



*"An economically sound district with effective infrastructure and a district municipality that empowers people, protects the environment and demonstrates leadership excellence"*

# **uThungulu District Municipality**

## **FINAL DRAFT MEDIUM TERM BUDGET REPORT**

**2011/12 – 2013/14**

**MARCH 2011**



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# **PART 1 – ANNUAL BUDGET**

## **1. DEFINITIONS**

(1) In this Budget Report, unless the context indicates otherwise –

**“accounting officer”**

(a) in relation to a municipality, means the municipal official referred to in section 60 of the Municipal Finance Management Act, 2003; and include a person acting as the accounting officer;

**“allocation”**, in relation to a municipality, means -

(a) a municipality’s share of the local government’s equitable share referred to in section 214(1)(a) of the Constitution;

(b) an allocation of money to a municipality in terms of section 214(1)(c) of the Constitution;

(c) an allocation of money to a municipality in terms of a provincial budget; or

(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

**“annual Division of Revenue Act”** means the Act of Parliament which must be enacted annually in terms of section 214 (1) of the Constitution;

**“approved budget”** means an annual budget -

(a) approved by a municipal council; or

(b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

**“basic municipal service”** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

**“budget-related policy”** means a policy of a municipality affecting or affected by the annual budget of the municipality, including -

(a) the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

(b) the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

**“budget year”** means the financial year for which an annual budget is to be approved in terms of section 16(1) of the Municipal Finance Management Act, 2003.;

**“chief financial officer”** means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act, 2003.

**“CoGTA”** means the department of Co-operative Governance and Traditionnal Affairs.;

**“councillor”** means a member of a municipal council;

**“CPIX”** means Consumer price Index.

**“current year”** means the financial year which has already commenced, but not yet ended;

**“debt”** means -

- (a) a monetary liability or obligation created by a financing agreement, note, debenture, bond or overdraft, or by the issuance of municipal debt instruments; or
- (b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

**“delegation”**, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

**“district municipality”** means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

**“DLGTA”** means Department of Local Government and Traditional Affairs of the Kwa-Zulu Natal Province

**“DWA”** means Department of Water Affairs

**“EXCO”** means Executive Committee of the Council of the District Municipality

**“GFS”** means General Financial Statistic.

**“financial year”** means a year ending on 30 June;

**“IDP”** means Integrated Development Plan

**“In year reports, in relation to-**

- (a) a municipality means
  - (i) a monthly budget statement of the municipality contemplated in section 71(1) of the MFMA
  - (ii) a Quarterly report on the implementation of the budget and financial state of affairs of the municipality contemplated in section 52(d) of the act;
  - (iii) a mid-year budget and performance assessment of the municipality contemplated in section 72 of the act.

**“investment”**, in relation to funds of a municipality, means -

- (a) the placing on deposit of funds of a municipality with a financial institution; or
- (b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

**“lender”**, in relation to a municipality, means a person who provides debt finance to a municipality;

**“local community”** has the meaning assigned to it in section 1 of the Municipal Systems Act;

**“local municipality”** means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

**“long-term debt”** means debt repayable over a period exceeding one year;

**“MANCO”** means management committee of the district municipality

**“MFMA”** Municipal Finance Management Act, No. 56 of 2003

**“MFMA Regulations or (MBRR)”** means regulations relating to Municipal Budget and Reporting;

**“MTEF”** means Medium Term Expenditure Framework

**“mayor”**, in relation to -

(a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or

(b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of section 48 of that Act;

**“month”** means one of the 12 months of a calendar year;

**“municipality”** -

(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

**“MIG”** means Municipal Infrastructure Grant;

**“municipal service”** has the meaning assigned to it in section 1 of the Municipal Systems Act;

**“Municipal Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

**“municipal tariff”** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

**“municipal tax”** means property rates or other taxes, levies or duties that a municipality may impose;

**“National Treasury”** means the National Treasury established by section 5 of the Public Finance Management Act;

**“past financial year”** means the financial year preceding the current year;

**“NER”**, means the National Electricity Regulator;

**“Provincial Treasury”** means a treasury established in terms of section 17 of the Public Finance Management Act;

**“quarter”** means any of the following periods in a financial year:

(a) 1 July to 30 September;

(b) 1 October to 31 December;

(c) 1 January to 31 March; or

(d) 1 April to 30 June;

**“Quality certificate”**, in relation to

(a) a municipality, means a certificate issued and signed by the municipal manager of the municipality confirming the accuracy and reliability of the contents of a document prepared or issued by the municipality

**“SDBIP”** means Service Delivery Budget Implementation Plan

**“standards of generally recognised accounting practice”** means an accounting practice complying with standards applicable to municipalities or municipal entities and issued in terms of Chapter 11 of the Public Finance Management Act;

**“SCOPA”** means Standing Committee on Public Accounts;

**“vote”** means -

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned;

**“WSDP”** means Water Service Development Plan.



## **2. MAYORAL BUDGET SPEECH**

The Mayoral Budget Speech will be delivered to the Council during 4<sup>th</sup> May 2011 to coincide with tabling of the final budget for approval.

The purpose of the Mayoral budget speech will be to provide a high-level summary of the budget that draws on the executive summary and highlights key deliverables during the coming years. The speech will address certain fundamental issues, including the eradication of service delivery backlogs, commencement of new projects and programs.

### **3. BUDGET RELATED RESOLUTIONS**

*These are the resolutions recommended for approval:*

1. The annual budget of the municipality for the financial year 2011/12; and indicative for the two projected outer years 2012/13 and 2013/14 be approved as set-out in the following schedules:
  - 1.1 **Budget Summation** (Revenue, Expenditure, Financial Position, Performance, Capital Exp & Cash Flow) **Table A1 (Page 80)**
  - 1.2 **Financial Performance** (Revenue and Expenditure by standard classification/ vote) - **Table A2 (Page 81)**
  - 1.3 **Financial Performance** (Revenue by Vote and Expenditure by Vote) - **Table A3 (Pages 83)**
  - 1.4 **Financial Performance** (Revenue and Expenditure by Sub Vote) **Table A4 (Page 87)**
  - 1.5 **Capital expenditure** by Vote, Standard classification and funding - Table A5 (Pages 88)
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables:
  - 2.1 **Financial Position - Table A6 (Pages 89)**
  - 2.2 **Cash Flows - Table A7 (Page 91)**
  - 2.3 **Cash backed reserves & accumulated reconciliation - Table A8 (Page 92)**
  - 2.4 **Basic service delivery measurement - Table A10 (Pages 93)**
3. **Supporting tables - (Pages 95 - 101)**
4. That in terms of Section 17(3) (k) of the Municipal Finance Management Act, 56 of 2003, that the proposed cost to council of salary, allowances and benefits of each office bearer, councillor and senior officials is reflected in **Page 95**
5. **Budget Related Charts (Pages 76 - 79)**
6. Detailed Operational IDP Projects (**Page 104**)
7. In terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including any amendments as set out in Budget Chapter 8 are approved for the budget year 2011/12.
8. Detailed Capital Budget (**Pages 105 - 106**)
9. Council resolves that tariffs and charges are approved for the budget year 2011/12 as reflected in (**Pages 60 - 67**)

10. Council **notes** the draft SDBIP tabled together with the measurable performance objectives per vote for subsequent approval by the Mayor. **(Chapter 13: Departmental SDBIP)** (Page 61) To be submitted in June 2011.

#### **4. EXECUTIVE SUMMARY**

The Municipal Finance Management Act, 2003, (MFMA) Section 16 (2), requires that the Mayor of the municipality table the annual budget at a Council meeting at least 90 days before the start of the budget year.

In addition, in MFMA Circular 28 dated 12 December 2005, National Treasury provides general guidance on the content and format for the municipal budget documentation while MFMA circular 54 and 55 provides further guidance to municipalities and municipal entities for the preparation of their 2011/12 Budgets and Medium Term Revenue and Expenditure Framework (MTREF).

On the 17 April 2009, the National Treasury gazette the final municipal budget and reporting regulations in government gazette 32141.

The regulations are applicable to all municipalities in the 2010/11 financial year; however, uThungulu has complied since 2009/10. This is Council's third budget presented in this prescribed format.

The budget for 2011/12 - 2013/14 commenced from November 2010 onwards with discussions being held with MANCO members at the strategic session held on the 09 and 10<sup>th</sup> of February 2011. Thereafter, the draft budget was indicating a shortfall. Subsequently a meeting was held with HOD's and the Municipal Manager to discuss and identify further savings which which assisted in resolving the anticipated budget shortfall.

The detailed grant allocations from National Treasury, per the Division of Revenue Bill, 2011 was made available from the 23<sup>rd</sup> February 2011 on National Treasury's website. The Provincial allocations have not been included due to them being published after the budget discussions were finalised; however prior to the budget book been finalised there has been an indication of a slight decrease in the District's allocation.

The 2011/12 medium term revenue and expenditure framework (MTREF) Budgets has been drafted under immense economic pressure.

According to circular 54 of National Treasury issued on the 10th December 2010, municipalities are reminded of their role in the efficient and effective use of public services, it stresses amongst other issues:

- **The election date and the approval of the budget;**  
The circular states that Mayors and Municipal Managers must manage the above risks, they must seek to ensure stability and continuity.

- **National Outcomes;**  
All municipalities are expected to take the 12 outcomes into consideration when reviewing their IDPs and developing their annual budgets for the 2011/12 MTREF.
- **Preparing and amending budget related policies;**  
According to the Municipal Budget and Reporting Regulations a municipality must prepare a range of budget related policies, or any necessary amendments to such policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the MFMA
- **Revising rates, tariffs and other charges;**  
National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as practically possible. For this reason National Treasury continues to require that municipalities must justify in their budget documentation all increases in excess of the 6 % upper boundary of the South African Reserve Bank's inflation target. However, they go on to say that municipalities must progressively move towards a cost reflective tariff by 2014.

There continues to be an urgent need to promote the careful use of water. Ensuring that water is correctly priced is the most effective means getting households and businesses to conserve water.

- **Funding choices and management issues;**  
Given the on-going constraints on the revenue side, municipalities will again need to make some very tough decisions on the expenditure side this year.  
Priority ought to be given to:
  - Ensuring that drinking water meets the required quality standards at all times;
  - Protecting the poor from the worst impacts of the slow recovery in the labour market;
  - Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
  - Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance; and
  - Expediting spending on capital projects that are funded by conditional grants.

Municipalities must pay special attention to controlling unnecessary Nice -to-have items and non-essential activities, such as foreign travel, councillor and staff perks, advertising and public relations activities.

A further circular 55 was issued by National Treasury on the 8 March 2011 and highlights the following issues:

- **National priority – creating decent employment opportunities**

According to the President of the Country 2011 has been declared as the year of job creation, and municipalities are requested to make this an emphasis and explore the EPWP as well as to employ interns.

- Additional allocations to local government  
The allocations in terms of the DORA have been increased to soften the effect of the economy on the municipality.
- Procurement reforms and fighting corruption  
SCM processes at municipalities must be transparent.
  
- **Headline inflation forecasts**
  - Revising rates, tariffs and other charges
  - Eskom bulk tariff increases
  - Water tariffs must be cost-reflective
  
- **Funding choices and management issues**

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2011/12 and so municipalities should adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities should also pay particular attention to managing all revenue and cash streams effectively, by paying particular attention to their revenue management processes and procedures.

  - Hand-over reports for the newly elected councils  
Municipal Managers must prepare hand over reports to the sitting of the first new council. The aim of this hand-over report is to provide the new councils important orientation information regarding the municipality, the state of its finances, service delivery and capital programme, as well as key issues that need to be addressed.
  - Renewal and repairs and maintenance of existing assets  
All municipalities should provide narrative information in their budget documents on how they are planning, managing and financing repairs and maintenance and asset renewal.
  - Budgeting for an operating deficit  
Section 18 of the MFMA requires that an annual budget must be 'funded', and identifies three possible funding sources: (a) realistically anticipated revenues to be collected, (b) cashbacked accumulated funds from previous years' surpluses not committed for other purposes, and (c) borrowed funds, but only for the capital budget.
  - Budget management issues dealt with in previous MFMA circulars
  
- **Conditional transfers to municipalities**

In terms of section 28, each category C municipality must indicate in its budget all allocations from its equitable share and conditional allocations to be transferred to each category B municipality within the category C municipality's area of jurisdiction.

- Timing of municipal conditional grant transfers payment schedule
  - Responsibilities of transferring and receiving authorities
  - Unspent conditional grant funds for 2010/11
  - Reporting and accounting for municipal approved conditional grant roll-overs
  - Municipal disaster grant
  - Budgeting for the EPWP incentive grant conditional grant
  - Conditional grant issues dealt with in previous MFMA circulars
- **The municipal budget and reporting regulations**
    - Consolidated budgets and reports for municipalities with entities
    - Dummy budget guide
    - Municipal budgets and internal charges
    - Phasing in of formats and tables
    - 2011/12 MTREF funding compliance assessment
    - MBRR issues dealt with in previous MFMA circulars
- **Budget process and submissions for the 2011/12 MTREF**
    - Submitting budget documentation and schedules for 2011/12
    - Submissions to the National Treasury database for publication
    - Subpublication of budgets on municipal websites

The above guidelines have been taken into account as much as possible by management in the compilation of the 2011/12 medium term budget.

**ANALYSIS OF THE 2011/12-2013/2014 MEDIUM TERM BUDGET  
OVERALL SUMMARY**

2011/12 - 2013/14 Budget Discussion Document	10/11 Adjusted Budget	11/12 Budget	% Change	12/13 Budget Forecast	13/14 Budget Forecast
<b>Expenditure</b>					
Internally Funded Operational Exp (Inc Salaries)	297 920 922	326 855 333	10%	353 722 842	377 805 908
Internally Funded Operational Projects	66 458 006	41 417 343	-38%	45 079 362	46 786 770
Internally Funded Capital Projects	58 041 524	39 392 500	-32%	36 400 000	27 700 000
Grant Funded Opex (FMG, Planning Shared Serv & PMU)	16 960 589	19 969 536	18%	19 931 730	21 507 669
Externally Funded Operational Projects	55 865 384	47 883 023	-14%	26 267 043	38 519 000
Externally Funded Capital Projects	174 534 640	157 873 368	-10%	214 701 786	225 962 000
<b>Total Expenditure</b>	<b>669 781 065</b>	<b>633 391 102</b>	<b>-5%</b>	<b>696 102 764</b>	<b>738 281 347</b>
Equitable Share & LRG	(246 198 323)	(282 349 710)	15%	(310 162 595)	(334 348 005)
Environmental Health QS	(13 779 677)	(16 828 290)	22%	(18 653 405)	(19 849 995)
Internally Generated Funds	(63 440 364)	(65 126 363)	3%	(70 281 125)	(75 390 305)
Conditional Grants Revenue	(166 395 000)	(208 400 000)	25%	(241 711 000)	(265 561 000)
Prior Year's Conditional Grants	(66 925 356)	(497 637)	-99%	(536 154)	(577 674)
Depreciation Funding Reserve	(32 000 000)	(32 000 000)	0%	(32 000 000)	(32 000 000)
Provision for Rehabilitation - Solid Waste Cell	-	(10 000 000)	100%	(7 600 000)	-
Project Rollovers - Internally Funded Capital	(12 397 381)	-	-100%	-	-
Surplus Brought Forward (2010/11)		(18 189 102)		(15 158 485)	(10 554 368)
Surplus Brought Forward (2009/10)	(45 335 870)	-	-100%	-	-
Borrowings	(23 309 094)	-	-100%	-	-
<b>Total Revenue</b>	<b>(669 781 065)</b>	<b>(633 391 102)</b>	<b>-5%</b>	<b>(696 102 764)</b>	<b>(738 281 347)</b>

**Revenue**

To be noted that the 2011/12 MTEF budget has resulted in a shortfall, the planned expenditure exceeds the expected revenue by R18m. The 2010/11 adjustment budget figures have been included in the above table as comparatives; these figures are inclusive of roll over projects from 2009/10 financial year.

The grant funded revenue and expenditure are matched in the above table. The table emphasizes the expenditure that is funded from internally generated funds (service charges and interest on investments) as well as unconditional grants (equitable share and levy replacement grant). It be noted that the shortfall has been funded from anticipated surpluses at the end of 2010/2011.

From the above table, it is clear that the equitable share and levy replacement, inclusive of the environmental health portion grant allocation has increased by R39.2m (15%) compared to 2010/11 allocation. To note that R16.8m of this has been ring fenced for the devolution of the Environmental Health Services to the District(to be confirmed with letter from CogTA).

Internally generated funds (service charges and interest) are expected to increase by R1.7m (3%) compared to the 2010/11 financial year, this is mainly due to the increase in the tariffs.

In terms of Division of Revenue Bill, 2010 the National Treasury has only allocated R18 per household to fund the Environmental Health function in the district, the budget includes an amount of R16.8m funded from Equitable share and this funding is ring fenced. The detail of the amount will have to be established with National Treasury and CogTA.

Due to the un-funded mandate for public safety, only the co-ordination function has been budgeted. A letter has been written to the local municipalities to bring to their attention that the municipality has budgeted 40% of the expenditure and they would need to budget the further 60%.

### EXPENDITURE

Increase in the operational expenditure (incl. salaries) has been kept to minimum, with a 10% increase from last year, this is as a result of a budget steercom decision to cut all non essential expenditure items and priority only given to core expenditure. To be noted that staff salary increase has been budgeted at 7.7% from 2010/11 as per the Wage Collective agreement entered into by the employer and employee representatives. A further 8.48% has also been budgeted in line with an ongoing labour appeal. A minimum amount has been budgeted for interns stipends to be employed.

In line with the above circulars guidance and in order for the municipality to achieve a balanced budget the following decisions were taken at the Budget Steering Committee Meeting on the 1<sup>st</sup> March 2011;

#### Challenges that are beyond our control :

- Bulk electricity has escalated by 25% immediately and a further increase of similar proportions in the outer two years.
- Funding for Environmental Health ring fenced and included in Equitable Share (R16.8m)
- Staff salaries increase budgeted for at 7.7% and a further 8.48% for 10/11 labour dispute still pending.

#### Operational Expenditure

The following operational expenditure budget have been cut or discontinued :

- Entertainment budgets have been discontinued-Mayor, Deputy Mayor, Speaker , Municipal Manager, Deputy Municipal Manager & HOD's.
- Staff year end function
- Office teas & refreshments
- Delegations budgets per departments cut to a minimum amount
- Overall training to staff & councillors -limited to 1% of the total Wage Bill (inclusive of training, in-house training, ABET, travel and accommodation).
- Leasing verses outright purchase for Capital equipment
- Cemetery extension
- Mtunzini sewer cash flowed over two years



- Existing project extensions

In line with the circular 54 the 2010/2011 budget aims at addressing the National priorities for Local Government especially Outcome 9 and 12:

1. Improve the quality of basic education
2. Improve health and life expectancy
3. All people in South Africa protected and feel safe
4. Decent employment through inclusive economic growth
5. A skilled and capable workforce to support inclusive growth
6. An efficient, competitive and responsive economic infrastructure network
7. Vibrant, equitable and sustainable rural communities and food security
8. Sustainable human settlements and improved quality of household life
9. A response and, accountable, effective and efficient local government system
10. Protection and enhancement of environmental assets and natural resources
11. A better South Africa, a better and safer Africa and world
12. A development-orientated public service and inclusive citizenship

The table below depicts the 2011/12- 2013/2014 operational expenditure per depart.

