter Reading				2 772	2 400	1 862	1 862	2 500	2 648	2 804
Computer Services				586	460	596	596	710	752	796
Finance Consultants				500	-	-	-	2 700	3 208	3 747
Parks				6 556	6 500	6 284	6 284	6 920	7 321	7 753
Security				12 899	11 200	8 958	8 958	13 000	13 767	14 579
Refuse Removal				11 086	13 300	9 722	9 722	14 000	14 500	15 355
Steiner				23	10	7	7	10	11	11
Digging of Graves				53	42	35	35	40	42	45
Electricity-Engineer				533	400	172	172	400	424	449
WSSA				394	350	343	343	1 222	1 294	1 370

Munsoft				1 599	1 700	1 445	1 445	1 800	1 906	2 019
Departmental Plans				1 066	1 000	–	–	400	424	449
Shoba Township Establishment				1 500	1 000	–	–	1 000	1 500	1 500
Shared Services				533	500	–	–	500	530	561
Land Use & Urban Schemes				1 100	1 000	–	–	1 500	1 589	1 682
Special Audits				768	1 000	–	–	1 000	1 059	1 121
LED WARD Project				2 200	2 200	58	58	2 200	2 200	2 200
Valuation of properties								240	254	269
Commission on vendor sales				1 161	905	973	973	1 000	1 059	1 121
Photocopiers & faxes				640	530	162	162	570	604	639
Lease of vehicles				17 962	20 900	12 268	12 268	22 655	23 992	25 407
Telephones				1 258	1 180	1 169	1 169	1 200	1 271	1 346
Audit Committee Members								350		
sub-total	28 723	43 121	38 950	85 215	97 313	53 837	53 837	79 267	83 900	88 981
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services	28 723	43 121	38 950	85 215	97 313	53 837	53 837	79 267	83 900	88 981
Other Expenditure By Type										
Collection costs										
Contributions to 'other' provisions	(135)			12 212	10 500	9 159	9 159	–	–	–
Consultant fees										
Audit fees				2 132	4 000	6 338	6 338	3 650	3 865	4 093
General expenses								1 711	1 752	1 796
Legal Fees				11 856				1 070	1 133	1 200
Ward Committee Members				2 558	1 780	648	648	2 640	2 796	2 961
Newsletter & Radio Slot				160	75	–	–	100	106	112
Advertisements & Notices				373	345	322	322	370	392	415
Allowances & Pensioners Contributions				1 492	1 200	–	–	1 379	1 461	1 547
Banking Services				1 439	1 080	814	814	1 080	1 144	1 211
Brochures, Postcards, Printing & Stationery				11	5	3	3	755	804	846
Postage, Cartage & Railage				80	400	511	511	1 056	1 118	1 184
Chemicals				3 758	1 120	814	814	4 515	4 781	5 063
Cleaning Materials				431	353	352	352	364	390	413
Conference Fees & Travelling				3 334	2 790	3 137	3 137	2 828	2 985	3 158
Municipal Services				7 603	3 003	3 010	3 010	3 368	3 566	3 777
Compensation Commissioner				586	500	–	–	530	561	594
Strategic Planning Sessions & Refreshments				205	93	129	129	729	239	253
Budget Roadshows & Public Participation				693	300	3	3	1 720	1 762	1 807
First Aid Supplies				17	5	–	–	5	5	5

Council Community Projects			1 066	1 000	1 414	1 414	4 600	4 724	3 384
Poverty Alleviation			4 400	4 400	1 075	1 075	2 210	2 211	2 211
Spluma			1 066	900	–	–	1 000	1 059	1 121
Indigent Burials			235	280	302	302	280	297	314
Insurances			1 866	2 500	2 774	2 774	2 000	2 118	2 243
SALGA							1 700	1 800	1 907
Total 'Other' Expenditure	(135)	–	–	57 571	36 629	30 805	30 805	39 659	41 069
								41 618	

Table 64 KZN263 Table SA2 – Matrix Financial Performance Budget (Revenue Source / Expenditure type and Department)