	Budget Year '2011/12 (Incl. Sal)	Budget Year '2012/13 (Incl. Sal)	Budget Year '2013/14 (Incl. Sal)
<b>DEPARTMENTS</b>			
<b>EXECUTIVE AND COUNCIL</b>	<b>29 446 062</b>	<b>31 676 637</b>	<b>34 026 890</b>
Board General Expenses	12 171 710	13 063 531	14 014 480
Executive Division - Corporate Services	1 640 811	1 769 727	1 908 816
Administrative Services Division	9 240 122	9 946 301	10 666 288
Department Of The Municipal Manager	4 402 480	4 748 481	5 121 789
Department Of The Deputy Municipal Manager	1 990 940	2 148 597	2 315 517
<b>FINANCE AND ADMINISTRATION</b>	<b>45 839 025</b>	<b>48 631 488</b>	<b>51 830 680</b>
Management Services / Human Resources	6 813 913	7 269 722	7 820 618
Information Technology	5 246 736	5 563 648	5 903 805
Executive Division - Financial	6 953 993	7 385 593	7 845 764
Expenditure	6 174 301	6 686 749	7 239 358
Procurement (Scm Unit)	6 202 072	6 698 041	7 217 738
Property Services - Mangosuthu Buthelezi House	8 357 560	8 435 634	8 675 580
Property Services - Satelite Offices	1 790 393	1 943 084	2 115 362
Budget & Reporting	3 242 449	3 506 845	3 782 454
Finance Interns	1 057 609	1 142 171	1 230 000
<b>PLANNING &amp; DEVELOPMENT</b>	<b>4 826 829</b>	<b>5 208 538</b>	<b>5 619 218</b>
Planning & Development	4 329 192	4 672 384	5 041 544
Planning Shared Services	497 637	536 154	577 674
<b>COMMUNITY AND SOCIAL SERVICES</b>	<b>8 156 700</b>	<b>8 801 041</b>	<b>9 492 817</b>
Community Services Division	3 834 452	4 133 013	4 451 347
Technical Facility Services (Cemetery)	4 322 248	4 668 028	5 041 470
<b>PUBLIC SAFETY</b>	<b>7 198 168</b>	<b>6 749 825</b>	<b>6 298 952</b>
Fire Fighting Services (Shared Services)	4 245 844	3 562 944	2 882 721
Disaster Management	2 952 324	3 186 881	3 416 231
<b>ENVIRONMENTAL PROTECTION</b>	<b>15 678 290</b>	<b>18 253 405</b>	<b>19 699 995</b>
Municipal Health Services	15 678 290	18 253 405	19 699 995
<b>WATER</b>	<b>221 474 691</b>	<b>239 653 768</b>	<b>257 177 466</b>
Executive Division - Technical	1 974 435	2 132 389	2 296 238
Municipal Infrastructure, Operations & Maintenance	6 409 006	6 921 727	7 470 927
Municipal Infrastructure & Implementation	6 649 721	7 181 461	7 749 244
Water Services Authority Division	42 314 451	43 213 459	44 162 075
Water Services Provider Division	132 926 165	145 376 789	157 025 707
Water Services Provider - Mthonjaneni	5 644 015	7 233 236	8 825 981
Water Services Provider - Umlalazi	9 939 644	10 733 507	11 515 130
Consumer Billing	15 617 254	16 861 199	18 132 165
<b>WASTE MANAGEMENT</b>	<b>12 173 103</b>	<b>12 523 885</b>	<b>12 892 313</b>
Waste Management	12 173 103	12 523 885	12 892 313
<b>WASTE WATER MANAGEMENT</b>	<b>2 032 000</b>	<b>2 155 985</b>	<b>2 275 247</b>
Waste Water Management	2 032 000	2 155 985	2 275 247
<b>TOTAL OPERATIONAL EXPENDITURE</b>	<b>346 824 869</b>	<b>373 654 572</b>	<b>399 3 577</b>

The cross subsidization of the spiraling water service delivery costs with equitable share and levy replacement grant is noted in the table below:

**Water Expenditure vs Revenue Analysis**

	<b>Budget 10/11</b>	<b>Budget 11/12</b>
<b>Revenue</b>		
Service Charges - Water	23 974 008	22 232 451
Operational Expenditure	204 106 370	221 474 691
Operational Projects	53 655 043	28 788 941
<b>TOTAL WATER EXPENDITURE</b>	<b>257 761 413</b>	<b>250 263 632</b>
<b>Trading loss</b>	<b>-233 787 405</b>	<b>-228 031 181</b>
Cross Subsidization - Equitable Share	106 560 323	130 135 710
Deficit	-127 227 082	-97 895 471
Cross Subsidization - Levy Grant	127 227 082	97 895 471

After taking the above cross subsidization into account only R54m is available from the levy replacement grant for other functions and administration purposes. Thus, making the remainder of the organizations budget very tight.

To note the 11/12 budget for drought is R15.4m; this is R14.5m below 09/10's actual expenditure. This budget will be closely monitored and if required adjusted in the adjustment budget should Council's revenue increase.

<b>Drought Relief</b>	<b>09/10</b>	<b>10/11</b>
Budget	31 069 660	31 273 306
Anticipated Expenditure	-	27 224 433
Actual Exp	29 875 444	-

On the other hand, the operational IDP Projects have decreased by 27% in comparison with the 2011/12 financial year. The detail project schedule is on page 23.

Capital expenditure has decreased by 15% in comparison to the 2011/12 budget. It must be noted that the carry over capital projects will be adjusted for in August 2011. The detail project schedule is on page 24.

#### **4.1 PAST AND CURRENT PERFORMANCE, ACHIEVEMENTS AND CHALLENGES**

The past decade has been a triumphant one for the uThungulu District Municipality, a vindication of the effort we have invested in bringing services to our people. uThungulu is one of the best-performing municipalities in the province with a consistent record of quality and reliability that has been steadfastly maintained through integrity, sound management principles, accountability and transparency.

Making the delivery of water and sanitation services our priority, we have nevertheless managed to forge numerous partnerships with the corporate sector to engage in social development projects in an attempt to holistically enhance the quality of life of our people.

We were recognized as the leading district municipality in KZN, after winning the inaugural KZN Municipal Excellence Awards in November 2008, and barely a month later, our foothold in the province was reinforced, when we were the runner-up in the National Vuna Municipal Awards in the District category. We were the only KZN district to feature in the top three of the national awards. uThungulu's record of distinction was also acknowledged a bit closer to home, as we have notched up numerous accolades at the Zululand Chamber of Commerce Annual Business Excellence Awards.

The economic downturn that has capitulated our country into a recession has severely affected businesses and workers in our district. We have been strategizing and cutting costs to channel funds where they are needed most, and we are confident that our infrastructure programmes will be the key to unlocking the district's economic potential.

uThungulu is a district that is ripe for investment, which we hope will trickle down to businesses as downstream and service-related opportunities. The district is constantly working to improve the rate of service delivery to our rural areas, and despite the economic downturn, we are continuing to spend the largest portion of our annual budget on water and sanitation infrastructure. We believe that this will create economic opportunities for business and job opportunities for the unemployed, thereby boosting the economy.

Water is our most precious commodity and the major portion of our annual budget is spent in the delivery of water and water-related projects. Of particular pride to us in the past decade is our mammoth regional bulk water scheme, which was initiated in 2005. The Greater Mthonjaneni Water Project when fully completed, would cost about R600 million and will cover the whole of Mthonjaneni Municipality, two-thirds of Ntambanana Municipality and one-third of uMlalazi Municipality from KwaMpungose Traditional Authority to Gingindlovu.

Having only achieved unqualified audit reports, this achievement is evidence of the commitment and strenuous effort put in by the uThungulu Council, management and staff over the past .

We are proud of being the best district municipality in Kwazulu Natal, but are mindful of the challenges in the year ahead and will endeavour to raise the bar even further.

## **4.2 STRATEGIC FOCUS**

The integrated development approach of the Uthungulu District Municipality focuses on the combination of basic needs approach and economic development. As such, the district has been investing in physical, social and economic development aspects. Its investment has been founded on the approach of responding to areas of greatest need and areas with potential for greatest returns in terms of economic development. As a result of our focus and in compliance with the MFMA and Municipal Systems Act, the budget/IDP process occurred according to the budget timetable approved by council and was monitored by the Budget Steering Committee. The team further ensured compliance with the MFMA and subsequent circulars in the preparation and approval of the multi-year budget/IDP and SDBIP.

With the completion of the Quality of Life Survey 2009, initial discussions and alignment meetings, the 2011/12 multi-year budget and the IDP was prepared. The Municipality is committed in assisting those communities that do not have access to basic services by providing free and subsidised basic services. It is however important to note with regards to Water services that there are areas that have water infrastructure but are without meters. This makes it even more difficult and challenging to measure what is consumed and by whom, and this will remain a challenge for the municipality until every household is connected to a water meter.

## **4.3 CONSULTATIVE PROCESS**

The municipality embarked on a consultative process which was according to the budget/IDP timetable, initial alignment meetings have already occurred with major stakeholders, such as Provincial and National government departments, and meetings with suppliers, EXCO, MANCO and Council, plus road shows held with communities on 25 and 29 October 2010 and further road shows after the approval of the draft budget occurred, on the 4 and 8 April 2011. Further to the roadshows, a supplement will be advertised in the Zululand Observer on the 24 March 2011 highlighting the draft MTREF budget for 2010/11.

It must be noted that in order to remain financially viable and sustainable, sufficient resources must be generated. As limited scope exists to generate alternative revenue, it is necessary to increase tariffs for services. The determination of tariffs is the responsibility of council, as per the Local Government Systems Act. Although affordability is an important factor when considering any tariff increases. The municipality is currently dependant on National Treasury for its revenue; however, other revenue is raised from sale of

water, sanitation, refuse, and cemetery and interest charges on services and/or investments.

## **4.4 SERVICES**

### **4.4.1 WATER**

The water Tariffs have been increased on average by 10% as a result of increases in the cost of chemicals and maintenance of the ageing infrastructure in some areas. However, in order to reduce high volumes of water consumed by certain commercial consumers, a second sliding scale tariff was introduced, in 2010/2011, for consumption greater than 149 kl, this has to some extent assisted in reducing consumption and preserving our limited water resource. The free basic water of 6kl is still applicable in the coming financial year only to domestic consumers, however registered indigent consumers shall benefit from 10kl of free water per month. The cost of providing the water function in the 11/12 year budget amounts to R250m and revenue generated is a mere R22m therefore R228m is funded from the equitable share and R98m from the levy replacement grant. However, budgeted expenditure on drought had to be reduced to match the available revenue.

### **4.4.2 SANITATION**

As a result of all local municipalities having to comply with the Municipal Property Rates Act, Act 6 of 2004, it is now possible to calculate the sanitation tariffs for the district based on the new valuation rolls from these municipalities. The valuation rolls per KZ has been completed and the district has utilised these in the calculation of the new sanitation tariffs, hence the implementation of the new sanitation tariffs has commence in the 2010/11 financial year. The tariff increase for 2011/2012 has been determined at 4%.

Domestic Sewer tariffs have been revised to R0,00416c per rand value of the property. The minimum and maximum charge will be R40.00 and R156.00.

Business sewer has also been revised to R0.00416c per rand value of the business property. The minimum and maximum charge is R104.00 and R1,040.00 .

### **4.4.3 REGIONAL CEMETERY**

The increase in the Cemetery services for the coming financial year is 4%. The cemetery is being utilised at a lower rate than expected in the 2010/2011 financial year and this is expected to reduce further since the opening of the new Esikhaleni cemetery by the City of Umhlathuze. The construction of the second phase of the cemetery has been reviewed due to the lower demand, with Phase two expected to now be completed in 2012/2013. The cemetery is situated in Empangeni and is used by all interested citizens of the District.

#### **4.4.4 REGIONAL SOLID WASTE**

The average increase in the tariff for the 2011/2012 year is between 20% and 21%. However, following the feasibility studies performed, Council needs to increase its solid waste tariffs above inflationary levels for at least 5 years, so for the site as to become financially viable.

#### **4.4.5 GENERAL**

Other tariff increases for ad hoc services (i.e. lamination, copies of bylaws, map production and faxing of documents) have increased on average between 6% and 14%. The budget was prepared taking into account the National Treasury's Medium Term Budget Policy in October/November last year, which indicated projected growth rates, CPIX and a replacement Levy Grant.

#### **4.5 OPERATING BUDGET KEY ISSUES**

There are only essential positions budgeted for in the 2011/12 budget due to the budget constraints facing the municipality. During the budget process positions required by departments were reviewed in terms of available funding; only core staff was budgeted. A number of positions for interns were budgeted in order for the municipality to assist new graduates with much need experience to enter the job market.

The overall operational budget has increased by 10%; however individual line items have increased by between 6% and 25% with the exception of Salaries for staff, councillor allowances and section 57 employees (7.7%), Eskom by 25% and contracts by the SLA increases stipulations.

#### **SALARY INCREASES**

Section 57 salaries were budgeted with a 7.7% increase, Permanent and contract staff salary increases have been budgeted at 16.83% and the outer years at 8% per annum. The 2011/2012 increase is made up of 7.7% per the Wage Collective agreement entered into by the employer and employee representatives and a further 8.48% has also been budgeted in line with an ongoing labour appeal.

Councillors increases are budgeted for in terms of the upper limits for salaries, benefits and allowances for a member of a municipal council as per the published Government Gazette No. 33867, with an estimated annual increase of 8.0%. For more information see [schedule on page 93](#).

#### **UNFUNDED MANDATES**

##### **Disaster Management (Fire Fighting Shared Services inclusive)**

- The Disaster Management Service is currently being budgeted for at R 3.3 m in 2011/12, with no direct allocations from Government which is currently a legislative requirement in terms of the Disaster Management Act. uThungulu has to utilize funds from the levy replacement grant to fund the the cost, as the function is not performed by any other sphere of Government in the

District. It must be noted that the Provincial Government assisted with the purchase of assets for the centre when it was established and also contributed towards last year's expenditure. The District and local municipalities agreed to that the contribution from the district would be reduced going forward on a proportional basis.

### **Environmental Health**

- In terms of the allocation of Equitable Share per the Division of Revenue **Bill** – 2011, the equitable share formulae now includes an Environmental Healthcare Subsidy in the Basic Services Component formulae. The allocation according to the Act, equates to approximately R 18 (2010, R18) per household per year towards the provision of environmental healthcare services.
- As a result of the minimum amount received from National Government, uThungulu has budgeted in terms of the service level agreements with uMlalazi and uMhlathuze Municipalities until the locals, Province and the District finalise outstanding issues relating to Municipal Health Functions. An SLA has been compiled by Province however, negotiations are still underway.
- The Budget currently provides for a ring fenced amount of R16.8m as determined by the provision of the Division of Revenue Act which computes the allocation for Environmental Health as R18 allocated per household.

### **4.6 HIGHLIGHTS OF THE 2010/11 MULTI –YEAR BUDGET/IDP**

- There has been a minimal increase in Operational Revenue, 6%, (R3.76m) from year 2010/11, this is a minimum increase as interest income from external investments has not been performing well due to the economic recession. Total trading service revenue has decreased by 0.6m due to a foreseeable decrease in the consumption of water.
- Tariff increases range from 4% for cemetery and sanitation services, 10% for water services and 21% for solid waste.
- The tariff and indigent, policy has been changed with the following salient aspects:
  - ❑ *“All water consumers classified as indigent with the municipality shall receive the first ten (10) kl of water for free per month. Thereafter a stepped tariff as determined by the Council from time to time shall be applicable on metered water consumption;”*
  - ❑ *“Any organization which is a registered non profit organization and is not affiliated to or a subsidiary of a governmental agency shall be levied for water consumption at the tariffs as determined for domestic consumers from time to time. However such organization shall not be permitted to benefit from the free allocation of 6kl of water per month which is permitted to domestic consumers. Thus the stepped tariffs shall be applicable from the 1<sup>st</sup> kl of water consumed and the service charge applicable to domestic consumers for utilizing more than 6kl shall not be applicable.”*
  - ❑ *The registered indigent consumer shall be exempted from payment of the service fee for water which is applicable to any domestic consumer who consumes in excess of 6kl of water per month.*
  - ❑ *A consumer who simultaneously makes application for water services and indigent status, shall subject to the indigent status being approved not be liable for the payment of a refundable deposit.*



- Grants and subsidies have increased by 18% (R 79m) largely as a result of increases in the Equitable Share allocation as well as the Municipal Infrastructure Grant. A R39.2m increase in the equitable share from National Government. It be noted that Richards Bay Minerals has also pledged to donate R2m per annum for the MTEF period to fund the installation of residential water meters in the uMfolozi area.
- Surpluses from revenue in the 2010/11 budget year was budgted to fund major projects such as drought relief programmes and upgrades of Water Schemes but only to a limited amount of R18.1m.
- Operational expenditure for 2011/12 when compared to the 2010/11 full year forecast has increased by R 32m, being an average of 10% increase.
- Salaries and wages is 26% of operational expenditure this is attributable to the pending labour dispute on the Task pay scales as well as the creation of certain vacancies which the municipality is unable to operate without.
- Of concern is the income earning potential of the Municipality, and the allocation of non-revenue earning or 100 % government grant funded mandates such as Disaster Management and Environmental Health in consideration that the operational income of the municipality only accounts for 11% of total revenue in 2011/12,excluding the depreciation reserve of R32m. It be noted that the Mayors' Forum resolved that the District municipality will continue providing the Fire fighting service and the local municipalities will fund 60% of the cost while the District will be funding 40% and the district's contribution will be phased out.
- The water service provider function which is provided on behalf of the local municipalities is being majorly cross subsidized emanating from the large percentage of the District being rural.
- As the drought in the District gets worse the funding of tankers increase drastically. Major projects like the Greater Mthonjaneni should assist in decreasing this in the future however that is still some years away. The Municipality is committed to serving its people and will try its utmost to take water to them however, National and Provincial departments should assist in thisde sperate situation we find ourselves.

## Major Capital Projects for 2011/12 Highlights

No	Capital Projects	2011/2012
1	Middledrift Phase 2	33,031
2	KwaHlokohloko SSA 1 (DWA)	17,000
3	Greater Mthonjaneni Phase 1 & 2 MIG	16,966
4	Mbonambi Water Phase 3	15,872
5	KwaHlokohloko SSA 5/uMhlathuze LM	12,500
6	Mhlana Somopho Phase 3C	12,000
7	Greater Mthonjaneni SSA5 - DWA	10,000
8	Solid Waste Rehabilitation Cell 1	10,000
9	Nkandla VutshiniSupply Area SSA5	7,000
10	Greater Mthonjaneni Phase SSA 4 (Phase 3)	6,999
11	Upper Nseleni Phase 1, 2 & 3	6,714
12	Survival Water Programme (Boreholes)	6,100
13	Water Tanker Reduction Strategy	6,000
14	Mpungose Phase 1D Reticulation	5,751
15	Vutshini Phase 1	5,000
16	Greater Mthonjaneni Phase SSA4 - MIG	7,000
17	Melmoth Water Services Network Upgrade	2,000
18	Mtunzini Water Services Network Upgrade	2,000
19	Gingindlovu Water Services Network Upgrade	2,000
20	Eshowe Water Services Network Upgrade	2,000
21	Kwambo Water Services Network Upgrade	2,000
22	Nkandla Water Services Network Upgrade	2,000
23	Water metre installation (RBM)	2,000
24	Water metre installation	1,210
25	Internal Fixed Assets	1,773
26	Existing Projects Extensions	1,100
27	Mandawe Cemetery	500
28	Occupational Health and safety	500
29	Fire Fighting Equipment	250
	<b>TOTAL</b>	<b>197,266</b>

## Major Operational Projects for 2010/11 Highlights

No	Operational Projects	2011/12
1	Drought Relief	15,433
2	281-3 - VIP Sanitation Project	8,250
3	286-3 - VIP Sanitation Project	8,000
4	284-3 - VIP Sanitation Project	7,733
5	283-3 - VIP Sanitation Project	5,500
6	EPWP Incentive Grant	7,301
7	285-3 Sanitation Project	6,880
8	Ntambanana Solid Waste	5,452
9	uThungulu Financing Partnership	4,949
10	Rural Transport Services & Infrastructure	1,688
11	Water Treatment Works & Waste Water TW Registration	1,500
12	TASK Job Evaluation Implementation (Est. of payscales)	1,400
13	District Elimination & Kwanaloga Games	1,000
14	Annual Update of WSDP	750
15	Water Quality Improvement Interventions	605
16	Water loss management strategy - Implementation	550
17	Establishment of Environmental Health Section	500
18	Environmental Health Plan	500
19	Raw water abstraction fee (DWAF)	500
20	Preparation of Water Use Management Plan	500
21	Asset Care Centre	490
22	Implementation of LED Framework: Tourism	453
23	Implementation of HIV/AIDS Programme	440
24	Strategic Support	439
25	Development Planning Grant - Shared Services	407
26	IDP Roadshows - Izimbizo	400
27	Blue/Green Drop compliance	400
28	Programmes for the Marginalised (Gender, Youth, Children, Disabled, Senior Citizens)	350
29	Implementation of Occupational Health & Safety Act	350
30	Issue Manager	350
31	Community Services Plan (Review)	300
32	Disaster Management Plan Review	300
33	LED Development Fund	300
34	Tourism Events (Zulu Dance)	300
35	Quality of Life Survey	300
36	Water / Sanitation Awareness Campaigns	300
37	Employee Assistance Programme	250
38	Uthungulu Web-site Development	250
39	GIS Operational Budget	250
40	Internship Programme	200
41	Institutional Framework Implementation	200
42	Tourism Marketing tools & Website	200
43	Agricultural Implementation	200
44	Intergrated Environmental Programme (Review)	200
45	DWAF Water Resource Compliance	200

<b>No</b>	<b>Operational Projects</b>	<b>2011/12</b>
46	Organisational Performance Management	155
47	Implementation of MFMA	152
48	Disaster Stock Items	150
49	Revenue Enhancement Plan	150
50	Municipal Systems Improvement Grant	150
51	Community Awareness & Education on diseases	150
52	Events	150
53	Marketing	150
54	Tourism Marketing: Shows	140
55	S57 Individual Performance Management	125
56	Risk Management Strategy - King III	110
57	Sport Development	100
58	Fraud Prevention	100
59	SMME Support Programme	100
60	Annual IDP Review	100
61	GIS Development & Training	100
62	Credit Rating	80
63	Crime Prevention Programmes	75
64	Tourism Media Marketing	60
65	Review of Spatial Development Framework	50
66	National Water Week	50
67	District Land Summit Information	30
68	District Advisory Committee	28
69	National Sanitation Week	25
	<b>TOTAL</b>	<b>89,300</b>

## **PART 2 – SUPPORTING DOCUMENTATION**

### **5. ANNUAL BUDGET PROCESS OVERVIEW**

#### **5.1 INTRODUCTION**

The 2011/12 medium term revenue and expenditure framework (MTREF) is a crucial document as this year marks the beginning of a new term of office for Councillors who are elected through the Local Government Elections. The 2011/12 budget has been drafted under severe financial constraints due the impact of the global recession and spiralling costs. The economy has not improved since 2010/2011 and therefore a conservative approach was adopted in the preparation of the budget.

According to circular 54 from National Treasury issued on the 10 December 2010, The Mayor and Municipal Manager of each municipality need to carefully consider the time schedule for the review of the IDP and the tabling, public consultations and approval of the municipal budget as the elections to be held on the 18 May 2011 which will fall in the middle of the period when budgets would normally be approved.

National Treasury requested municipalities to manage the following four risks:

1. In terms of section 13 of the Municipal Property Rates Act, and sections 24 and 42 of the MFMA, new tariffs for property rates, electricity, water and any other taxes and tariffs may only be implemented from the start of the municipal financial year (1 July). Therefore it is critical that the municipal council approves the necessary resolutions before the start of the municipal financial year.
2. In terms of section 16 of the MFMA, a municipal council must approve the annual budget for the municipality before the start of the financial year.
3. The outgoing councils need to ensure that their inputs into the 2011/12 budget and MTREF safeguard the financial sustainability of their municipalities. More specifically municipalities are advised against unrealistically low tariff increases and overambitious capital expenditure programmes.
4. The election campaigning period is likely to coincide with the period when
5. Municipalities normally conduct public consultations on the budget. There is a risk that these public consultations will either be neglected or used to serve narrow party political interests.

Council approved the option of the current Council approving the 2011/2012 MTREF.

The circular went on to emphasize that Cabinet Ministers had signed performance agreements linked to the 12 Outcomes within which to frame public-service delivery priorities and targets. All municipalities are expected to take the 12 outcomes into consideration when reviewing their IDPs and developing their annual budgets for the 2011/12 MTREF.

Also, When municipalities revise their rates, tariffs and other charges for their 2011/12 budgets and MTREF, they need to take into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy. Municipalities should also take account of relevant policy developments in the different sectors.

Treasury encourages keeping tariff increases as low as practically possible as well as to publish multi year tariff increases to ensure that consumers are kept abreast on future tariffs they can expect. The circular further capped increases on overall budgets to 6% with a proviso that should the increases on the municipal budget be above the capped rate, a justification must be done by that municipality to National Treasury.

Circular 54 notes that there is a constraint on the Revenue side for municipalities therefore the following priorities must be borne in mind when compiling the expenditure budget:

- Quality of water must be considered at all times
- Protect the poor from job losses;
- Supporting LED and SMME initiatives and job creation;
- Ensure that Infrastructure assets are maintained
- Expediting spending on capital projects funded from conditional grants
- Controlling unnecessary spending on nice-to-have items and non-essential activities, such as foreign travel, councillor and staff perks, advertising and public relations activities.

In line with the above circular guidance and in order for the municipality to achieve a balanced budget the following decisions were taken at the Budget Steering Committee Meeting on the 1<sup>st</sup> March 2011.

The budget challenges arose due to the impact of the new functions that have been transferred to the municipality e.g. Environmental health which includes Air Quality. To ensure that the operational expenditure budget increase is kept to a minimum, expenditure items such as delegations was decreased to a standard rate per department. The entertainment budget, staff refreshments and the staff year end functions was also not reintroduced in the 2011/2012 budget.

Staff benefits have also been reviewed and the rental policy of Council has been ring fenced and approved to be phased out over the next two years. Staff bursaries have also been ring fenced and no new bursary would be offered for the 11/12 MTREF.

A further strain on the budget has been the water service provider function which is provided on behalf of the local municipalities. The function is cross subsidized emanating from the large percentage of the District being rural.

The table below depicts the budget for revenue and expenditure for the water services department for 10/11 and 11/12.

<b>Water Expenditure vs Revenue Analysis</b>		
	<b>Budget 10/11</b>	<b>Budget 11/12</b>
<b>Revenue</b>		
Service Charges - Water	23 974 008	22 232 451
Operational Expenditure	204 106 370	221 474 691
Operational Projects	53 655 043	28 788 941
<b>TOTAL WATER EXPENDITURE</b>	<b>257 761 413</b>	<b>250 263 632</b>
<b>Trading loss</b>	<b>-233 787 405</b>	<b>-228 031 181</b>
Cross Subsidization - Equitable Share	106 560 323	130 135 710
Deficit	-127 227 082	-97 895 471
Cross Subsidization - Levy Grant	127 227 082	97 895 471

The above table denotes that revenue is not increasing in line with water service expenditure and the function is relying far greater on cross subsidization from grants in the form of the equitable share and levy replacement grant.

It is apparent from the above analysis that as Capital Infrastructure is completed and rolled out to communities the operations and maintenance of these schemes become a financial constraint as the communities that it serves are below the 6kl free basic allocation and therefore are not contributing to the revenue stream that funds the Operations & Maintenance budget.

This has been the major disadvantage of the MIG funding to municipalities as the Equitable Share does not compensate for the O&M on completed MIG projects in the rate at which they are rolled out.

Overview of total expenditure on water tanker and drought relief operation from 2005/06 to 2010/11:

	<b>05/06</b>	<b>06/07</b>	<b>07/08</b>	<b>08/09</b>	<b>09/10</b>	<b>10/11</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Actual Expenditure	16,860,893	21,535,390	38,269,321	35,571,830	29 875 444	27 224 433

Grant funding received	5,310,000	4,870,000	4,500,000	0	0	0
Funded from Surplus	11,550,893	16,665,390	33,769,321	33,571,830	31 069 660	31 273 306

Since 2008/09 no funding was received forthcoming from Provincial or National government for this operation and the municipal funded this from surpluses. Unfortunately the financial position of the municipality has changed drastically.

As the drought in the District gets worse the funding of tankers increase drastically. Major projects like the Greater Mthonjaneni should assist in decreasing this in the future however that is still some years away. The Municipality is committed to serving its people and will try its utmost to take water to them however, National and Provincial departments should assist in this desperate situation we find ourselves.



## **BACKGROUND**

The uThungulu District Municipality, established as a high capacity municipality comprises six local municipalities, i.e. Mbonambi, Umhlathuze, Ntambanana, Umlalazi, Mthonjaneni, and Nkandla. The Municipality covers an extensive geographical area of 8,200 square kilometres that stretches from Gingindlovu in the south to KwaMbonambi in the north and inland to Nkandla. The District has the third largest population (estimated 885,872) in the province. The area is third most important in the province of Kwa-Zulu Natal in terms of economic production and contributes 7, 6% of the total Gross Geographical Product and 5.5% of the total formal employment.

### **Vision and Mission for the Municipality**

*“An economically sound district with effective infrastructure and a district municipality that empowers people, protects the environment and demonstrates leadership excellence”*

**The municipal mission is noted as follows:**

“To create a prosperous district by:

- Providing a high standard of essential basic services;
- **Supporting sustainable local economic development;**
- **Encouraging community participation in service delivery projects; and**
- **To achieve cost recovery on services provided”**

**Core Values include:**

- Integrity
- **Transparency**
- **Commitment**
- **Co-operation**
- **Innovation**
- **Accountability**

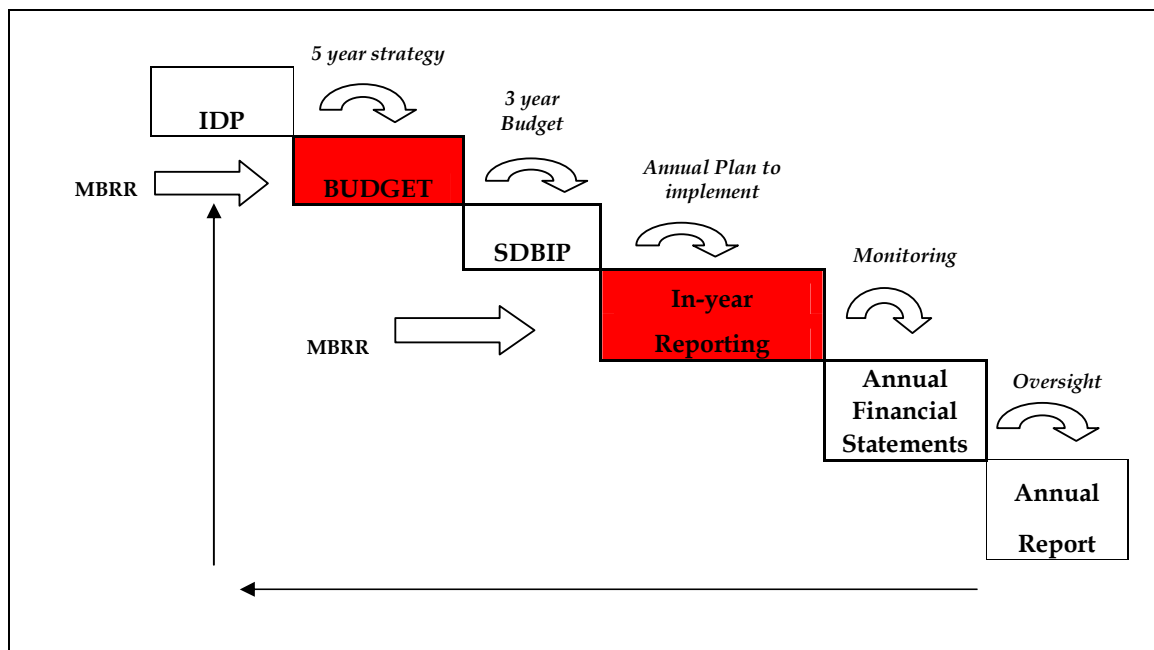
## **5.2 POLITICAL OVERSIGHT**

Section 53 of the MFMA requires that the Mayor provides general political guidance over the budget process and the priorities that must guide the preparation of the budget. The Management committee has a significant role to play in the planning process of the Budget as directed by the Mayor. A budget is primarily about priorities and choices that the municipality has to make in deciding how to meet the agreed set policy objectives.

Therefore Political oversight of the budget process allows the municipality to manage the needs of the communities versus the fiscal realities. The accountability cycle illustrates the political oversight role that has to be played by

council over administration and also to be able to hold management accountable to its stake holders.

### ACCOUNTABILITY CYCLE



### 5.3 SCHEDULE OF KEY DEADLINES RELATING TO BUDGET [MFMA s 21(1) (b)]

The Act requires the formal budget process to start with the tabling by the Mayor in Council of a schedule showing the key budget deadlines. This was prepared for tabling in Council by the end of August 2010. The objective of the Budget timetable is to ensure integration between the development of the IDP and the Budget and also to ensure that a balanced budget is tabled at council for consideration and approval. To note, due to upcoming elections on the 18 May 2011, the budget timelines were reviewed by Council in November 2010 to ensure that the budget is approved prior to the elections.

### 5.4 PROCESS FOR INTERGRATION OF THE IDP & PREPARATION OF THE BUDGET

The budget process is integrated with the review of the IDP through the IDP review mechanism. The outcome of consultation feeding into the IDP review is taken into account in the budget process.

The Director: Planning and Development arranged alignment meetings with each of the various sections, of which key outcomes were considered in the review of the IDP and for inclusion in the 2011/2012 Multi-Year Budget.

Consultation for the review of the Uthungulu IDP takes place mainly through the following structures:

<b>Consultation</b>	<b>Date</b>
Growth & Development Land Summit	18 November 2010
IDP/Budget Road Shows (Session 1)	25 October 2010 for Cluster 1 (uMhlathuze, Ntambanana & Mfolozi Municipalities); 29 October 2010 for Cluster 2 (Nkandla, uMlalazi & Mthonjaneni Municipalities)
IDP/Budget Road Shows (Session 2)	4 to 8 April 2011 for Clusters 1 & 2
Service Provider Alignment	19 October 2010
<ul style="list-style-type: none"> <li>o Local Municipalities</li> <li>o Department of Education</li> <li>o Department of Land Affairs</li> <li>o Department of Agriculture, Environmental Affairs and Rural Development</li> <li>o Department of Social Development</li> <li>o Department of Health</li> <li>o Department of Human Settlements</li> </ul>	28 October 2010
Ongoing Management Discussions	Ongoing
District Cross Border Alignment	29 November 2010
IDP/Budget Steering Committee	30 July 2010 14 December 2010 14 January 2011 1 March 2011
Presentation to EXCO & Council	17 March 2011
Public Comment period on the IDP/Budget	17 March 2011 to 7 April 2011
Final approval of IDP/Budget by Council	4 May 2011

## **5.5 PROCESS FOR TABLING THE BUDGET IN COUNCIL FOR CONSIDERATION AND APPROVAL**

According to the MFMA, section 16 (2), the budget is required to be tabled to council 90 days before the commencement of the New Year. The draft multi-year 2011/12 budget will be tabled to council on the 17<sup>th</sup> of March 2011.

In addition the MFMA, section 22 prescribes that immediately after the budget is tabled to council per section 16 (2), the municipality must make public the annual budget and invite the local community to submit representations, as such members of the community will be invited to comment on the tabled budget. The municipality has selected a period of 21 days commencing on the 24<sup>th</sup> of March 2011 and ending on the 29<sup>th</sup> of April 2011, whereby the public is invited to comment on the tabled budget and IDP. (Per Regulation 15 (3) of the MSA)

## **5.6 PROCESS FOR TABLING THE BUDGET IN COUNCIL FOR CONSULTATION**

The 2011/12 multi-year budget/IDP will be reported to the Finance Services Portfolio on the 17<sup>th</sup> of March 2011 and then tabled to Council on the 17<sup>th</sup> of March 2011 in terms of section 16 (2) and 22 of the MFMA.

In addition the MFMA prescribes per section 23, that the municipality consider any views since the budget was tabled to council, from the local community and National and Provincial Treasury.

During the period 24<sup>th</sup> of March to the 29<sup>th</sup> April 2011, public hearings on the budget will be open for comment together with road shows will take place in two of the six local municipalities within the District.

## **5.7 PROCESS FOR APPROVING THE BUDGET**

In accordance with the MFMA, section 24, the budget is required to be approved at least 30 days before the commencement of the budget year.

In terms of the budget timetable, Finance Services Portfolio will review the budget on the 4<sup>th</sup> of May 2011 and Exco and Council will consider the approval of the multi-year 2011/12 IDP/Budget on the 04<sup>th</sup> of May 2011.

## **5.8 MODELS USED FOR PRIORITISING RESOURCE ALLOCATION**

The following criteria are used in the technical prioritisation of projects in the uThungulu District:

- (1) Status of the proposed project
- (2) The public benefit associated with the project
- (3) Income benefit to Council
- (4) The impact on the operating budget
- (5) Planning and approval status

The above criteria are discussed briefly hereunder:

- The **status of the project** relates mainly to whether it is a compulsory or critical, i.e. a legislative requirement or very important to alleviate a health or safety hazard. Other considerations relate to the necessity of a proposed project, whether the district is acting on behalf of another or whether a project is strategic to unlock potential.
- When evaluating the **public benefit** of a project, the most important consideration is the provision in basic needs of a community. Other considerations relate to improving existing basic facilities to a higher standard and the creation of an enabling environment, i.e. a project serves as a catalyst and provides critical linkages.

- Projects are also evaluated in terms of the **potential income benefit to Council**. In this regard, a differentiation is made whether a project received grant funding, covers its own expenses or generates tax of levy income. Another consideration is whether a project could leverage or attract outside investment.
- The impact of a project on the **operating budget** is another important criterion. Hereunder the most important considerations are a potential reduction on the operating budget. Caution is also taken with regard to projects that could become a liability due to a significant increase in the operating budget.
- The final criteria relates to the **planning and approval status** of a project. The main consideration here relates to the approval status of a sector plan – the sector plans being legislative requirements.

From the above it is observed that the above is a technical prioritisation model that focuses on the municipal core functions, the millennium targets as well as backlog eradication.

## **5.9 PROCESS TO RECORD AND INTEGRATE INPUTS FROM THE COMMUNITY**

The Director Planning recorded inputs from the community based on initial alignment meetings and with Road shows held in October 2010. Further road shows will be held in April 2011 in each Local Municipality Area to provide feedback on the tabled Budget / IDP as follows:

### **Roadshow Session 1:**

<b>Cluster</b>	<b>Local Municipality</b>	<b>Date</b>
Cluster 1 (Empangeni)	uMhlathuze, Ntambanana & Mfolozi Municipalities	25 October 2010
Cluster 2 (Melmoth)	Nkandla, uMlalazi & Mthonjaneni Municipalities	29 October 2010

### **Roadshow Session 2:**

<b>Cluster</b>	<b>Local Municipality</b>	<b>Date</b>
Cluster 1 (Empangeni)	uMhlathuze, Ntambanana & Mfolozi Municipalities	4 April 2011
Cluster 2 (Melmoth)	Nkandla, uMlalazi & Mthonjaneni Municipalities	8 April 2011

## **5.10 PROCESS AND MEDIA USED TO PROVIDE INFORMATION ON THE BUDGET AND IDP TO THE COMMUNITY**

Some of the tools used for communicating the Budget/IDP, as contained in the Public Relations / Communication Strategy, are:

- Road shows – structure into 2 clusters (Cluster 1: uMhlathuze, Mfoilozi & Ntamabana Municipalities and Cluster 2: Nkandla, Mthonjaneni & uMlalazi Municipalities) – annually in April during the Budget/IDP comment phase and in October after Council approval of the IDP/Budget
- Monthly radio talk shows by the Mayor on Ukhozi FM
- Monthly external newsletter *Izindaba Ezimtoti*
- Monthly internal newsletter *Ezisematheni*
- uThungulu website [www.uthungulu.org.za](http://www.uthungulu.org.za)
- Annual Service Commitment Charter booklet published annually.
- Annual Report – publication planned for January each year.
- Print media press releases as and when required to local and provincial newspapers and radio stations
- Adverts in local and provincial newspapers as required
- IDP Alignment Stakeholder Forum meetings
- District LED Forum meetings
- District Mayors' Forum meetings

## **6 ALIGNMENT OF BUDGET WITH IDP**

### **6.1 ALIGNMENT OF BUDGET WITH IDP**

The budget was prepared using the following IDP inputs:

- Situational Analysis
- The outputs of the consultations with the various stake holders.
- Priority Development Issues
- Strategic approach

The information from the above processes was included in the budget according to the IDP prioritisation model. A review of the municipal Integrated Development Plan (IDP) has been prepared 2010/2011 as required by the Municipal Systems Act and the MFMA. The complete process of IDP preparation was followed, and the content of the previous IDP was taken into account.