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Finance	Vote 3 - Administration	Vote 4 - Community & Social Services	Vote 5 - Road Transport	Vote 6 - Energy Sources	Vote 7 - Housing	Vote 8 - Internal Audit	Vote 9 - Other	Vote 10 - Planning & Development	Vote 11 - Public Safety	Vote 12 - Waste Management	Vote 13 - Waste Water Management	Vote 14 - Water Management	Vote 15 -	Total
R thousand	1																
Revenue By Source																	
Property rates			67 628														67 628
Service charges - electricity revenue							185 871										185 871
Service charges - water revenue															30 026		30 026
Service charges - sanitation revenue														26 625			26 625
Service charges - refuse revenue													20 342				20 342
Service charges - other																	-
Rental of facilities and equipment			1 044	125	96												1 265
Interest earned - external investments			1 750														1 750
Interest earned - outstanding debtors			3 013														3 013
Dividends received			-														-
Fines, penalties and forfeits			-		-							2 500					2 500
Licences and permits			-			2 000				-		2 400					4 400
Agency services			-														-
Other revenue			1 064		161	254				100	534						2 113
Transfers and subsidies			119 093	1 505	4 052	-	15 000										139 650
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		-	193 592	1 630	4 309	2 254	200 871	-	-	100	534	4 900	20 342	26 625	30 026	-	485 181
Expenditure By Type																	
Employee related costs		2 044	18 108	17 810	11 158	12 468	19 137	2 135	765	422	5 443	11 910	4 589	16 622	14 547		137 159
Remuneration of councillors		17 650	-	-	-	-	-	-	-	-	-	-	-	-	-		17 650
Debt impairment		6 903	-	-	-	-	-	-	-	-	-	-	-	-	-		6 903
Depreciation & asset impairment		4 543	9 305	5 676	6 442	19 116	21 240	-	-	-	40	42	8 018	10 737	11 682		96 842
Finance charges		-	620	-	-	-	-	-	-	-	-	-	-	-	-		620
Bulk purchases		-	-	-	-	-	142 000	-	-	-	-	-	-	-	-		147 500
Other materials		-	-	3 363	150	5 008	5 930	-	-	-	-	375	200	1 508	2 503		19 035
Contracted services		3 358	3 250	27 075	7 930	-	2 650	-	3 350	-	8 680	13 000	14 000	500	6 122		89 915
Transfers and subsidies		-	3 577	1 505	-	-	10 379	-	-	-	-	-	4 960	5 756	2 060		28 236
Other expenditure		20 914	3 848	4 085	1 574	305	6 536	427	3 706	159	307	2 030	121	1 599	3 843		49 455
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Total Expenditure		55 412	38 707	59 514	27 254	36 897	207 872	2 562	7 821	581	14 470	27 358	31 887	42 221	40 757	-	593 315
Surplus/(Deficit)		(55 412)	154 884	(57 884)	(22 945)	(34 643)	(7 001)	(2 562)	(7 821)	(481)	(13 936)	(22 458)	(11 546)	(15 596)	(10 731)	-	(108 134)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)						37 740	15 000										52 740
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)																	-
Surplus/(Deficit) after capital transfers & contributions		(55 412)	154 884	(57 884)	(22 945)	3 097	7 999	(2 562)	(7 821)	(481)	(13 936)	(22 458)	(11 546)	(15 596)	(10 731)	-	(55 394)

Table 65 KZN263 Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits		41 643	26 071	16 580	16 580	8 302	8 302	8 302	8 302	8 302	8 302
Other current investments		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	41 643	26 071	16 580	16 580	8 302	8 302	8 302	8 302	8 302	8 302
<u>Consumer debtors</u>											
Consumer debtors		46 962	74 485	42 748	33 213	33 213	33 213	33 213	33 213	33 213	33 213
Less: Provision for debt impairment		(4 992)	(4 968)	–	–	–	–	–	–	–	–
Total Consumer debtors	2	41 970	69 517	42 748	33 213	33 213	33 213	33 213	33 213	33 213	33 213
<u>Debt impairment provision</u>											
Balance at the beginning of the year											
Contributions to the provision		(31 237)	–	–	–	–	–	–	–	–	–
Bad debts written off											
Balance at end of year		(31 237)	–	–	–	–	–	–	–	–	–
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		3 093 183	3 141 856	3 765 737	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		1 551 688	1 634 380	3 734 102							