The document contains information on the following:

- Vision for the Uthungulu District Municipality
- Strategic Focus Areas
- Long-term goals or outcomes for the resident communities
- Alignment with national, provincial and district plans
- Consideration of service delivery and funding of housing, health and transport
- Description of prioritisation systems used for allocating resources to objectives
- Amendments to the IDP
- The consultative process undertaken to review the IDP

An IDP/Budget Steering Committee (SC) has been operational since the inception of the IDP preparation process. The SC acts as a support to the IDP Representative Forum, making technical decisions and inputs, to the Municipal Manager and the IDP Manager.

The outline terms of reference for the SC are as follows:

- Provide terms of reference for the various planning activities associated with the IDP;
- Commission research studies as may be required;
- Considers and comments on:
  - Inputs from sub-committee/s, study teams and other;
  - Inputs from provincial sector departments and support providers; and
  - IDP RF members.
- Processes, summarise and document outputs;
- Makes content and technical recommendations; and
- Prepare, facilitate and documents meetings.

It is important to note that a forum has been in existence for some time in the District that performs the functions of the IDP/Budget Steering Committee. With the 2010/2011 IDP Review this Forum has been formalized in terms of the Regulations of the MFMA.

## **6.2 IDP FOCUS AREAS**

The integrated development approach of the Uthungulu District Municipality focuses on the combination of basic needs approach and economic development. As such, the district has been investing in physical, social and economic development aspects. Its investment has been founded on the approach of responding to areas of greatest need and areas with potential for greatest returns in terms of economic development.

The Uthungulu District Municipality also focuses on its core functions as referenced in Section 84(1) of the Municipal Structures Act (No. 117 of 1998). The following table provides a summary of only those core functions (shaded areas) for the Uthungulu District Municipality:

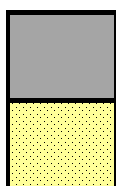


## Table A: Uthungulu Core Functions

### POWERS AND FUNCTIONS

In terms of Circular 8/2008: 2008/09 Capacity Assessments and Recommendations: Adjustment of Powers and Functions between District and Local Municipalities in terms of Section 85 of the Local Government: Municipal Structures Act 1998, the uThungulu Distri

			281	282	283	284	285	286
1	S 84(1)(a)	Integrated development planning for the district municipality including Development Plan for the local municipalities within the area of the District Municipality						
2	S 84(1)(b)	Potable water supply that effects a significant proportion of the municipalities in the district						
3	S 84(1)(C)	Bulk supply of electricity						
4	S 84(1)(d)	Domestic waste-water and sewage disposal system						
5	S 84(1)(e)	Solid waste disposal sites serving the area of the District Municipality as a whole						
6	S 84 (1)(f)	Municipal roads which form an integrated part of a road transport system for the area of the district municipality as a whole						
7	S 84 (1)(g)	Regulation of passenger transport services						
8	S 84 (1)(h)	Municipal airport serving the area of the district municipality as a whole						
9	S 84 (1)(i)	Municipal health serving the area of the district municipality as a whole						
10	S 84 (1)(j)	Fire fighting services for district municipality as a whole						
11	S 84 (1)(k)	Fresh produce markets and (abattoirs) serving the area of the district municipality as a whole						
12	S 84 (1)(l)	Cemeteries and crematoria						
13	S 84 (1)(m)	Promotion of local tourism for the district municipality						
14	S 84 (1)(n)	Municipal public works relating to any of the above function or and other functions assigned to the district municipality						
	S 84 (1)(o)	The receipt, allocation and if applicable distribution of grants made to the district municipality						
16	S 84 (1)(p)	The imposition and collection of taxes, levies and duties as related to the above functions or may be assigned to the District Municipality in terms of national						
18	Sched 4 B	Building regulations						
22	Sched 4 B	Local Tourism						
40	Sched 5 B	Licencing and control of undertakings that sell food to the public						
50	Sched 5 B	Refuse removal, refuse dumps, solid waste disposal and cleansing services						



Allocated functions to the District

Functions omitted from existing enactment in terms of Extraordinary Provincial Gazette of KZN Vol3 No 299 dated 30 June 2009

The above is compartmentalized into the following five development strategies for the district:

**Table B: Uthungulu's Development Strategies**

Strategy		Description
1	Economically Sound District	This strategy aims to establish economic growth and development in all economic sectors with a particular focus on agriculture, tourism and trade and industry (SMME), whilst contributing to poverty alleviation in the district.
2	Effective Infrastructure	The strategy focuses on the improved maintenance of existing infrastructure and the provision of new infrastructure services to ensure the spatial integration of the district and its transportation systems. The strategy therefore aims to improve service delivery and ensure a basic standard of living for all.
3	People Empowerment	The focus of this strategy is on social development and community empowerment dealing with issues ranging from health care to education and the provision of community facilities such as fire fighting services and disaster management services. The strategy aims at community upliftment and awareness in matters of gender, health care, safety and security thereby ensuring a strong, participatory and inclusive community.
4	Integrated Environment	The strategy focuses on the co-ordination of the spatial and service delivery component to improve the management of district level responsibilities. The strengthening of the nodes of the municipalities while ensuring the equitable development of the rural areas through land reform, housing and service delivery is of prime importance. Environmental management and spatial integration of development are further components of the strategy to ensure integration and optimum organizational capacities.
5	Leadership Excellence	This strategy ensures commitment by the district to provide the highest quality of service to its constituents and to ensure that all the strategies and objectives are adhered to, resulting in a productive and sustainable district. This strategy aims at establishing a network of municipal service delivery throughout the district.

The operational expenditure per sub-vote was apportioned into the five development strategies contained in the IDP of the district according to the following allocations:

VOTE & SUB-VOTE	STRATEGY				
	1	2	3	4	5
<b>EXECUTIVE &amp; COUNCIL</b>					
Board & General Expenses					100%
Executive Division - Corporate Services			25%		75%
Administrative Services Division	5%	5%	5%	5%	80%
Department of the Municipal Manager	15%	5%	5%	5%	70%
Department of the Deputy Municipal Manager	15%	5%	5%	5%	70%
<b>FINANCE &amp; ADMIN/FINANCE</b>					
Management Services Division/HR					100%
Management Services Division/IT					100%
Executive Division - Financial	5%	5%	5%	5%	80%
Levy Collection					100%
Expenditure	5%	60%	5%	5%	25%
SCM Unit	5%	60%	5%	5%	25%
Uthungulu House		100%			
Satellite Offices		100%			
Bateleur Park		100%			
Budgeting					100%
Budget Interns					100%
<b>PLANNING DIVISION</b>					
Planning Division	30%			70%	
Shared Services Planning				100%	
<b>COMM. &amp; SOCIAL SERVICES</b>					
Cemetery			100%		
Community Services Division			100%		
<b>PUBLIC SAFETY</b>					
Disaster Management			75%	25%	
Fire Fighting			75%	25%	
<b>ENVIRONMENTAL PROTECTION</b>					
Environmental Health			75%	25%	
<b>WASTE MANAGEMENT/SOLID WASTE</b>					
Solid Waste		100%			
<b>ELECTRICITY/ELECTRICITY DISTRIBUTION</b>					
Electricity		100%			
<b>TECHNICAL</b>					
Executive Division - Technical	10%	75%		10%	5%
Technical Services		100%			
Municipal Support Function		100%			
WSA Division		100%			
Water Services Provider Division		100%			
Consumer Billing		100%			
Water Services - Mthonjaneni		100%			
Water Services - Umlalazi		100%			
<b>WASTE WATER MANAGEMENT</b>					
Waste Water Management		100%			

### 6.3 LONG TERM GOALS

The municipal vision and mission should be interpreted in relation to the Millennium Development Goals (September 2000). Furthermore, the link between these goals and the strategic programmes, as contained in the district development strategies, are shown hereunder:

Table D: Millennium Development Goals		Uthungulu Development Programmes
1.	Eradicate extreme poverty and hunger <ul style="list-style-type: none"> <li>▪ Halve the proportion of people with less than one rand a day.</li> <li>▪ Halve the proportion of people who suffer from hunger.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Poverty Alleviation</li> </ul>
2.	Achieve universal primary education <ul style="list-style-type: none"> <li>▪ Ensure that boys and girls alike complete primary schooling.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Education, Training and Capacity Building</li> <li>▪ Community Services, Facilities and Actions</li> </ul>
3.	Promote gender equality and empower women <ul style="list-style-type: none"> <li>▪ Eliminate gender disparity at all levels of education</li> </ul>	<ul style="list-style-type: none"> <li>▪ Marginalized Groups</li> </ul>
4.	Reduce child mortality <ul style="list-style-type: none"> <li>▪ Reduce by two thirds the under five mortality rate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Municipal Health</li> </ul>
5.	Improve maternal health <ul style="list-style-type: none"> <li>▪ Reduce by three quarters the maternal mortality ratio</li> </ul>	<ul style="list-style-type: none"> <li>▪ Municipal Health</li> </ul>
6.	Combat HIV/AIDS, malaria and other diseases <ul style="list-style-type: none"> <li>▪ Reverse the spread of HIV/AIDS</li> </ul>	<ul style="list-style-type: none"> <li>▪ HIV/Aids</li> </ul>
7.	Ensure environmental sustainability <ul style="list-style-type: none"> <li>▪ Integrate sustainable development into country policies and reverse loss of environmental resources</li> <li>▪ Halve the proportion of people without access to potable water</li> <li>▪ Significantly improve the lives of at least 100 million slum dwellers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Environmental Management</li> <li>▪ Potable Water, Waste Water and Sanitation</li> <li>▪ Land Reform</li> <li>▪ Housing</li> </ul>
8.	Develop a global partnership for development <ul style="list-style-type: none"> <li>▪ Raise official development assistance</li> <li>▪ Expand market access</li> <li>▪ Encourage debt sustainability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public Relations and Communications</li> <li>▪ Local Economic Development</li> <li>▪ Local Tourism Development</li> <li>▪ Agricultural Development</li> <li>▪ Business and Industrial Development</li> </ul>

Apart from the above relationship between the millennium development goals and the development programmes of the district, specific attention is given to backlog eradication. Water backlogs have been addressed since the 2001/2002 financial years.

The backlogs for water and sanitation (as the main expenditure items on the municipal budget) relate to the following RDP standards:

- The minimum RDP level of water supply is 25 litres per capita per day within a walking distance of 200m.
- The minimum RDP level of sanitation supply is 1 VIP per household, detached from the household, inclusive of superstructure.

## **6.4 ALIGNMENT WITH NATIONAL, PROVINCIAL & DISTRICT PLANS**

### **6.4.1 NATIONAL SPATIAL DEVELOPMENT PERSPECTIVE**

The Policy Co-ordination and Advisory Services (PCAS) in the Presidency produced a National Spatial Development Perspective (NSDP) that was endorsed by Cabinet in March 2003. The four principles of the NSDP are as follows:

- **Economic growth** is a prerequisite for the achievement of other policy objectives, key among which would be poverty alleviation.
- Government spending on fixed investment should therefore be focused on **localities of economic growth and/or economic potential** in order to attract private-sector investment, stimulate sustainable economic activities and/or create long-term employment opportunities.
- **Efforts to address past and current social inequalities should focus on people not places.** In localities where there are both high levels of poverty and development potential, this could include fixed capital investment beyond basic services to exploit the potential of those localities. In localities with low development potential, government spending, beyond basic services, should focus on providing social transfers, human resource development and labour market intelligence.
- In order to overcome the spatial distortions of apartheid, future settlement and economic development opportunities should be channelled into **activity corridors and nodes** that are adjacent to or link the main growth centres.

The NSDP places a lot of emphasis on the presence of institutional capacity to realize the developmental impact of any given area or identified resource that has developmental potential. As such, it distinguishes between the following categories of potential:

- (1) innovation and experimentation,
- (2) the production of high-value differentiated goods,
- (3) labour intensive mass-production,
- (4) public service and administration,
- (5) tourism and
- (6) commercial services and retail.

Apart from improved service delivery and ensuring a basic standard of living for all in the district, a summary of the aims of the district development strategies clearly links with the principles of the NSDP:

- The economically sound district strategy aims to establish economic growth and development in all economic sectors.
- The people empowerment strategy has its focus on social development and community empowerment.
- The integrated environment strategy focuses the strengthening of the nodes in the municipalities while ensuring the equitable development of the rural areas through land reform, housing and service delivery.
- The spatial development vision for the district is based on a hierarchy of functions for centres and nodes.

#### **6.4.2 KWAZULU-NATAL PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY**

The KwaZulu-Natal Provincial Growth and Development Strategy (PGDS) has as its purpose the provision of strategic direction for development and planning in the Province. The following six provincial priorities that address a number of developmental challenges related to economic and social needs of the province provide the focus of the PGDS.

1. Strengthening governance and service delivery
2. Integrating investments in community infrastructure
3. Sustainable economic development and job creation
4. Developing human capability
5. Developing a comprehensive response to HIV/ Aids
6. Fighting poverty and protecting vulnerable groups in society

The link between the PGDS goals and programmes and the Uthungulu strategic development programmes is illustrated hereunder:

**Table E: Alignment with KZN PGDS**

PGDS		UTHUNGULU PROGRAMMES	
PGDS GOALS	Build a People Focused and Effective, Efficient Government	Programme 1: Good Governance	<ul style="list-style-type: none"> <li>o Financial Control</li> <li>o Public Relations and Communications</li> <li>o Shared Services</li> <li>o Co-operative Governance( Mayors forum)</li> <li>o MFMA Compliance</li> </ul>
		Programme 2: Transformation	<ul style="list-style-type: none"> <li>o Management services (includes employment equity, skills development, learnerships and transformation management)</li> </ul>
	Build the Economy	Programme 3: Competitive Investment	<ul style="list-style-type: none"> <li>o Local Economic Development (includes LED Forum, Development Fund, Marketing and Investment)</li> <li>o Investment Incentive Strategy( Family of municipalities)</li> <li>o KMMI/TIK Affiliation</li> <li>o Participation in Investment and trade missions</li> </ul>
		Programme 4: Local Economic Development	<ul style="list-style-type: none"> <li>o Local Economic Development (includes LED Forum, Development Fund, Marketing and Investment)</li> <li>o LED strategy review(Family of Municipalities)</li> </ul>
	Reduce Poverty and Create Sustainable Communities	Programme 5: Sustainable Communities	<ul style="list-style-type: none"> <li>o Local Economic Development (Tourism and Agriculture)</li> <li>o Potable Water, Waste Water and Sanitation</li> <li>o Coastal Management</li> <li>o Disaster Management</li> <li>o Fire Fighting</li> <li>o Municipal Health Services</li> </ul>
		Programme 6: Basic Income Opportunities	<ul style="list-style-type: none"> <li>o Local Economic Development</li> <li>o Business and Industrial Development</li> <li>o Poverty Alleviation</li> <li>o SMME Development (Asisebenze)</li> <li>o EPWP Initiatives</li> </ul>
	Cross Cutting Issues	HIV and Aids	<ul style="list-style-type: none"> <li>o HIV/ Aids Policy</li> </ul>
		BEE	<ul style="list-style-type: none"> <li>o Preferential Procurement</li> <li>o MFMA Compliance</li> <li>o EPWP incentives</li> </ul>
		Environmental Management	<ul style="list-style-type: none"> <li>o Invader Eradication Plan</li> <li>o Coastal Management Plan</li> <li>o Integrated Environmental Plan</li> <li>o Waste Transfer Stations</li> <li>o Cemetery Plan</li> </ul>
		Human Rights and AA	<ul style="list-style-type: none"> <li>o Marginalized Groups</li> <li>o Management Services</li> <li>o Employment Equity</li> </ul>
		Integration	<ul style="list-style-type: none"> <li>o Establishment of stakeholders Forum for alignment purposes</li> </ul>
		Capacity Building	<ul style="list-style-type: none"> <li>o Skills Audits</li> <li>o Learnerships</li> <li>o Bursary Schemes</li> <li>o EPWP</li> </ul>
		Science and Technology	<ul style="list-style-type: none"> <li>o DIMS</li> <li>o Learnerships</li> <li>o GIS Development</li> <li>o Organic Production</li> </ul>

Apart from the aforementioned, resolutions pertaining to the following from the Local Government Summit is noted by the district municipality:

- Improving cooperative local governance in KwaZulu-Natal
- Role of women, youth and people with disabilities in local government
- Public participation in local governance
- The role of infrastructure development in poverty alleviation
- Improving the relationship between traditional leadership and municipalities
- Achieving financial viability
- The readiness of municipalities for the local government elections

#### **6.4.3 OUTCOME 9 OF THE MEDIUM TERM STRATEGIC FRAMEWORK OF GOVERNMENT**

The most recent programme that has been developed was the Local Government Turn-Around Strategy (LGTAS) which was approved by Cabinet in December 2009. Subsequent to this approval, an Implementation Plan was developed. The objectives of the LGTAS are to:

- *Restore the confidence* of the majority of our people in our municipalities, as the primary delivery machine of the developmental state at a local level.
- *Re-build and improve the basic requirements* for a functional, accountable, responsive, effective, efficient developmental local government

The Implementation Plan was developed in order to enable the Department of Cooperative Governance (**DCoG**), all spheres of government, and its partners to direct and guide the implementation of the LGTAS. As part of the plan, short to medium term priorities were developed and these are linked to 'outcome nine' derived from the Medium Term Strategic Framework of government. **Outcome 9** is about ensuring the development of '*A Responsive, Accountable, Effective and Efficient Local Government System.*' In turn there are seven high level outputs outlined below, which have to be achieved to give effect to 'outcome nine', which is the basis for the Minister's Performance Agreement:

*Output 1:* Implement a differentiated approach to municipal financing, planning and support

*Output 2:* Improving access to basic services.

*Output 3:* Implementation of the Community Work Programme

*Output 4:* Actions supportive of the human settlement outcome

*Output 5:* Deepen democracy through a refined Ward Committee model

*Output 6:* Administrative and financial capability

*Output 7:* Single window of coordination



Outcome 9 with its 7 outputs will form part of the monitoring, reporting and evaluation framework of local government.

#### **6.4.4 DISTRICT ALIGNMENT**

The uThungulu District Municipality formally engages with its neighbouring municipalities (albeit district or local) on cross border planning and development issues. During the past financial year, there have been one such Cross Border meeting – 29 November 2010 (at Zululand DM). Typical issues of a cross border nature that are discussed relate to:

- ❖ Projects that have a service delivery or developmental impact across municipal boundaries, e.g. water networks, transportation systems.
- ❖ Community Facilities that is located close to municipal borders that either have the potential to or do serve catchments that includes beneficiaries from different municipal districts.
- ❖ Responses to Provincial Planning initiatives or projects that have a provincial impact such as the proposed Dube Trade Port as well as the Provincial Spatial Economic Development Strategy (PSEDS).