Total Property, plant and equipment (PPE)	2	1 541 495	1 507 476	31 635	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748	3 106 748
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		1 381	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	–	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		1 381	–	–	–	–	–	–	–	–	–
<u>Trade and other payables</u>											
Trade and other creditors		57 094	66 129	31 980	69 646	69 646	69 646	69 646	69 646	69 646	69 646
Unspent conditional transfers		6 310	5 245	–	8 036	8 036	8 036	8 036	8 036	8 036	8 036
VAT		(3 402)	–	–	–	–	–	–	–	–	–
Total Trade and other payables	2	60 002	71 374	31 980	77 682	77 682	77 682	77 682	77 682	77 682	77 682
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	–	–	6 764	–	–	–	–	–	–	–
Finance leases (including PPP asset element)		–	–	124 677	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		–	–	131 440	–	–	–	–	–	–	–
<u>Provisions - non-current</u>											
Retirement benefits		36 565	62 275	62 275	69 279	69 279	69 279	69 279	69 279	69 279	69 279
List other major provision items											
Refuse landfill site rehabilitation		53 122	55 632	61 334	61 334	61 334	61 334	61 334	61 334	61 334	61 334
Other		–	–	–	–	–	–	–	–	–	–
Total Provisions - non-current		89 687	117 907	123 609	130 613	130 613	130 613	130 613	130 613	130 613	130 613
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		1 577 136	1 469 444	3 734 102	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322

GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		1 577 136	1 469 444	3 734 102	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322	1 393 322
Surplus/(Deficit)		59 164	54 817	73 544	(144 167)	(63 702)	(45 975)	(30 972)	(55 542)	(57 305)	(62 805)
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
Accumulated Surplus/(Deficit)	1	1 636 300	1 524 261	3 807 647	1 249 155	1 329 620	1 347 348	1 362 350	1 337 780	1 336 018	1 330 517
Reserves	-										
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1 636 300	1 524 261	3 807 647	1 249 155	1 329 620	1 347 348	1 362 350	1 337 780	1 336 018	1 330 517

Table 66 KZN263 Table SA9 – Social, Economic and Demographic Statistics and Assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population											
Females aged 5 - 14											
Males aged 5 - 14											
Females aged 15 - 34											
Males aged 15 - 34											
Unemployment											
Monthly household income (no. of households)	-										
No income											
R1 - R1 600											
R1 601 - R3 200											
R3 201 - R6 400											
R6 401 - R12 800											
R12 801 - R25 600											
R25 601 - R51 200											
R52 201 - R102 400											
R102 401 - R204 800											
R204 801 - R409 600											
R409 601 - R819 200											
> R819 200											
Poverty profiles (no. of households)											
< R2 060 per household per month											
Insert description											
Household/demographics (000)											
Number of people in municipal area											
Number of poor people in municipal area											
Number of households in municipal area											
Number of poor households in municipal area											

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Definition of poor household (R per month)											
- Housing statistics											
Formal											
Informal											
Total number of households		-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality											
Dwellings provided by province/s											
Dwellings provided by private sector											
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
Economic											
Inflation/inflation outlook (CPIX)											
Interest rate - borrowing											
Interest rate - investment		-	-	-							
Remuneration increases											
Consumption growth (electricity)											
Consumption growth (water)											
Collection rates											
Property tax/service charges											
Rental of facilities & equipment											
Interest - external investments											
Interest - debtors											
Revenue from agency services											