The following list of issues has become standing items on the cross-border alignment agenda:

- ❖ Corridor Linkages
- ❖ Water and Sanitation
- ❖ Migration
- ❖ Access to land
- ❖ Housing Development
- ❖ Disaster Management
- ❖ Tourism
- ❖ Socio-economic development
- ❖ Alignment of Spatial Development Frameworks

## 7. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

### 7.1 PROVISION OF CLEAN WATER AND MANAGING WASTE WATER

uThungulu District Municipality is the Water Services Authority (WSA) in terms of the Minister's determination of the municipal powers and function in terms of section 84 (b) and (d) of the Municipal Structures Act, Act 117 of 1998. The WSA functions are clearly defined in chapter 3 of the Water Services Act, Act 108 of 1997.

The WSA function status is only applicable to the five local municipalities namely;

Mfolozi Municipality	KZ 281
Ntambanana Municipality	KZ 283
uMlalazi Municipality	KZ 284
Mthonjaneni Municipality	KZ 285
Nkandla Municipality	KZ 286

Based on the aforementioned functions, a detailed Water Services Development Plan (WSDP) has been prepared indicating the challenges facing the municipality. UThungulu is predominantly rural with only 20% being urban incorporating surrounding townships. The backlogs are reflected below;

#### Water Supply Backlog

Local Municipality	2008 / 2009 Households	Households with Water	Household without Water	2008/2009 % Backlog
Mbonambi (KZ281)	20 615	12 163	8 452	41%
Ntambanana (KZ283)	16 339	8 986	7 353	44%
uMlalazi (KZ284)	42 623	21 738	20 885	49%
Mthonjaneni (KZ285)	9 712	4 565	5 147	53%
Nkandla (KZ286)	25 757	15 712	10 045	39%
<b>Total</b>	<b>115 046</b>	<b>76 537</b>	<b>51 882</b>	<b>45 %</b>

The households were counted directly from the aerial photographs taken in 2006. an average of 8 people per homestead is used for design for population estimation and for design purposes.

Based on the tables above, it is clear that the municipality is faced with the challenge of ensuring that the 55% (76 537) households that have now been provided with water or have access to piped water and enjoys uninterrupted service.

To successfully achieve this mammoth task, the WSA undertook a Section 78 capacity assessment as prescribed in the Municipal Systems Act, Act 32 of 2000. This was done to assess the capacity of all local municipalities to ascertain if they would be able to undertake the Water Services Provider (WSP) function.

The outcome of this service indicated that all five municipalities would not be able to manage water services provision function within the extended areas. It be noted that the previous town councils only had capacity and resources to provide water services within its old boundaries. The newly established wall to wall municipalities resulted massive extensions of the municipal boundaries with the inclusion of vast rural areas with limited infrastructure.

The 76 537 households receive water from over 283 water schemes. These water projects receive water from the following sources; boreholes, springs, rivers through weirs, dams and from bulk pipeline from other neighbouring municipalities.

### **Sanitation Backlog:**

Local Municipality	2008 / 2009 Households	Households with Sanitation	Households without Sanitation	2008/2009 % Backlog
Mbonambi (KZ281)	20 615	10 457	10 158	49%
Ntambanana (KZ283)	16 339	9 687	6 652	41%
Umlalazi (KZ284)	42 623	9 408	33 215	78%
Mthonjaneni (KZ285)	9 712	7 278	2 434	25%
Nkandla (KZ286)	25 757	11 290	14 467	56%
<b>Total</b>	<b>115 046</b>	<b>48 120</b>	<b>66 926</b>	<b>58 %</b>

The bulk households that make up the 48 120 about 42% of household served is urban areas with water borne sewerage systems. Only the Mfolozi Town is entirely on septic tanks.

#### **7.1.1 WATER SERVICES PROVIDER STATUS**

In view of the fact that all local municipalities did not have capacity to undertake the WSP function, uThungulu entered into a service level agreement with the local municipalities, excluding KZ 282 to provide the WSP function for their entire respective servicing areas.

This required that the municipality provide all resources and capacity to ensure that the all systems were operational.

To achieve this successfully, uThungulu appointed the service of a service support agent WSSA. Currently in the year ahead, uThungulu has budgeted for the WSP function.

In addition to the maintenance of rural schemes, the municipality is also responsible for the maintenance of rudimentary water supply facilities such as boreholes, standard developments schemes and protected localized springs which do not have piped network due to low yields.

In areas where boreholes and springs have dried out and where there is no prospect of underground water, the municipality provide water with water tankers. As alluded earlier in the book, this cost has been increasing annually and no funding has been forthcoming from National and Provincial Government.

#### **□ WATER QUALITY ISSUES**

The municipality is taking the water quality issue very seriously. From last year, the municipality started to make budget provision to address water quality issues. Currently water quality is managed based on the Department of Water Affairs guidelines.

These guidelines were reviewed in April 2009 to conform to the SANS 241 standard (blue and green drop). With the introduction of the blue drop performance rating, this standard was improved to only consider water conforming to the class 1 classification.

Uthungulu is doing internal monitoring by sampling all its water schemes on a monthly basis and submit those results to DWA through the electronic reporting system. In addition to this, all water plants are equipped with chlorine test meters. The samples are taken on a daily basis for chlorine level monitoring. This also includes the turbidity testing.

On average, uThungulu water quality has always been above the 80% compliance. The bulk failures are received from boreholes and spring sources mostly in areas without electricity.

#### **□ EFFLUENT QUALITY**

The effluent samples are taken on a monthly basis and the results are submitted to DWA. In terms of this our systems are within the 80% compliance rating. There are only two systems with serious problems due to the ageing infrastructure.

These systems are in Eshowe Town and at Melmoth. Most of the failure are on the oxidation ponds where excessive growth of vegetation has occurred.

#### **□ WATER SAFETY PLAN**

Previously the municipality did not have a water safety plan as this was not compulsory. A budget provision of R0.5m has been made in the 2011/12 financial year with similar provisions made in the outer years.

It is important to state that all designs of bulk schemes had been based on 36 to 48hr storages. Since 2006, the municipality has embarked on a strategy to move away from unreliable local sources such as boreholes and springs as they are susceptible to ground water fluctuations and are the first points of failure during drought.

#### ❑ **PROBLEMS EXPERIENCED BY THE MUNICIPALITY**

1. Huge number of backlogs still to be addressed by the municipality
2. Ageing infrastructure in the towns
3. Vast areas without water requiring water tanker intervention
4. Diminishing underground water causing boreholes to dry or affecting water quality
5. Negative impact on water supply due to high demand arising from excessive garden watering due to the “One House One Garden” National Government campaign.

#### ❑ **STEPS TO ADDRESS THE ABOVE PROBLEMS**

All the problems reflected above are covered in detail in the WSDP. The main intervention required to fast track the eradication of these problems is the topping up at least 30% of MIG funding to cover the increasing operational cost.

It should also be noted that as the new infrastructure is implemented, more funding is required for the operation of these assets. Uthungulu has written a letter to the National Planning Commission requesting a policy review on MIG funding to address the operation and maintenance issues.

Uthungulu has also approached the Netherlands Government for grant funding to fast track its backlog eradication Programme.

## 8. BUDGET RELATED POLICIES OVERVIEW & AMENDMENTS

The detailed policies are not included in this budget documentation. However they are available on request by Councillors and by the public at the Council offices in Kruger Rand and on the website [www.uthungulu.org.za/policies](http://www.uthungulu.org.za/policies). This section gives a broad overview of the budget policy framework and highlights the amended policies to be approved by Council resolution.

NAME OF POLICY	LAST DATE OF APPROVAL	NEW ADOPTION DATE	PURPOSE/ BASIC AREAS COVERED BY POLICY	STATUS
<b>REVENUE RELATED</b>				
Tariff	25 March 2010 (UDMC: 1330)	17 March 2011	Details of all tariffs and charges for new financial year	Reviewed
Credit control and debt collection bylaws	25 March 2010 (UDMC: 1330)	17 March 2011	Principles and guidelines to be followed with respect to arrear consumer debt control	Reviewed
Incentive	25 March 2010 (UDMC: 1330)	17 March 2011	To improve the principal of paying for services received.	Reviewed
Indigent	25 March 2010 (UDMC: 1330)	17 March 2011	Guidelines and procedures for the subsidization of rates and basic services to indigent households	Reviewed
<b>EXPENDITURE AND BUDGET RELATED</b>				
Borrowing Policy	23 <sup>rd</sup> September 2006 (UDMC: 23)	17 March 2011	Sets out the borrowing principles that the municipality will follow when considering any form of borrowing.	Reviewed
Investment and Banking	27 <sup>th</sup> August 2009 (UDMC:1022)	17 March 2011	Guideline of procedures to be followed when investing or lending money.	Reviewed
Virement	14 December 2005 (UDMC: 2689)		Sets out guidelines and procedures to be followed when transferring budget savings between votes	No Changes
Supply chain management	25 March 2010 (UDMC: 1330)	17 March 2011	Dictates procedures for the procurement of goods and services	Reviewed
Property Plant and equipment	10 November 2010 (UDMC 1692)		Defines the management of fixed assets.	No Changes
Retention Policy		17 March 2011	The retention policy is utilised to protect Council as well as the contractors in terms of construction projects.	Reviewed
Budget	25 March 2010 (UDMC: 1330)	17 March 2011	Set out budgeting principles.	Reviewed
<b>HUMAN RESOURCES RELATED POLICIES</b>				
Succession and Retention Policy	12 <sup>th</sup> March 2008 (UDMC: 520)		Defines the organisations role with regards to human assets	No Changes
Recruitment and selection Policy	12 <sup>th</sup> March 2008 (UDMC: 522)		Defines the recruitment process	No Changes

## 9. BUDGET ASSUMPTIONS

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. The section provides a comprehensive summary of all the assumptions used in preparing the budget. Key assumptions to be summarised here for past, current and projected years (budget year plus at least 2 projected outer years) include but are not limited to:

**External factors** (population migration, employment, health, development of businesses, and new residential areas, etc)

### 9.1 GENERAL INFLATION OUTLOOK & ITS IMPACT ON THE MUNICIPAL ACTIVITIES

According to circular 54 from National Treasury issued on the 10 December 2011, municipalities are cautioned on the 2011/12 budget increases with respect to tariffs. Treasury encourages keeping increases as low as practically possible with the threshold being 6% and should the increase be greater than the municipality must substantiate the increase.

The circular further encourages municipalities to keep increases in tariffs and other charges as low as practically possible and encourages municipalities to publish their outer year tariffs to ensure that consumers are prepared for tariff increases.

### 9.2 INTEREST RATES FOR BORROWING

The MFMA specifies that borrowing can only be used to fund capital. The municipality currently has loans from the following institutions:

LONG-TERM LOANS	REDEEMABLE DATE	CARRYING VALUE RAND	SPECIFIC ASSET
INCA @ 13.95%	2014/12/31	21,000,000	Solid Waste loan
INCA @ 11.95%	2023/06/30	30,000,000	Solid Waste & uThungulu House
ABSA @ 12.60%	2024/06/30	46,000,000	Solid Waste P2, Uthungulu House & Greater Mthonjaneni

### 9.3. INVESTMENT OF FUNDS

Short term investments are currently made with the following banks in terms of the approved Investment and Banking policy. The, average interest rate received on the investment portfolio was that of 7.0 % p.a. earned from the investments and are invested between call,30,60, 90 and 120 days:

- ABSA
- Rand Merchant Bank
- Nedbank
- Standard Bank
- Investec Bank

## **9.4. CREDIT RATING OUTLOOK**

The 2009/2010, credit rating was undertaken by Global Rating Co, a company that has local experience to perform credit ratings for District Municipality.

The following rating was issued:

- **Long term: A- (single A minus);**  
High credit quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.
- **Short term: -A1-(single A one minus);**  
High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

The rating is based on the following key factors:

- The District has evidenced consistent growth in income over the review period, supported by government grants. Furthermore, the district continues to successfully achieve a healthy operating surplus.
- Cash generation has remained robust over the review period, supportive of healthy liquidity ratios.
- Following a recent rise in external funding to support the districts capex requirements, the gross gearing ratio evidenced an increase in F09, following a four year declining trend. Capex is anticipated to increase further in the medium term and will be funded, in part , by additional borrowings in F10, thereby placing increasing pressure on gearing metrics. The district is, however, expected to remain in a net cash position.
- Key debtors ratios have remained relatively low over the review period. Furthermore, note is taken of the districts continued implementation of strategies to further enhance the payment culture of its debtors.

## **9.5 GROWTH OR DECLINE IN TAX BASE OF THE MUNICIPALITY**

### **9.5.1 Levy Replacement Grant Budget**

National Government has included a Replacement Levy Grant with Equitable Share, as a substitute for levies from local business.

The 2009 Division of Revenue Act indicated that part of the fuel levy be devolved to Category A Municipalities as a replacement for RSC levies. For all the Category C (i.e. District municipalities), National Treasury has allocated the levy replacement grant as compensation.



### **9.5.2 Average salary increases**

Permanent & contract staff salary increases have been budgeted for at an estimated 16.83% per the South African Local Bargaining Council Agreement and 8% per annum from 2012/13, whilst Section 57 employees are budgeted at an increase of 7.7% per annum for the next three years and councillors an annual increase of 8%. The increase in staff salaries takes into account the implementation of the TASK wage curve as agreed in the bargaining council as well as the current labour dispute on the 2010/2011 salary increase.

### **9.5.3 Depreciation**

Depreciation on assets is budgeted for as a result of the implementation of GRAP 17 from 1st July 2005, in compliance with MFMA Circular 18. According to Chapter 2. Accounting for Property, plant and equipment, per National Treasury's Guidelines for the implementation of accounting standards, a "Government Reserve" (non-cashed back) has been created equal to grant received to fund future depreciation. An amount of **R32m** is included provisionally in operational expenditure for new and current water and sanitation infrastructure. The straight line method of determining depreciation has been utilized in this budget in terms of the proposed accounting policy for assets and depreciation to be presented to Council with other GRAP alignments.

## **10. FUNDING THE BUDGET**

### **10.1 SOURCES OF FUNDING**

#### **10.1.1 Rates, tariffs and other charges**

##### **Changes in tariff structure**

From the 2009/10 financial year, all domestic consumers within the district pay the same tariff per kilolitre and this approach was achieved over a period of 5-6 years in a “phase in” approach. As per item UDME: 2161, all commercial consumers phase in has been equalised in this Financial year.

##### **Municipal Services**

There are four categories of municipal services, namely that of:

- Trading services – e.g. Water and sewerage
- Economic services - e.g. Solid waste disposal facility and other adhoc
- Subsidized services -e.g. Categories of water and cemetery
- Community services - e.g. Fire fighting Co-ordination

##### **Trading Services**

These services are defined as services whereby the consumption of the service is measurable and can be accurately apportioned to an individual consumer. These services are hence managed like businesses and meters are read, where circumstances reasonably permit, on a monthly basis. The tariffs for these services are budgeted for in such a way as to reach a breakeven situation for the municipality. Examples of these services include water and waste sewer.

The Council’s pricing strategy for these services is to where possible recover the full cost of rendering the service to the communities. For this purpose full cost includes:

- Direct operating costs e.g. Salaries, allowances including overtime, materials used, repairs and maintenance, general expenses and plant and vehicle hire.
- Depreciation / capital charges based on usage, life of buildings, plant and equipment and infrastructure used.
- Financing outlays which includes loan service cost.
- Allocated costs that include costs allocated through support services.

## **Economic Services**

These are services for which tariffs are fixed in such a way as where possible the full cost of providing the service is recovered, e.g. trade effluent includes commercial and industrial use of the solid waste site, tender deposits and sale of maps. The consumption of an economic service can be measured or determined accurately and charged to an individual consumer. Whilst they are also managed like businesses, the tariffs for these services are normally determined in such a way that user charges cover the cost of providing the service.

These costs can be determined as follows:

- Full cost of providing the service or;
- The rate per unit is based on projected usage.

## **Subsidized Services**

These are services for which tariffs are fixed in such a way that at least a portion of the cost of providing the service can be recovered. The consumption of these services can be determined reasonably accurately and can be apportioned to individuals and consumers. However, if the tariffs for using this service were based on its real cost, nobody would be able to afford it. In most cases, not only would the consumer benefit from using the service, but also other persons.

Therefore, user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service. These services include water, approval of building plans and the construction of buildings (Nkandla and Mbonambi only), leasing of municipal facilities, selling of burial sites and certain town planning functions.

## **Community Services**

Community services are those services for which the Council is unable to accurately determine the consumption and hence apportion to individual consumers. These services are typically financed through the operating budget. These services include the provision and maintenance of roads and storm water drainage systems, the establishment, management and maintenance of cemeteries etc. In addition to the above services sewage removal is also a community service provided directly to all the residents and for which costs form part of a balanced budget.

The Municipality also provides support services such as committee services, records and archives, financial management accounting and stores, occupational health and human resources management, which are financed through the operating budget

## **Calculation of tariffs for major services**

A minimum amount of basic services must be free. The Municipality subscribes to the policy that all poor households are entitled to a minimum amount of free basic services. A basic service is a service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety of the environment. These services include:

- Potable water
- Domestic wastewater and sewage removal
- Burials

Council is aware that it currently does not provide these services to all residents within its municipal area. It is also aware that, more than likely, some of the services it currently provides in conjunction with the abovementioned services may be transferred or assigned to other bodies. In the latter case, the Council commits itself to make representations and negotiate with those services providers to achieve its goal.

Council realizes that in order to achieve its goal, a minimum amount of basic services should be free to the poor, whilst tariffs for services above the minimum level of consumption will have to be increased. These increases are necessary to make good any shortfall resulting from free services and to ensure a balanced budget on the trading account.

## **Keeping Tariffs Affordable**

Council is keenly aware of the financial situation of most residents within the Municipal area therefore, it undertakes to keep tariffs at affordable Levels. Council is also aware that due to historical reasons many residents receive services at a level higher than what they can afford. In order for services to remain affordable Council will ensure that:

- Services are delivered at an appropriate level,
- Efficiency improvements are actively pursued across the Municipalities' operations,
- Any service that is provided for which there is little demand, be priced at the actual cost of providing it and which requires the Municipality to maintain significant infrastructure and other facilities, are phased out, except where Council is by law required to provide such a service.

### **Introducing the “Consumer must pay principle”.**

Having regard for the abovementioned Council’s policy on minimum amount of free basic, Council believes that consumers of services must pay for the amount of services that they use. Where it is possible to measure the consumption services, Council intends to install metering systems as in the case of water usage, and to take into account the free service element. In this regard the Council will develop a programme to install meters in appropriate cases. Also it is the Council’s policy that the tariffs for such services must include all relevant cost factors.

### **Redistribution / Cross Subsidization**

It is a fact that some members of the community are better able to afford to pay for the services that they use and have the benefit of, than others are. The budget of the Municipality is an important device in ensuring redistribution within the community. Likewise Council will ensure that the cross-subsidization occurs between and within services to further contribute to its redistribution objectives.

### **Promoting Local and Economic Competitiveness and Development**

The municipal service charges presented to the local businesses, are a significant business overhead for any business enterprise in the Municipal area. The overhead of a business is one of the factors that influence the price of goods and services sold by it, and therefore its profitability and chances of survival. Council will take care that the municipal accounts presented to local businesses are fair. To ensure fairness toward local business, Council will, when it determines tariffs, take into account the desire:

- To promote local economic competitiveness and
- To promote local economic development and growth.

### **Ensuring Financial Sustainability of Service Delivery**

The Constitution, Local Government Municipals Systems Act, 2000 and Water Services Act of 1997 require that the Municipality must ensure that the services that it provides must be sustainable.

Financial sustainability of an enterprise will be achieved when it is financed in a manner that ensures that it’s financing is sufficient. The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the

service and maintaining, repairing and replacing the physical assets used in its provision. However, sustainability does not only mean that the price of the service must include all the relevant cost elements, it also means that charges to be levied must be collected.

Council will therefore adopt and apply a Credit Control and Debt Collection policy to ensure that service charges are fully recovered.

## 10.2. Tariffs for 2011/12

The following tariffs are applicable in the 2011/12 financial year, with a comparison with the prior year tariff for indication of increases in R/c and percentages:

Effective date the 1<sup>st</sup> July 2011

	TARIFF OF CHARGES 2011/12	Tariff (R)	Tariff (R)	Rand's/	% Increase	Proposed	Proposed
		2010/2011	2011/2012	C Increase		Increase 2012/2013	Increase 2013/2014
<b>1</b>	<b>WATER</b>						
<b>1.1</b>	<b>Mbonambi Municipality</b>						
	Water per kl						
<b>1.1.1</b>	<b>Domestic</b>						
	0 - 6 kl	Free	Free				
	7 - 30 kl	6.17	6.79	0.62	10%	10%	10%
	above 30 kl	7.69	8.46	0.77	10%	10%	10%
	Availability charge	35.22	38.74	3.52	10%	10%	10%
<b>1.1.2</b>	<b>Commercial</b>						
	0 kl - 149kl	11.14	12.25	1.11	10%	10%	10%
	≥ 150kl	14.48	15.93	1.45	10%	10%	10%
<b>1.2</b>	<b>Nkandla Municipality</b>						
	Water per kl						
<b>1.2.1</b>	<b>Domestic</b>						
	0 - 6 kl	Free	Free				
	7 - 30 kl	6.17	6.79	0.62	10%	10%	10%
	above 30 kl	7.69	8.46	0.77	10%	10%	10%
	Availability charge	35.22	38.74	3.52	10%	10%	10%
<b>1.2.2</b>	<b>Commercial</b>						
	0 kl - 149kl	11.14	12.25	1.11	10%	10%	10%
	≥ 150kl	14.48	15.93	1.45	10%	10%	10%
<b>1.3</b>	<b>Umlalazi Municipality</b>						
	<b>Eshowe Town</b>						
	Water per kl						
<b>1.3.1</b>	<b>Domestic</b>						

		2010/2011	Tariff (R)	Rand's	%	Proposed Increase 2012/2013	Proposed Increase 2013/2014
	0 - 6 kl	Free	Free				
	7 - 30 kl	6.17	6.79	0.62	10%	10%	10%
	above 30 kl	7.69	8.46	0.77	10%	10%	10%
	Availability charge	35.22	38.74	3.52	10%	10%	10%
	<b>Gingindlovu</b>						
1.3.2	<b>Domestic</b>			-		-	
	0 - 6 kl	Free	Free				
	7 - 30 kl	6.17	6.79	0.62	10%	10%	10%
	above 30 kl	7.69	8.46	0.77	10%	10%	10%
	Availability charge	35.22	38.74	3.52	10%	10%	10%
	<b>Mtunzini</b>						
	Water per kl						
1.3.3	<b>Domestic</b>						
	0 - 6 kl	Free	Free				
	7 - 30 kl	6.17	6.79	0.62	10%	10%	10%
	above 30 kl	7.69	8.46	0.77	10%	10%	10%
	Availability charge	35.22	38.74	3.52	10%	10%	10%
	<b>Eshowe</b>						
1.3.4	<b>Commercial</b>						
	0 kl - 149kl	11.14	12.25	1.11	10%	10%	10%
	≥ 150kl	14.48	15.93	1.45	10%	10%	10%
	<b>Gingindlovu</b>						
1.3.5	<b>Commercial</b>						
	0 kl - 149kl	11.14	12.25	1.11	10%	10%	10%
	≥ 150kl	14.48	15.93	1.45	10%	10%	10%
	<b>Mtunzini</b>						
1.3.6	<b>Commercial</b>						
	0 kl - 149kl	11.14	12.25	1.11	10%	10%	10%
	≥ 150kl	14.48	15.93	1.45	10%	10%	10%



		2010/2011	Tariff (R)	Rand's	%	Proposed Increase 2012/2013	Proposed Increase 2013/2014
1.4	<b>Mthonjaneni Municipality</b> Water per kl						
1.4.1	<b>Domestic</b>						
	0 - 6 kl	Free	Free				
	7 - 30 kl	6.17	6.79	0.62	10%	10%	10%
	above 30 kl	7.69	8.46	0.77	10%	10%	10%
	Availability charge	35.22	38.74	3.52	10%	10%	10%
1.4.2	<b>Commercial</b>						
	0 kl - 149kl	11.14	12.25	1.11	10%	10%	10%
	≥ 150kl	14.48	15.93	1.45	10%	10%	10%
1.5	<b>Upper Nseleni</b>						
1.5.1	Water per kl						
	0 kl - 149kl	11.81	12.99	1.18	10%	10%	10%
	≥ 150kl	15.35	16.89	1.54	10%	10%	10%
1.6	<b>DOW/Schools/Clinics</b>						
1.6.1	Water per kl						
	0 kl - 149kl	11.81	12.99	1.18	10%	10%	10%
	≥ 150kl	15.35	16.89	1.54	10%	10%	10%
1.7	<b>Water other</b>						
1.7.1	Reconnection of water supply on clients request (closed on clients request)	210.19	231.21	21.02	10%	10%	10%
1.7.2 (a)	Penalty fee for non compliance of warning notice (Water restriction process)	345.51	380.06	34.55	10%	10%	10%
(b)	Rebate on penalty fee for indigent customers	50%	50%				
(c)	Rebate on penalty fee for customers who make application and qualify for indigent status within 30 days of being levied the said fee	50%	50%				
1.7.3	New domestic single household standard connection fee						

		2010/2011	Tariff (R)	Rand's	%	Proposed Increase 2012/2013	Proposed Increase 2013/2014
A	Full water pressure systems	870.00	957.00	87.00	10%	10%	10%
B	RDP systems	380.00	418.00	38.00	10%	10%	10%
1.7.4	New connection fees: other than those stated in 1.7.3a & 1.7.3b	Cost + 10%					
1.7.5	Special readings of meters	215.95	237.55	21.60	10%	10%	10%
1.7.6	Final reading admin fee upon disconnection	17.27	19.00	1.73	10%	10%	10%
1.7.7	Testing of meters - up to 25mm	460.68	506.75	46.07	10%	10%	10%
1.7.8	Testing of meters - larger than 25mm	Cost + 10%	Cost +10%				
1.7.9	Tampering fee - first occurrence	1,392.14	1,531.35	139.21	10%	10%	10%
1.7.10	Undeveloped land- available services fee	63.54	69.89	6.35	10%	10%	10%
1.7.11	Bulk tariff treated water per kl - applicable to supplies to Municipalities only	4.41	4.851	0.44	10%	10%	10%
1.7.12							
	1 - 30 kl	6.17	6.79	0.62	10%	10%	10%
	above 30 kl	7.69	8.46	0.77	10%	10%	10%
<b>1.8</b>	<b>Water un-metered - Rural Areas</b>						
1.8.1	Availability charge - Standpipe	22.00	25.00	3.00	14%	10%	10%
1.8.2	Un-metered households connection	52.00	58.00	6.00	10%	10%	10%
1.8.3	Water delivered by Tanker per 10 000 litres to public institutions - Incl Price of water & Transportation cost	Cost + 10%	Cost +10%			10%	10%
1.8.4	Water delivered by Tanker per 10 000 litres to general public (At discretion of municipality) Incl Price of water & Transportation	Cost + 25%	Cost + 25%			25%	25%
1.9	Indigency						
	0 - 6 kl	Free	Free				
	7-10 kl	4.53	Free	-4.53	0	0	0
	11 - 30 kl	6.16	6.78	0.62	10%	10%	10%
	above 30 kl	7.69	8.46	0.77	10%	10%	10%

		2010/2011	Tariff ('R)	Rand's	%	Proposed Increase 2012/2013	Proposed Increase 2013/2014
	Availability charge	-	0	0		0	0
<b>2</b>	<b>CEMETERY</b>						
2.1	Single interment of an adult (resident)	613.91	638.50	24.59	4%	6%	6%
2.2	Single interment of an child (resident)	613.91	638.5	24.59	4%	6%	6%
2.3	Permission to erect a tombstone (single or double)		2011/2012	Increase	Increase		
2.4	Permission for additional depth grave (including interment)	4,437.72	4,615.23	177.51	4%	6%	6%
2.5	Reservation of a grave (excl. interment)	661.72	688.19	26.47	4%	6%	6%
2.6	Exhumation of a body	1,321.90	1,374.78	52.88	4%	6%	6%
2.7	Interment outside normal working hours - resident	613.91	638.50	24.59	4%	6%	6%
2.8	Interment outside normal working hours - Saturday (non-resident)	3,586.26	3,729.71	143.45	4%	6%	6%
2.9	Interment outside normal working hours - Sundays & Public holiday non-resident)	4,721.52	4,910.38	188.66	4%	6%	6%
2.10	Wall of remembrance	566.09	588.73	22.64	4%	6%	6%
2.11	Reservation of niche excluding utilization - resident	302.33	314.42	12.09	4%	6%	6%
<b>3</b>	<b>SANITATION</b>						
3.1	All Areas in District - Properties that can be/are physically connected to the water borne sewer systems, whether connected or not						
3.1.1	Domestic Rand valuation of combined land and improvements value as per the latest published municipal valuation roll (subject to minimum R40.00 and a maximum of R156 per month)	0.004 c/R	0.00416 c/R	0.00016	4%	6%	6%

3.1.2	Business Rand valuation of combined land and improvements value as per the latest published municipal valuation roll (subject to minimum R104 and a maximum of R1040 per month)	0.004 c/R	0.00416 c/R	0.00016	4%	6%	6%
3.2	Registered Indigent-rand valuations of combined land and improvement value as per the latest published municipal valuation roll subject to a maximum of R20.00 p/m	0.004 c/R	0.00416 c/R	0.00016	4%	6%	6%
3.3	Mtunzini -per load (honeysucker)	503.37	553.71	50.34	10%	10%	10%
3.4	Gingindlovu -per load (honeysucker)	503.37	553.71	50.34	10%	10%	10%
3.5	Sewer connection fee in all areas	Cost + 10%	Cost +10%				
3.6	Disposal of domestic effluent from within or without the Council's area of jurisdiction to Council facilities.						
3.6.1	• Delivered by private road tanker per kiloliter, measured as the nominal carrying capacity of the tanker.	13.78	15.16	1.38	10%	10%	10%
3.6.2	• Delivered by private road haulage in drums per drum of capacity not exceeding 150 liters ( per drum)	1.38	1.52	0.14	10%	10%	10%
<b>4</b>	<b>SOLID WASTE</b>						
4.1	Building rubble per ton	56.40	68.00	11.60	21%	20%	20%
4.2	De-listed waste - per ton	812.25	974.70	162.45	20%	20%	20%
4.3	Tyres -per ton	582.75	699.30	116.55	20%	20%	20%
4.4	Green waste -per ton	56.40	68.00	11.60	21%	20%	20%
4.5	Sewer Sludge -per ton	1,432.50	1,719.00	286.50	20%	20%	20%
4.6	Miscellaneous -per ton	Cost + 10%					
4.7	Miscellaneous weighing service - Per service	73.00	88.00	15.00	21%	20%	20%

		2010/2011	Tariff ('R)	Rand's	%	Proposed Increase 2012/2013	Proposed Increase 2013/2014
<b>5</b>	<b>DEPOSITS</b>						
5.1	Non refundable tender deposits	290.00	320.00	30.00	10%	10%	10%
5.2	Consumer deposits : New applications						
5.2.1	Domestic application	425.00	470.00	45.00	11%	10%	10%
5.2.2	Commercial application	1,100.00	1,210.00	110.00	10%	10%	10%
5.2.3	Registered Indigent customers	Exempt	Exempt				
5.2.4	Customers supplied by "RDP" systems	Exempt	Exempt				
5.2.5	Government Institutions	Exempt	Exempt				
5.2.6	Municipal Institutions	Exempt	Exempt				
6.1	Sale of Marketing/corporate gifts and other	Cost + 10%	Cost + 10%				
6.2	Clearance Certificate admin fee	61.00	68.00	7.00	11%	10%	10%
6.3	Fee for cheques returned R/D	55.00	60.00	5.00	9%	10%	10%
6.4	Interest Charges	10%	9%	-1%	-10.0%		
<b>7</b>	<b>BYLAWS</b>						
7.1	For copies of any bylaws, per page	1.74	1.90	0.16	9%	10%	10%
7.2	Extract of bylaws, per page or part thereof	1.74	1.90	0.16	10%	10%	10%
<b>8</b>	<b>PROMOTION OF ACCESS TO INFORMATION</b>						
8.1	Fee for reproduction, relating to the promotion of the Access to the information Act as follows:						
8.1.1	Every photocopy of an A4 size page or part thereof	0.94	1.00	0.06	6%	6%	6%
8.1.2	Every photocopy of an A4 size page or part thereof	0.66	0.75	0.09	14%	6%	6%
8.1.3	For a copy on Stiffy Disc	n/a	n/a				
8.1.4	For a copy on Compact Disc	60.50	67.00	6.50	11%	6%	6%
8.2	<b>For a transcription of visual images:</b>						
8.2.1	For an A4 size page or part thereof	34.57	38.03	3.46	10%	10%	10%
8.2.2	For a copy of visual images	90.76	99.84	9.08	10%	10%	10%

		2010/2011	Tariff ('R) 2011/2012	Rand's Increase	% Increase	Proposed Increase 2012/2013	Proposed Increase 2013/2014	Propose Increas 2012/201
8.3	<b>For a transcription of an audio record:</b>							
8.3.1	For an A4 size page or part thereof	18.72	20.59	1.87	10%	10%	10%	
8.3.2	For a copy of an audio record	25.94	28.53	2.59	10%	10%	10%	
8.3.3	To search for the record for disclosure	23.05	25.36	2.31	10%	10%	10%	
8.4	<b>FACSIMILE</b>	-						
8.4.1	Outgoing facsimile - per folio	6.19	6.81	0.62	10%	10%	10%	
8.4.2	Incoming facsimile - per folio	6.19	6.81	0.62	10%	10%	10%	
<b>9</b>	<b>MAP PRODUCTION COSTS</b>							
	SHEET SIZE							
9.1.1	A0	572.43	630.00	57.57	10%	10%	10%	
9.1.2	A1	473.75	520.00	46.25	10%	10%	10%	
9.1.3	A2	415.91	458.00	42.09	10%	10%	10%	
9.1.4	A3	378.65	416.00	37.35	10%	10%	10%	
9.1.5	A4	351.45	390.00	38.55	11%	10%	10%	
	<b>LAMINATING COSTS</b>							
	SHEET SIZE							
9.2.1	A0	358.68	395.00	36.32	10%	10%	10%	
9.2.2	A1	204.95	225.00	20.05	10%	10%	10%	
9.2.3	A2	128.11	140.00	11.89	9%	10%	10%	
9.2.4	A3	18.78	21.00	2.22	12%	10%	10%	
9.2.5	A4	3.52	4.00	0.48	14%	10%	10%	
<b>10</b>	<b>BUILDING PLANS</b>							
10.1	Building plans and scrutiny and supervision charges as per Townships							
<b>NB. ALL TARIFFS ARE INCLUSIVE OF VAT</b>								

### 10.3. INVESTMENTS – CASH BACKED ACCUMULATED SURPLUS

The investment policy of the Municipality is in line with the Municipal Finance Management Act, Act 56 of 2003 and the Regulations and Investment Framework issued by the Minister of Finance.

The main objective of the investment policy is to gain optimum return on investment without incurring undue risks during the period when cash revenues are not needed for capital or operational purposes.

The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management which must identify the surplus amounts to be invested and when those funds will be needed by the municipality's operations.



The municipality's investments are divided into the following categories:-

**1. Interest Earned on Investment**

- It is the municipality's policy to appropriate all interest earned from investments to priorities as detailed in the Integrated Development Plan.

**2. Sinking Fund**

- The municipality purchased a guaranteed zero coupon from INCA via Standard Bank, in the 2003/04 financial year for an amount of R7, 9 million with an aim of redeeming the matured value against a R21million loan with INCA.

**3. Short Term Investment**

- All reserves and creditors form part of short term investments of the municipality.
- The Municipality has a conservative approach in investing only in short term investment; however the investment policy has a provision of long term investments.

## 11. GRANT ALLOCATIONS

### 11.1 DETAILS OF GRANTS ALLOCATED TO THE MUNICIPALITY

TOTAL ALLOCATIONS PER DORA 2011			
	Budget 11/12	Budget 12/13	Budget 13/14
<b>Revenue by Source</b>			
<b>Grants &amp; Subsidies - Provincial - Operational</b>	<b>439 000</b>	-	-
Strategic Support	439 000	-	-
<b>Total Province Allocations</b>	<b>439 000</b>	-	-
<b>Grants &amp; Subsidies - National - Operational</b>	<b>351 305 632</b>	<b>356 565 579</b>	<b>368 817 000</b>
Equitable Share	130 135 710	144 249 595	153 503 005
Levy Replacement Grant	152 214 000	165 913 000	180 845 000
ES Environmental Health	16 828 290	18 653 405	19 849 995
MSIG	790 000	1 000 000	1 000 000
Water services operating & transfer subsidy	-	-	5 000 000
Local Finance Management Grant	1 250 000	1 250 000	1 250 000
MIG Operational - Project Management Unit	2 736 000	-	-
MIG - Sanitation Projects	38 362 632	23 719 579	5 500 000
Rural Transport Services & Infrastructure	1 688 000	1 780 000	1 869 000
EPWP Incentive Grant	7 301 000	-	-
<b>Grants &amp; Subsidies - National - Capital</b>	<b>153 833 368</b>	<b>211 961 421</b>	<b>250 942 000</b>
Regional Bulk Infrastructure Grant	33 999 000	40 001 000	50 000 000
MIG - Water Projects	119 834 368	171 960 421	200 942 000
<b>Total National Government Allocations</b>	<b>505 139 000</b>	<b>568 527 000</b>	<b>619 759 000</b>
<b>Public Contributions</b>	<b>2 000 000</b>	<b>2 000 000</b>	-
Richardsbay Minerals	2 000 000	2 000 000	-
<b>Other Government</b>			
<b>Total Grants &amp; Subsidies</b>	<b>507 578 000</b>	<b>570 527 000</b>	<b>619 759 000</b>



## 11.2 GRANT ALLOCATIONS PURPOSE AND OUTPUTS

Grant	Purpose	Measurable Outputs	Future revenue and cost implications
Equitable Share	To enable municipalities to provide basic services and perform the functions allocated to it.	No. of: <ul style="list-style-type: none"> <li>Households receiving free water and electricity.</li> <li>Households receiving basic services such as water, sanitation, environmental health, refuse and electricity.</li> </ul>	The allocation is increased by
Replacement Grant	Levy Replacement Grant	Included with the equitable share grant. The grant was issued to allow municipalities to meet their expenditure obligations.	Future Revenue: Government is considering replacing the grant with funding from the fuel levy.
Rural Transport Services and Infrastructure Grant	To assist rural district municipalities to set up rural road asset management systems, and collect road and traffic data in line with the Road Infrastructure Strategic Framework for South Africa.	Collection of road inventory data including condition assessment and traffic data  Setting up pavement and bridge management systems compatible with national standards	
Municipal Infrastructure	To supplement municipal capital budgets to eradicate backlogs in basic municipal infrastructure utilised in providing basic services for the benefit of poor households.  To eradicate the bucket sanitation system mainly in urban townships.	No. of: <ul style="list-style-type: none"> <li>New households receiving water and sanitation service per annum.</li> <li>Households where the bucket sanitation system has been replaced with an alternative system.</li> <li>No of jobs created using EPWP</li> </ul>	Future Revenue: Tariffs from new households (water and sanitation).  Future cost: Repairs and maintenance. Billing and collection of revenue.
Local Government Financial Management Grant	To promote and support reforms to municipal financial management and the implementation of the MFMA Act.	<ul style="list-style-type: none"> <li>Financial recovery plans.</li> <li>Internship programme</li> <li>Progressive improvements of audit outcomes.</li> <li>Improvements in internal and external reporting on budgets, finances, in-year reporting and annual reports.</li> <li>Upgrading of IT systems for Financial management improvement</li> </ul>	Future Cost:  The cost of including the interns within the organisation.
EPWP Incentive	To incentivise	<ul style="list-style-type: none"> <li>Increase number of people employed</li> </ul>	Future revenue allocations