Total municipal services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Household service targets (000)									
		<u>Water:</u>									
		Piped water inside dwelling	17 237	17 237	34 261	67	67	67	67	67	67
		Piped water inside yard (but not in dwelling)	14 020	14 020	–	65	65	65	65	65	65
	8	Using public tap (at least min.service level)	14	14	14	14	14	14	14	14	14
	10	Other water supply (at least min.service level)	12	12	12	7	7	7	7	7	7
		<i>Minimum Service Level and Above sub-total</i>	31 283	31 283	34 287	153	153	153	153	153	153
	9	Using public tap (< min.service level)	3 207	3 207	3 207	3 207	3 207	3 207	3 207	3 207	3 207
	10	Other water supply (< min.service level)	1 919	1 919	1 919	1 919	1 919	1 919	1 919	1 919	1 919
		No water supply	40 232	40 232	40 232	40 232	40 232	40 232	40 232	40 232	40 232
		<i>Below Minimum Service Level sub-total</i>	45 358	45 358	45 358	45 358	45 358	45 358	45 358	45 358	45 358
		Total number of households	76 641	76 641	79 645	45 511	45 511	45 511	45 511	45 511	45 511
		<u>Sanitation/sewerage:</u>									
		Flush toilet (connected to sewerage)	68 157	68 157	68 157	68 157	68 157	68 157	68 157	68 157	68 157
		Flush toilet (with septic tank)	4 506	4 506	4 506	4 506	4 506	4 506	4 506	4 506	4 506
		Chemical toilet	11 208	11 208	11 208	11 208	11 208	11 208	11 208	11 208	11 208
		Pit toilet (ventilated)	22 379	22 379	22 379	22 379	22 379	22 379	22 379	22 379	22 379
		Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
		<i>Minimum Service Level and Above sub-total</i>	106 250	106 250	106 250	106 250	106 250	106 250	106 250	106 250	106 250
		Bucket toilet	919	919	919	919	919	919	919	919	919
		Other toilet provisions (< min.service level)	53 876	53 876	53 876	53 876	53 876	53 876	53 876	53 876	53 876
		No toilet provisions	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842
		<i>Below Minimum Service Level sub-total</i>	83 637	83 637	83 637	83 637	83 637	83 637	83 637	83 637	83 637
		Total number of households	189 887	189 887	189 887	189 887	189 887	189 887	189 887	189 887	189 887
		<u>Energy:</u>									
		Electricity (at least min.service level)	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
		Electricity - prepaid (min.service level)	–	–	–	–	–	–	–	–	–
		<i>Minimum Service Level and Above sub-total</i>	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
		Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
		Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
		Other energy sources	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
		<i>Below Minimum Service Level sub-total</i>	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
		Total number of households	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024
		<u>Refuse:</u>									
		Removed at least once a week	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
		<i>Minimum Service Level and Above sub-total</i>	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
		Removed less frequently than once a week	1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270

		Using communal refuse dump	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763
		Using own refuse dump	105 738	105 738	105 738	105 738	105 738	105 738	105 738	105 738
		Other rubbish disposal	3 816	3 816	3 816	3 816	3 816	3 816	3 816	3 816
		No rubbish disposal	15 010	15 010	15 010	15 010	15 010	15 010	15 010	15 010
		<i>Below Minimum Service Level sub-total</i>	127 597	127 597	127 597	127 597	127 597	127 597	127 597	127 597
		Total number of households	138 854	138 854	138 854	138 854	138 854	138 854	138 854	138 854
Municipal in-house services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework	
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19
		Household service targets (000)								
		<u>Water:</u>								
		Piped water inside dwelling	17 237	17 237	34 261	67	67	67	67	67
		Piped water inside yard (but not in dwelling)	14 020	14 020	–	65	65	65	65	65
8		Using public tap (at least min.service level)	14	14	14	14	14	14	14	14
10		Other water supply (at least min.service level)	12	12	12	7	7	7	7	7
		<i>Minimum Service Level and Above sub-total</i>	31 283	31 283	34 287	153	153	153	153	153
9		Using public tap (< min.service level)	3 207	3 207	3 207	3 207	3 207	3 207	3 207	3 207
10		Other water supply (< min.service level)	1 919	1 919	1 919	1 919	1 919	1 919	1 919	1 919
		No water supply	40 232	40 232	40 232	40 232	40 232	40 232	40 232	40 232
		<i>Below Minimum Service Level sub-total</i>	45 358	45 358	45 358	45 358	45 358	45 358	45 358	45 358
		Total number of households	76 641	76 641	79 645	45 511	45 511	45 511	45 511	45 511
		<u>Sanitation/sewerage:</u>								
		Flush toilet (connected to sewerage)	68 157	68 157	68 157	68 157	68 157	68 157	68 157	68 157
		Flush toilet (with septic tank)	4 506	4 506	4 506	4 506	4 506	4 506	4 506	4 506
		Chemical toilet	11 208	11 208	11 208	11 208	11 208	11 208	11 208	11 208
		Pit toilet (ventilated)	22 379	22 379	22 379	22 379	22 379	22 379	22 379	22 379
		Other toilet provisions (> min.service level)								
		<i>Minimum Service Level and Above sub-total</i>	106 250	106 250	106 250	106 250	106 250	106 250	106 250	106 250
		Bucket toilet	919	919	919	919	919	919	919	919
		Other toilet provisions (< min.service level)	53 876	53 876	53 876	53 876	53 876	53 876	53 876	53 876
		No toilet provisions	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842
		<i>Below Minimum Service Level sub-total</i>	83 637	83 637	83 637	83 637	83 637	83 637	83 637	83 637
		Total number of households	189 887	189 887	189 887	189 887	189 887	189 887	189 887	189 887
		<u>Energy:</u>								
		Electricity (at least min.service level)	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
		Electricity - prepaid (min.service level)								
		<i>Minimum Service Level and Above sub-total</i>	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
		Electricity (< min.service level)								
		Electricity - prepaid (< min. service level)								

Other energy sources	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
<i>Below Minimum Service Level sub-total</i>	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
Total number of households	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024
<u>Refuse:</u>									
Removed at least once a week	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
<i>Minimum Service Level and Above sub-total</i>	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
Removed less frequently than once a week	1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270
Using communal refuse dump	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763
Using own refuse dump	105 738	105 738	105 738	105 738	105 738	105 738	105 738	105 738	105 738
Other rubbish disposal	3 816	3 816	3 816	3 816	3 816	3 816	3 816	3 816	3 816
No rubbish disposal	15 010	15 010	15 010	15 010	15 010	15 010	15 010	15 010	15 010
<i>Below Minimum Service Level sub-total</i>	127 597	127 597	127 597	127 597	127 597	127 597	127 597	127 597	127 597
Total number of households	138 854	138 854	138 854	138 854	138 854	138 854	138 854	138 854	138 854

Detail of Free Basic Services (FBS) provided			2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Electricity	Ref										
		<u>Location of households for each type of FBS</u>									
List type of FBS service		Formal settlements - (50 kwh per indigent household per month R'000) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS	2 698 000	2 000 000	2 000 000	1 599 000	3 200 000	2 901 531	3 398 400	3 598 906	3 811 241
		Total cost of FBS - Electricity for informal settlements	–	–	–	–	–	–	–	–	–
Water	Ref										
		<u>Location of households for each type of FBS</u>									
List type of FBS service		Formal settlements - (6 kilolitre per indigent household per month R'000) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS	2 091 364	2 580 000	2 800 000	3 198 000	1 940 000	1 912 559	2 060 280	2 181 837	2 310 565
		Total cost of FBS - Water for informal settlements	–	–	–	–	–	–	–	–	–
Sanitation	Ref										
		<u>Location of households for each type of FBS</u>									
List type of FBS service		Formal settlements - (free sanitation service to indigent households)	3 631 980	4 700 000	4 500 000	5 969 600	5 420 000	5 523 874	5 756 040	6 095 646	6 455 289

		Number of HH receiving this type of FBS								
		Informal settlements (R'000)								
		Number of HH receiving this type of FBS								
		Informal settlements targeted for upgrading (R'000)								
		Number of HH receiving this type of FBS								
		Living in informal backyard rental agreement (R'000)								
		Number of HH receiving this type of FBS								
		Other (R'000)								
		Number of HH receiving this type of FBS								
		Total cost of FBS - Sanitation for informal settlements	-	-	-	-	-	-	-	-
Refuse Removal	Ref									
		<u>Location of households for each type of FBS</u>								
List type of FBS service		Formal settlements - (removed once a week to indigent households)	2 702	3 500	3 500	4 690	4 670	4 664	4 959	5 252
		Number of HH receiving this type of FBS	300	000	000	400	000	688	540	153
		Informal settlements (R'000)								
		Number of HH receiving this type of FBS								
		Informal settlements targeted for upgrading (R'000)								
		Number of HH receiving this type of FBS								
		Living in informal backyard rental agreement (R'000)								
		Number of HH receiving this type of FBS								
		Other (R'000)								
		Number of HH receiving this type of FBS								
		Total cost of FBS - Refuse Removal for informal settlements	-	-	-	-	-	-	-	-