	<p>municipalities to increase labour intensive employment through programmes that maximise job creation and skills development in line with the guidelines.</p>	<p>and receiving income through the EPWP.</p> <ul style="list-style-type: none"> <li>▪ Average duration of work opportunities created.</li> <li>▪ Increased income per EPWP beneficiary.</li> <li>▪ Increased in number of municipalities reporting on EPWP.</li> </ul>	<p>done quarterly based on municipalities meeting the minimum performance threshold.</p> <p>Future cost Gant to be used in other similar EPWP projects.</p>
Regional Bulk Infrastructure Grant	<p>To develop regional bulk infrastructure for water supply to supplement water treatment works at resource development and link such water resource development with the local bulk and local distribution networks on a regional basis cutting across several local municipal boundaries</p> <p>In the case of sanitation, to supplement regional bulk collection as well as regional waste water treatment works</p>	<p>Number of implementation readiness plans finalised for regional bulk projects</p> <ul style="list-style-type: none"> <li>▪ <b>Number of regional bulk projects initiated</b></li> <li>▪ <b>Number of projects completed</b></li> <li>▪ <b>Number of people or households being impacted due to a new regional bulk system</b></li> <li>▪ <b>Number of villages/areas/municipalities to benefit from the regional bulk system</b></li> <li>▪ Number of jobs created</li> </ul>	<p>Future Revenue:</p> <p>Tariffs from new households (water and sanitation).</p> <p>Future cost:</p> <p>Repairs and maintenance.</p> <p>Billing and collection of revenue.</p>
Water Services Operating Subsidy Grant	<p>To subsidise and build capacity in water schemes owned and/or operated by the Department of Water Affairs or by other agencies on behalf of the department and transfer these schemes to local government</p>	<p>Operating outputs as defined in the business plan for each individual scheme:</p> <ul style="list-style-type: none"> <li>▪ <b>transfer workable and fully functional schemes to municipalities in accordance with the Water Services Act</b></li> <li>▪ <b>build capacity and skills to run schemes</b></li> </ul> <p>Transfer outputs as outlined in the policy framework and business plan:</p> <ul style="list-style-type: none"> <li>▪ <b>schemes refurbished to standards outlined in terms of the agreed policy framework</b></li> <li>▪ <b>sustainability assessments completed per scheme or group of schemes to be transferred</b></li> <li>▪ <b>Water services authority/provider has developed sufficient capacity in line with funding requirements</b></li> <li>▪ <b>number of transferred schemes with adequate capacity and skills to function optimally</b></li> </ul>	<p>Future Revenue:</p> <p>Tariffs from new households (water and sanitation).</p> <p>Billing and collection of revenue.</p>

## **11.3 GRANT ALLOCATION BY THE DISTRICT MUNICIPALITY**

### **11.3.1 DIRECT GRANT ALLOCATIONS**

#### **Environmental Health Grant Allocation**

In accordance with the Division of Revenue **Bill**-2011, an Environmental Health Care Subsidy of R 18 (2010/11, R 18) per household was included in the Basic Services Component of the equitable share formula. According to a provisional Service Level Agreements with KZ 282 (uMhlathuze Municipality) and KZ 284 (uMlalazi Municipality), uThungulu District Municipality would be obligated to re-allocate grants received from Government relating to Environmental Health to the Local Municipalities that are currently performing the function. An amount of R16.8m from the equitable share has been ring fenced for this purpose.

The equitable share allocation to Ntambanana for refuse per National Treasury allocation indicated that the District should transfer the Equitable share to the local municipality for their costs to execute refuse removal services.

In addition allocations to KZ 281, 283, 285 and 286, have been included in the budget for the District, as the District would perform the functions centrally.

### **11.3.2. GRANT ALLOCATIONS BY THE DISTRICT**

## **12. DISCLOSURE ON IMPLEMENTATION OF MFMA & OTHER LEGISLATION**

The Municipal Finance Management Act, 2003 (Act No.56 of 2003) became effective on 1 July 2004. Elements of the act have been phased in according to capacity of each municipality - high, medium and low. As a high capacity municipality, uThungulu was required to comply with the earliest implementation dates, the majority of which are now effective.

The MFMA has introduced significant changes to the financial management of local government. One of the main changes in budget preparation is that the single year, line item budgeting - which was a common feature of the previous practices - has been replaced by multi-year budgeting at a more strategic level.

The MFMA aims to modernise budget and financial practices at all spheres of government, thereby facilitating effective service delivery. The general public plays an important role in ensuring a budget is set to reflect targeted service delivery. For example, during the budget preparation process, Section 21 of the MFMA requires communities and residents within the municipal jurisdiction to be part of the Budget and Integrated Development Planning (IDP) processes. Section 8 of this report describes how this has been achieved.

Communities can also monitor the performance of the approved budget through regular reporting of the Service Delivery & Budget Implementation Plan (SDBIP)

and the performance contracts of senior managers. These are prepared at the same time as the budget, thus ensuring alignment at the start of the financial year. Section 15 of this report provides some detail of the departmental SDBIP's that have been prepared. These highlight the key service delivery and performance targets that senior managers are accountable for.

Some of the key budget reforms encapsulated within the MFMA, that uThungulu has applied, are:

- Forward looking, multi-year budgets with strategic focus;
- Clear links between budget allocations and agreed policies;
- Improved integration of budget and planning processes;
- New budget process timetable with earlier adoption of budgets by council and earlier audits of Annual Financial Statements;
- Improved in-year reporting according to vote/ function;
- Improved financial management information;
- Service Delivery and Budget Implementation Plans (SDBIP) developed and approved with budgets;
- New accounting norms and standards;
- Improvements to procurement and Supply Chain Management policies and processes;
- Establishment of a SCOPA; and
- Focus on performance measurement.

The MFMA implementation is monitored through regular reporting including:

- Quarterly reviews of MFMA implementation plans and the 12 urgent implementation priorities checklist;
- Monthly returns to National Treasury and monthly reports to the Mayor & Council, as required by section 71;
- Publication of information on the municipality's website ([www.uthungulu.org.za](http://www.uthungulu.org.za)); and
- Mid-year budget and performance assessment as required by section 72.

The 2011/12 Budget was prepared taking into account the Budget Regulations gazetted in April 2009 dealing with Budgeting and reporting as well as the MFMA circular 54 and 55. The circular highlights that a new format for Schedule A, B and C has been formulated by treasury as well as a dummy budget template which was to be released at the end of January 2011.

The objective of the regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities and municipal entities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the Act.

## **OTHER LEGISLATION Budget**

The other important pieces of legislation when considering the budget processes are:

- The Division of Revenue **Bill** 2011; and
- The Municipal Systems Act (Act No.32 of 2000), together with the Municipal Systems Amendment Act (Act No. 44 of 2003).

### **Division of Revenue **Bill** 2011**

This Act issued in April annually, provides the three year allocations from National Government to Local Government. It sets out all the reporting requirements and conditions relating to the grants. Alongside this Provincial Departments allocate funding to Local Government by means of a Provincial gazette.

These allocations are used when preparing the three year budget in order to comply with section 18 of the MFMA (relating to reasonably anticipated revenues to be collected). Additional allocations - both Nationally and Provincially - are sometimes made to municipalities. However, these are not included in the original budget as the allocations are not certain. When confirmed they will be included in an adjustments budget in accordance with section 28 of the MFMA.

### **The Municipal Systems Act (Act No.32 of 2000) and the Municipal Systems Amendment Act (Act No. 44 of 2003)**

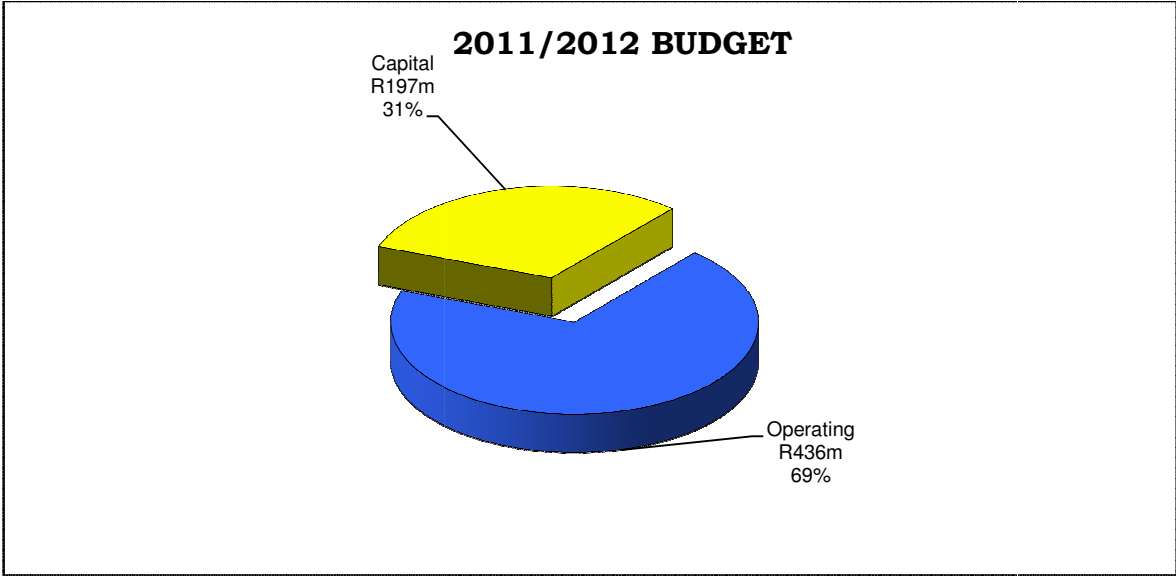
These Acts form the basis of the links between the budget and the integrated development Plan (IDP). In particular, the aspects that have been considered in preparing the budget are:

- Community participation (Chapters 4 & 5);
- Performance management (Chapter 6), providing also the basis for measurable performance objectives in the Service Delivery and Budget Implementation Plan (SDBIP); and
- Tariff policy (Chapter8).

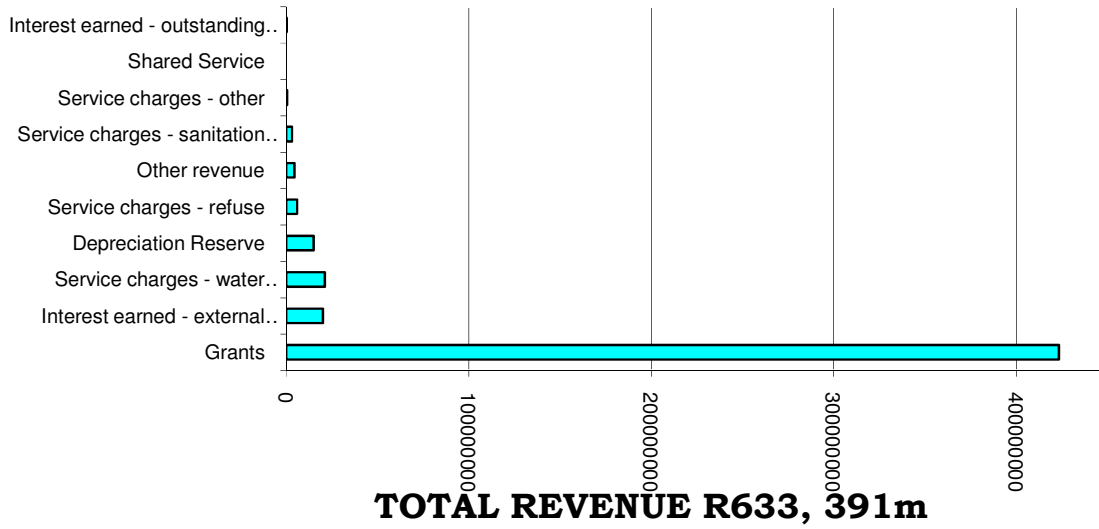
**13. Service Delivery Implementation Plan – Included as an A3 annexure**

**1. BUDGET RELATED CHARTS AND TABLES**

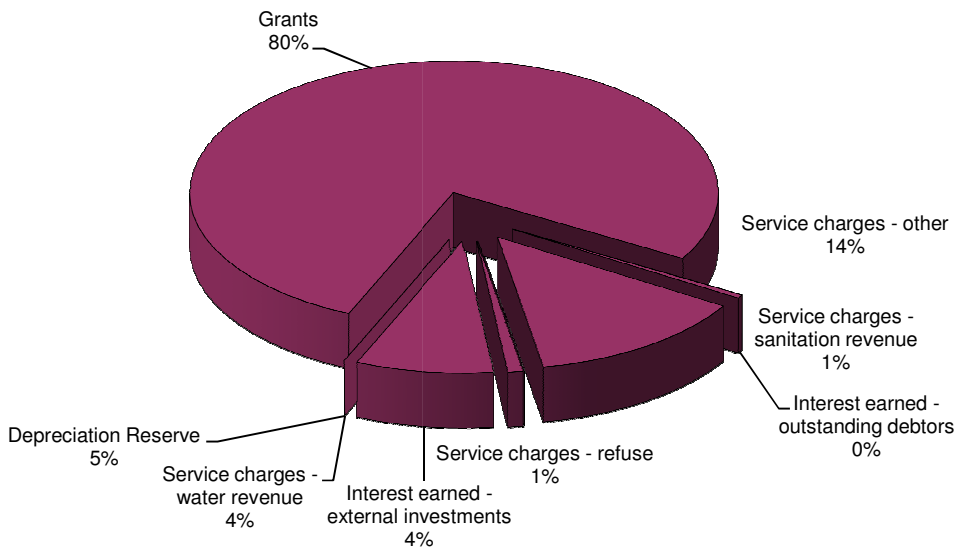
**13.1 BUDGET RELATED CHARTS**



# REVENUE 2011/2012



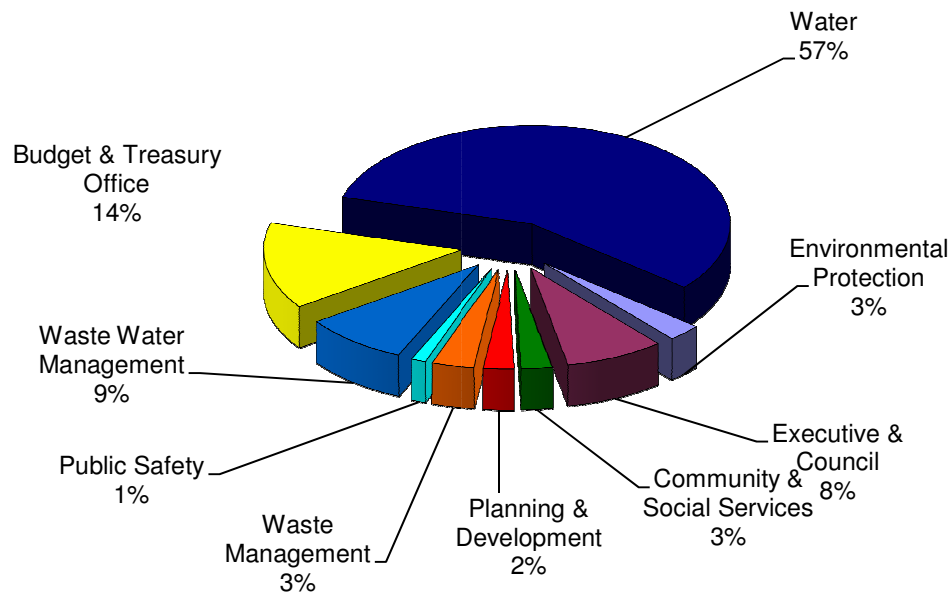
# REVENUE 2011/2012



**TOTAL REVENUE R 633, 391m**

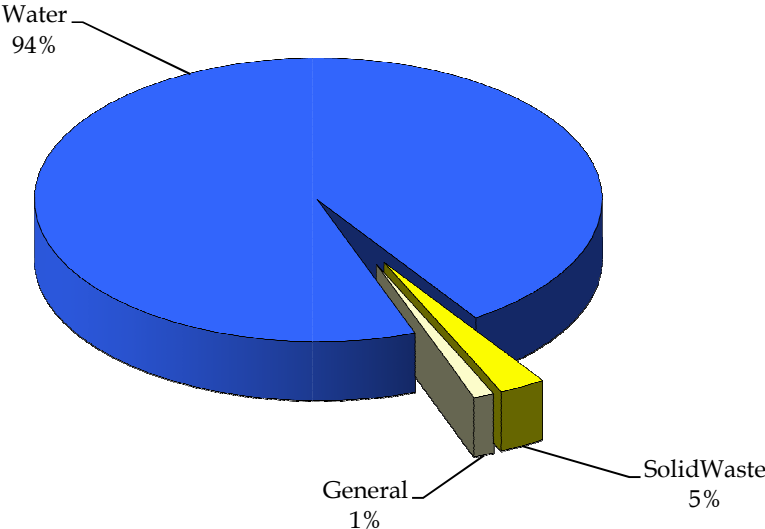


# EXPENDITURE 2011/12



**TOTAL EXPENDITURE**

**2011/2012 CAPITAL BUDGET BY SERVICE**



**TOTAL CAPITAL BUDGET R197,266m**

## 14.2 Budget Related Tables

DC28 uThungulu - Table A1 Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousands</b>									
<b>Financial Performance</b>									
Service charges	29,686	33,466	32,877	30,450	33,450	33,450	32,873	35,836	39,175
Investment revenue	26,563	36,182	26,468	23,653	22,653	22,653	25,420	27,462	29,109
Transfers recognised - operational	244,257	214,665	282,950	299,620	338,630	338,630	350,202	356,361	394,375
Other own revenue	8,368	12,736	12,439	22,593	101,379	101,379	67,022	61,742	49,660
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>308,874</b>	<b>297,050</b>	<b>354,734</b>	<b>376,316</b>	<b>496,113</b>	<b>496,113</b>	<b>475,518</b>	<b>481,401</b>	<b>512,319</b>
Employee costs	50,040	61,159	72,686	107,330	97,775	97,775	112,692	122,936	132,835
Remuneration of councillors	4,700	5,021	5,415	7,165	7,165	7,165	7,738	8,357	9,025
Depreciation & asset impairment	10,966	17,978	23,323	15,318	32,318	32,318	32,318	32,318	32,318
Finance charges	-	8,118	9,244	15,117	15,117	15,117	14,180	14,180	14,180
Materials and bulk purchases	11,895	16,538	18,357	17,189	22,689	22,689	21,465	24,955	28,926
Transfers and grants	-	1,832	3,476	2,251	2,251	2,251	7,837	8,619	9,162
Other expenditure	182,058	216,346	262,970	189,056	259,894	259,894	239,895	233,636	258,174
<b>Total Expenditure</b>	<b>259,659</b>	<b>326,992</b>	<b>395,470</b>	<b>353,426</b>	<b>437,209</b>	<b>437,209</b>	<b>436,125</b>	<b>445,001</b>	<b>484,620</b>
<b>Surplus/(Deficit)</b>	<b>49,215</b>	<b>(29,942)</b>	<b>(40,736)</b>	<b>22,890</b>	<b>58,904</b>	<b>58,904</b>	<b>39,393</b>	<b>36,400</b>	<b>27,700</b>
Transfers recognised - capital	-	107,221	124,553	125,756	173,672	173,672	157,873	214,702	225,962
<b>Surplus/(Deficit) after capital transfers</b>	<b>49,215</b>	<b>77,279</b>	<b>83,817</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>
<b>Surplus/(Deficit) for the year</b>	<b>49,215</b>	<b>77,279</b>	<b>83,817</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>101,164</b>	155,076	255,392	148,646	232,576	232,576	197,266	251,102	253,662
Transfers recognised - capital	57,892	91,745	135,661	125,756	174,529	174,529	155,873	212,702	225,962
Public contributions & donations	-	-	-	-	-	-	2,000	2,000	-
Borrowing	-	16,055	60,285	-	23,309	23,309	-	-	-
Internally generated funds	43,272	47,276	59,446	22,890	34,738	34,738	39,393	36,400	27,700
<b>Total sources of capital funds</b>	<b>101,164</b>	155,076	255,392	148,646	232,576	232,576	197,266	251,102	253,662
<b>Financial position</b>									
Total current assets	283,674	339,475	302,814	351,391	351,391	351,391	375,520	394,942	419,001
Total non current assets	385,974	492,226	622,589	756,124	823,054	823,054	970,744	1,191,168	1,414,250
Total current liabilities	162,470	199,312	163,237	136,644	140,449	140,449	148,025	149,751	151,275
Total non current liabilities	88,571	135,335	181,418	204,542	204,542	204,542	208,679	211,536	214,368
Community wealth/Equity	223,822	497,054	580,749	766,329	829,454	829,454	989,560	1,224,823	1,467,608
<b>Cash flows</b>									
Net cash from (used) operating	131,706	139,261	85,232	166,741	267,460	267,460	366,231	405,880	425,619
Net cash from (used) investing	(91,784)	(124,004)	(154,810)	(148,646)	(232,576)	(232,576)	(198,469)	(252,377)	(255,013)
Net cash from (used) financing	381	30,684	45,033	-	-	-	644	707	466
<b>Cash/cash equivalents at the year end</b>	<b>240,686</b>	286,627	262,082	280,176	296,965	296,965	464,376	618,586	789,658
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	277,139	326,284	305,727	352,428	352,428	352,428	356,241	374,016	396,956
Application of cash and investments	74,901	108,948	225,079	171,913	178,994	178,994	187,036	182,946	179,116
<b>Balance - surplus (shortfall)</b>	<b>202,238</b>	217,337	80,648	180,515	173,434	173,434	169,205	191,070	217,840
<b>Asset management</b>									
Asset register summary (WDV)	282,545	372,370	451,364	711,538	778,468	770,442	1,100,304	1,325,450	1,553,392
Depreciation & asset impairment	10,966	17,978	23,323	15,318	32,318	32,318	32,318	32,318	32,318
Repairs and Maintenance	-	-	-	30,729	30,729	30,729	115,296	47,890	50,583
<b>Free services</b>									
Revenue cost of free services provided	25,128	28,567	31,983	36,256	36,256	36,256	42,446	49,736	57,796
<b>Households below min service level</b>									
Water:	58,978	57,338	55,930	54,688	54,688	54,688	50,264	47,066	44,066
Sanitation/sewerage:	80,277	72,799	67,820	62,850	62,850	62,850	57,950	52,500	52,500