Table 67 KZN263 SA32 – List of External Mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Dolphin Coast			Refuse Removal		7 072
Zamakhumalo			Refuse Removal		2 454
BJM Plant Hire			Refuse Dump		3 600
LK Security			Security		6 787
Sharks			Security		3 110
RIS Motors			Car Rental		4 600
DDP Valuaers			Valuation Roll		360
Quantum Leap Investments			Grass cutting & cleaning		6 238
Shalom Security			Caretakers at dam		89
Smart Office Connection			Office Machine Rental		238
Centrafin			Office Machine Rental		63
Konica Minolta			Office Machine Rental		258
Protea Coin			Cash Collection		308
Munsoft			IT Rental		1 007
Payday			Payroll Support		84
Total Client Services			Traffic Summons System		81
Nashua			Office Machine Rental		63
Otis			Office Machine Rental		15
Link Up Security			After Hours Monitoring		547
KD Electrical			Meter Reading		290
Municipal Incorp			Meter Reading		1 000
KEV			Meter Reading		1 006
Aqua Transport			Leasing of Graders		7 815
Wesbank Vehicle Hire			Car Rental		6 050
Steiner Hygiene			Hygiene suppliers		90
Brandfin			Speed Fine Machine Rental		145

Our Ref.:
Your Ref.

Enquiries:
Dept.: Finance



✉ 57, VRYHEID 3100

c/o, Mark & High Street



(034) 982-2133



Fax: (034) 982-1939

E-mail: finance@Abaqulusi.gov.za

QUALITY CERTIFICATE

I, **H D ZULU**, Acting Municipal Manager of **ABAQULUSI MUNICIPALITY**, hereby certify that:
(mark as appropriate)

- ☐ The monthly budget statement
- ☐ Quarterly report on the implementation of the budget and financial state of affairs to the municipality
- ☐ Mid-year budget and performance assessment
- ☒ Medium Term Budget

For the Medium Term Budget for 2017/18 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

H D ZULU
ACTING MUNICIPAL MANAGER
ABAQULUSI MUNICIPALITY
KZN263

SIGNATURE: _____

DATE: _____

Annexure A - Tariffs

Annexure B - Government Provincial Allocation

Annexure C - “A” Schedule

Annexure D - Signing Budget Locking Certificate

Certification that the adopted budget for 2017/18 is correctly captured and locked on the municipality's financial management system

(as requested by National Treasury in terms of section 74 of the MFMA, with reference to paragraph 6.3 of MFMA Budget Circular 59 dated 16 March 2012)

I,, in my capacity as accounting officer of the municipality, hereby certify that:

- *The adopted annual budget has been captured on the municipality's financial system;*
- *There is 100 per cent reconciliation between the budget on the system and the budget adopted by council;*
- *The adopted annual budget on the municipality's financial system is locked and will not be changed as it serves as the baseline against which to monitor and measure performance; and*
- *The relevant budget return forms have been submitted to the local government database.*

I, further certify that the municipality has in place controls to ensure that any changes to the adopted budget will be captured separately and only in accordance with:

- *a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and*
- *an adjustments budget approved by council.*

Print Name _____

Municipal manager of _____
(name and demarcation code of municipality)

Signature _____

Date _____

This certificate must be submitted to National Treasury by close of business 7 June 2017 at the following email address: lgdocuments@treasury.gov.za.

Also send copies to the Auditor General and the relevant provincial treasury

Annexure E - Service Level Standards

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Solid Waste Removal	
Premise based removal (Residential Frequency)	Weekly
Premise based removal (Business Frequency)	Daily
Bulk Removal (Frequency)	Weekly
Removal Bags provided(Yes/No)	No
Garden refuse removal Included (Yes/No)	No
Street Cleaning Frequency in CBD	Daily
Street Cleaning Frequency in areas excluding CBD	No
How soon are public areas cleaned after events (24hours/48hours/longer)	48 hours
Clearing of illegal dumping (24hours/48hours/longer)	Longer
Recycling or environmentally friendly practices(Yes/No)	No
Licenced landfill site(Yes/No)	Yes
Water Service	
Water Quality rating (Blue/Green/Brown/N0 drop)	No drop
Is free water available to all? (All/only to the indigent consumers)	Only to indigent consumers and consumers in ZDM areas who are not metered
Frequency of meter reading? (per month, per year)	Monthly
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	Read on a monthly basis
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	N/A
Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)	
One service connection affected (number of hours)	4 hours
Up to 5 service connection affected (number of hours)	4 hours
Up to 20 service connection affected (number of hours)	16 hours
Feeder pipe larger than 800mm (number of hours)	24 hours
What is the average minimum water flow in your municipality?	240 mg lt/month
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
How long does it take to replace faulty water meters? (days)	1 hour
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Electricity Service	
What is your electricity availability percentage on average per month?	100%
Do your municipality have a ripple control in place that is operational? (Yes/No)	Yes
How much do you estimate is the cost saving in utilizing the ripple control system?	Via load control
What is the frequency of meters being read? (per month, per year)	Monthly
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	Read on a monthly basis
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	N/A
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	Immediately where possible
Are accounts normally calculated on actual readings? (Yes/no)	Yes
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
How long does it take to replace faulty meters? (days)	Within 30 days
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	Yes, tender has been drawn up
How effective is the action plan in curbing line losses? (Good/Bad)	Not in use at the moment
How soon does the municipality provide a quotation to a customer upon a written request? (days)	Within 7 days
How long does the municipality take to provide electricity service where existing infrastructure can be used? (working days)	Within 10 days
How long does the municipality take to provide electricity service for low voltage users where network extension is not required? (working days)	Within 10 days
How long does the municipality take to provide electricity service for high voltage users where network extension is not required? (working days)	Within 30 days
Sewerage Service	
Are your purification system effective enough to put water back in to the system after purification?	Yes
To what extend do you subsidize your indigent consumers?	Indigent consumers get subsidized 100%
How long does it take to restore sewerage breakages on average	
Severe overflow? (hours)	24 hours
Sewer blocked pipes: Large pipes? (Hours)	4 hours
Sewer blocked pipes: Small pipes? (Hours)	1 hour
Spillage clean-up? (hours)	1 hour

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Replacement of manhole covers? (Hours)	1 hour
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	2 hours
Time taken to repair a single pothole on a minor road? (Hours)	1 hour
Time taken to repair a road following an open trench service crossing? (Hours)	8 hours
Time taken to repair walkways? (Hours)	4 hours
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	One month
Do you have any special rating properties? (Yes/No)	No
Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Yes it is decreasing
Is the financial statement outsourced? (Yes/No)	AFS are compiled in conjunction with PWC
Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?	Yes
How long does it take for an Tax/Invoice to be paid from the date it has been received?	30 days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	No
Administration	
Reaction time on enquiries and requests?	7 working days
Time to respond to a verbal customer enquiry or request? (working days)	7 working days
Time to respond to a written customer enquiry or request? (working days)	7 working days
Time to resolve a customer enquiry or request? (working days)	7 working days
What percentage of calls are not answered? (5%,10% or more)	5%
How long does it take to respond to voice mails? (hours)	N/A
Does the municipality have control over locked enquiries? (Yes/No)	No

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Is there a reduction in the number of complaints or not? (Yes/No)	Yes
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	Not often
Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	60 minutes
How long does it take to renew a vehicle license? (minutes)	60 minutes
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	60 minutes
How long does it take to de-register a vehicle? (minutes)	60 minutes
How long does it take to renew a driver's license? (minutes)	60 minutes
What is the average reaction time of the fire service to an incident? (minutes)	60 minutes
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	N/A
Economic development	
	3
How many economic development projects does the municipality drive?	
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	5
What percentage of the projects have created sustainable job security?	5%

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Does the municipality have any incentive plans in place to create a conducive environment for economic development? (Yes/No)	No
Other Service delivery and communication	
Is an information package handed to the new customer? (Yes/No)	No
Does the municipality have training or information sessions to inform the community? (Yes/No)	No
Are customers treated in a professional and humanly manner? (Yes/No)	Yes

Annexure G - Policies