**DC28 uThungulu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>									
<b>Revenue - Standard</b>									
<i><b>Governance and administration</b></i>	<b>221,291</b>	<b>295,817</b>	<b>350,467</b>	<b>321,090</b>	<b>488,060</b>	<b>488,060</b>	<b>405,751</b>	<b>465,190</b>	<b>488,605</b>
Budget and treasury office	221,291	295,817	350,467	321,090	488,060	488,060	405,751	465,190	488,605
<i><b>Community and public safety</b></i>	<b>592</b>	<b>478</b>	<b>412</b>	<b>16,502</b>	<b>14,246</b>	<b>14,246</b>	<b>18,589</b>	<b>20,543</b>	<b>21,846</b>
Community and social services	592	478	412	466	466	466	321	334	347
Public safety	-	-	-	2,256	-	-	-	-	-
Health	-	-	-	13,780	13,780	13,780	18,268	20,209	21,499
<i><b>Trading services</b></i>	<b>86,990</b>	<b>107,976</b>	<b>128,408</b>	<b>164,477</b>	<b>167,477</b>	<b>167,477</b>	<b>209,050</b>	<b>210,370</b>	<b>227,831</b>
Electricity	2,040	2,944	-	-	-	-	-	-	-
Water	76,370	96,884	120,045	127,534	130,534	130,534	152,368	167,816	183,483
Waste water management	3,010	3,469	3,295	31,011	31,011	31,011	39,563	26,412	34,096
Waste management	5,570	4,678	5,068	5,932	5,932	5,932	17,119	16,143	10,251
<b>Total Revenue - Standard</b>	<b>308,873</b>	<b>404,271</b>	<b>479,287</b>	<b>502,069</b>	<b>669,783</b>	<b>669,783</b>	<b>633,391</b>	<b>696,103</b>	<b>738,281</b>
<b>Expenditure - Standard</b>									
<i><b>Governance and administration</b></i>	<b>48,242</b>	<b>51,218</b>	<b>67,621</b>	<b>75,126</b>	<b>79,532</b>	<b>79,532</b>	<b>84,936</b>	<b>88,090</b>	<b>93,649</b>
Executive and council	11,796	15,942	25,806	16,739	17,835	17,835	20,044	20,846	22,394
Budget and treasury office	13,951	12,895	16,300	25,294	28,376	28,376	29,602	31,517	33,365
Corporate services	22,495	22,381	25,515	33,093	33,321	33,321	35,290	35,728	37,890
<i><b>Community and public safety</b></i>	<b>22,375</b>	<b>36,586</b>	<b>18,197</b>	<b>31,993</b>	<b>29,500</b>	<b>29,500</b>	<b>34,926</b>	<b>37,007</b>	<b>39,235</b>
Community and social services	11,642	26,183	6,622	9,168	10,218	10,218	10,422	11,126	12,598
Public safety	8,430	7,967	8,550	9,829	7,876	7,876	7,676	7,228	6,787
Health	2,303	2,435	3,026	12,996	11,406	11,406	16,828	18,653	19,850
<i><b>Economic and environmental services</b></i>	<b>19,298</b>	<b>25,603</b>	<b>72,166</b>	<b>8,017</b>	<b>23,686</b>	<b>23,686</b>	<b>9,955</b>	<b>11,249</b>	<b>11,338</b>
Planning and development	19,298	25,603	72,166	8,017	23,686	23,686	9,955	11,249	11,338
<i><b>Trading services</b></i>	<b>169,743</b>	<b>213,585</b>	<b>237,486</b>	<b>238,287</b>	<b>304,489</b>	<b>304,489</b>	<b>306,308</b>	<b>308,655</b>	<b>340,397</b>
Electricity	2,389	3,465	-	-	100	100	-	-	-
Water	137,106	175,331	210,752	193,033	257,761	257,761	250,264	264,863	288,249
Waste water management	17,062	17,529	17,135	29,481	29,782	29,782	38,420	25,225	32,825
Waste management	13,186	17,261	9,599	15,773	16,845	16,845	17,625	18,567	19,323
<b>Total Expenditure - Standard</b>	<b>259,658</b>	<b>326,992</b>	<b>395,470</b>	<b>353,423</b>	<b>437,207</b>	<b>437,207</b>	<b>436,125</b>	<b>445,001</b>	<b>484,619</b>
<b>Surplus/(Deficit) for the year</b>	<b>49,215</b>	<b>77,279</b>	<b>83,817</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>

**DC28 uThungulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Revenue by Vote</b>									
Vote2 - FINANCE AND ADMINISTRATION	221,291	295,817	350,422	321,093	488,058	488,058	405,751	465,190	488,605
Vote4 - COMMUNITY AND SOCIAL SERVICES	592	478	412	466	466	466	321	334	347
Vote5 - PUBLIC SAFETY	-	-	-	2,256	-	-	-	-	-
Vote6 - ENVIRONMENTAL HEALTH	-	-	-	13,780	13,780	13,780	18,268	20,209	21,499
Vote7 - WASTE MANAGEMENT	5,570	4,678	5,068	5,932	5,932	5,932	17,119	16,143	10,251
Vote8 - ELECTRICITY SERVICES	2,040	2,944	45	-	-	-	-	-	-
Vote9 - WATER	76,370	96,884	120,045	127,534	130,534	130,534	152,368	167,816	183,483
Vote10 - WASTE WATER MANAGEMENT	3,010	3,469	3,295	31,011	31,014	31,014	39,563	26,412	34,096
<b>Total Revenue by Vote</b>	<b>308,873</b>	<b>404,271</b>	<b>479,287</b>	<b>502,072</b>	<b>669,784</b>	<b>669,784</b>	<b>633,391</b>	<b>696,103</b>	<b>738,281</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote1 - EXECUTIVE AND COUNCIL	18,358	24,188	25,806	26,599	27,830	27,830	30,925	32,562	34,969
Vote2 - FINANCE AND ADMINISTRATION	29,884	27,030	41,815	48,529	51,702	51,702	54,011	55,529	58,680
Vote3 - PLANNING AND DEVELOPMENT	19,298	25,603	72,166	8,017	23,686	23,686	9,955	11,249	11,338
Vote4 - COMMUNITY AND SOCIAL SERVICES	11,642	26,183	6,622	9,168	10,218	10,218	10,422	11,126	12,598
Vote5 - PUBLIC SAFETY	8,430	7,967	8,550	9,829	7,877	7,877	7,676	7,228	6,787
Vote6 - ENVIRONMENTAL HEALTH	2,303	2,435	3,026	12,996	11,406	11,406	16,828	18,653	19,850
Vote7 - WASTE MANAGEMENT	13,186	17,261	9,599	15,773	16,845	16,845	17,625	18,567	19,323
Vote8 - ELECTRICITY SERVICES	2,389	3,465	-	-	100	100	-	-	-
Vote9 - WATER	137,106	175,331	210,752	193,034	257,762	257,762	250,264	264,863	288,249
Vote10 - WASTE WATER MANAGEMENT	17,062	17,529	17,135	29,481	29,782	29,782	38,420	25,225	32,825
<b>Total Expenditure by Vote</b>	<b>259,658</b>	<b>326,992</b>	<b>395,470</b>	<b>353,426</b>	<b>437,208</b>	<b>437,208</b>	<b>436,125</b>	<b>445,001</b>	<b>484,619</b>
<b>Surplus/(Deficit) for the year</b>	<b>49,215</b>	<b>77,279</b>	<b>83,817</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>

**DC28 uThungulu - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>									
<b>Revenue By Source</b>									
Service charges - electricity revenue	2,035	2,800	139	-	-	-	-	-	-
Service charges - water revenue	19,150	22,490	23,961	20,974	23,974	23,974	22,232	23,566	24,980
Service charges - sanitation revenue	2,931	3,021	3,297	3,078	3,078	3,078	3,201	3,393	3,596
Service charges - refuse revenue	5,570	4,678	5,068	5,932	5,932	5,932	7,119	8,543	10,251
Service charges - other	-	478	412	466	466	466	321	334	347
Rental of facilities and equipment	-	48	47	-	-	-	-	-	-
Interest earned - external investments	26,563	36,182	26,468	23,653	22,653	22,653	25,420	27,462	29,109
Interest earned - outstanding debtors	311	177	78	211	211	211	227	246	260
Transfers recognised - operational	244,257	214,665	282,950	299,620	338,630	338,630	350,202	356,361	394,375
Other revenue	8,057	12,512	12,314	22,382	101,168	101,168	66,795	61,497	49,400
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>308,874</b>	<b>297,050</b>	<b>354,734</b>	<b>376,316</b>	<b>496,113</b>	<b>496,113</b>	<b>475,518</b>	<b>481,401</b>	<b>512,319</b>
<b>Expenditure By Type</b>									
Employee related costs	50,040	61,159	72,686	107,330	97,775	97,775	112,692	122,936	132,835
Remuneration of councillors	4,700	5,021	5,415	7,165	7,165	7,165	7,738	8,357	9,025
Debt impairment	-	7,481	3,154	2,777	2,777	2,777	3,076	3,408	3,765
Depreciation & asset impairment	10,966	17,978	23,323	15,318	32,318	32,318	32,318	32,318	32,318
Finance charges	-	8,118	9,244	15,117	15,117	15,117	14,180	14,180	14,180
Bulk purchases	11,895	16,538	18,357	17,189	22,689	22,689	21,240	24,714	28,676
Other materials	-	-	-	-	-	-	225	241	250
Contracted services	39,933	42,414	68,077	49,716	70,832	70,832	70,795	75,133	78,792
Transfers and grants	-	1,832	3,476	2,251	2,251	2,251	7,837	8,619	9,162
Other expenditure	142,125	166,230	190,761	136,563	186,285	186,285	166,024	155,095	175,617
Loss on disposal of PPE	-	221	979	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>259,659</b>	<b>326,992</b>	<b>395,470</b>	<b>353,426</b>	<b>437,209</b>	<b>437,209</b>	<b>436,125</b>	<b>445,001</b>	<b>484,620</b>
<b>Surplus/(Deficit)</b>	<b>49,215</b>	<b>(29,942)</b>	<b>(40,736)</b>	<b>22,890</b>	<b>58,904</b>	<b>58,904</b>	<b>39,393</b>	<b>36,400</b>	<b>27,700</b>
Transfers recognised - capital	-	107,221	124,553	125,756	173,672	173,672	157,873	214,702	225,962
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>49,215</b>	<b>77,279</b>	<b>83,817</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>49,215</b>	<b>77,279</b>	<b>83,817</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>49,215</b>	<b>77,279</b>	<b>83,817</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>
<b>Surplus/(Deficit) for the year</b>	<b>49,215</b>	<b>77,279</b>	<b>83,817</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>

**DC28 uThungulu - Table A5 Budgeted Capital Expenditure by Vote, standard classification and funding**

Vote Description R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote1 - EXECUTIVE AND COUNCIL	455	10	-	-	-	-	-	-	-
Vote2 - FINANCE AND ADMINISTRATION	7,303	39,677	16,481	-	-	-	40	40	20
Vote3 - PLANNING AND DEVELOPMENT	125	126	-	-	-	-	-	-	-
Vote4 - COMMUNITY AND SOCIAL SERVICES	654	1,866	-	-	-	-	500	1,500	-
Vote5 - PUBLIC SAFETY	163	1,320	-	-	-	-	-	200	200
Vote7 - WASTE MANAGEMENT	32,350	24,453	23,221	-	-	-	10,000	7,600	-
Vote9 - WATER	60,114	87,473	207,902	133,472	154,782	154,782	161,063	234,262	228,022
Vote10 - WASTE WATER MANAGEMENT	-	150	3,789	4,000	4,000	4,000	-	4,000	4,000
<b>Capital multi-year expenditure sub-total</b>	<b>101,164</b>	<b>155,076</b>	<b>251,393</b>	<b>137,472</b>	<b>158,782</b>	<b>158,782</b>	<b>171,603</b>	<b>247,602</b>	<b>232,242</b>
<b>Single-year expenditure to be appropriated</b>									
Vote1 - EXECUTIVE AND COUNCIL	-	432	-	190	210	210	310	-	-
Vote2 - FINANCE AND ADMINISTRATION	-	-	-	150	7,318	7,318	1,278	-	-
Vote3 - PLANNING AND DEVELOPMENT	-	-	-	50	80	80	-	-	-
Vote4 - COMMUNITY AND SOCIAL SERVICES	-	-	-	-	2,434	2,434	-	1,500	3,000
Vote5 - PUBLIC SAFETY	-	-	-	-	19	19	250	-	-
Vote6 - ENVIRONMENTAL HEALTH	-	-	-	784	784	784	-	-	-
Vote7 - WASTE MANAGEMENT	-	-	-	-	1,353	1,353	45	-	5,000
Vote9 - WATER	-	-	3,999	10,000	57,596	57,596	23,781	2,000	13,420
Vote10 - WASTE WATER MANAGEMENT	-	-	-	-	4,000	4,000	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>432</b>	<b>3,999</b>	<b>11,174</b>	<b>73,794</b>	<b>73,794</b>	<b>25,663</b>	<b>3,500</b>	<b>21,420</b>
<b>Total Capital Expenditure - Vote</b>	<b>101,164</b>	<b>155,508</b>	<b>255,392</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>7,955</b>	<b>39,688</b>	<b>31,194</b>	<b>340</b>	<b>7,529</b>	<b>7,529</b>	<b>1,628</b>	<b>40</b>	<b>20</b>
Executive and council	95	10	768	190	210	210	40	-	-
Budget and treasury office	7,860	2,984	30,427	50	7,219	7,219	40	40	20
Corporate services	-	36,694	-	100	100	100	1,548	-	-
<b>Community and public safety</b>	<b>1,012</b>	<b>3,186</b>	<b>2,555</b>	<b>784</b>	<b>3,264</b>	<b>3,264</b>	<b>750</b>	<b>3,200</b>	<b>3,200</b>
Community and social services	419	1,866	253	-	2,434	2,434	500	3,000	3,000
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	593	1,320	2,302	-	46	46	250	200	200
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	784	784	784	-	-	-
<b>Economic and environmental services</b>	<b>31</b>	<b>126</b>	<b>268</b>	<b>50</b>	<b>80</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	31	126	268	50	80	80	-	-	-
<b>Trading services</b>	<b>92,166</b>	<b>112,076</b>	<b>221,376</b>	<b>147,472</b>	<b>221,703</b>	<b>221,703</b>	<b>194,888</b>	<b>247,862</b>	<b>250,442</b>
Electricity	-	-	162	-	-	-	-	-	-
Water	59,802	87,473	171,064	143,472	212,350	212,350	184,843	236,262	241,442
Waste water management	14	150	4,425	4,000	8,000	8,000	-	4,000	4,000
Waste management	32,350	24,453	45,724	-	1,353	1,353	10,045	7,600	5,000
<b>Total Capital Expenditure - Standard</b>	<b>101,164</b>	<b>155,076</b>	<b>255,392</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>

Vote Description R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Funded by:</b>									
National Government	57,892	91,745	135,661	125,756	173,627	173,627	155,873	212,702	225,962
Provincial Government					902	902			
District Municipality									
Other transfers and grants									
<b>Transfers recognised - capital</b>	<b>57,892</b>	<b>91,745</b>	<b>135,661</b>	<b>125,756</b>	<b>174,529</b>	<b>174,529</b>	<b>155,873</b>	<b>212,702</b>	<b>225,962</b>
<b>Public contributions &amp; donations</b>							2,000	2,000	-
<b>Borrowing</b>		16,055	60,285		23,309	23,309			
<b>Internally generated funds</b>	43,272	47,276	59,446	22,890	34,738	34,738	39,393	36,400	27,700
<b>Total Capital Funding</b>	<b>101,164</b>	<b>155,076</b>	<b>255,392</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>



**DC28 uThungulu - Table A6 Budgeted  
Financial Position**

Description	R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		50,685	66,627	22,081	18,783	18,783	18,783	19,910	21,105	22,370
Call investment deposits		190,000	220,000	240,000	290,000	290,000	290,000	310,000	325,000	345,000
Consumer debtors		13,371	10,645	14,540	11,147	11,147	11,147	12,262	13,488	14,162
Other debtors		26,271	32,410	17,569	25,397	25,397	25,397	26,921	28,536	30,248
Current portion of long-term receivables		261	76	221	162	162	162	171	182	192
Inventory		3,086	9,717	8,403	5,902	5,902	5,902	6,256	6,631	7,029
<b>Total current assets</b>		<b>283,674</b>	<b>339,475</b>	<b>302,814</b>	<b>351,391</b>	<b>351,391</b>	<b>351,391</b>	<b>375,520</b>	<b>394,942</b>	<b>419,001</b>
<b>Non current assets</b>										
Long-term receivables		1,539	911	672	941	941	941	997	1,057	1,120
Investments		36,454	39,657	43,645	43,645	43,645	43,645	26,331	27,911	29,586
Property, plant and equipment		347,306	451,301	578,210	711,538	778,468	778,468	943,416	1,162,200	1,383,544
Intangible		674	357	63						
<b>Total non current assets</b>		<b>385,974</b>	<b>492,226</b>	<b>622,589</b>	<b>756,124</b>	<b>823,054</b>	<b>823,054</b>	<b>970,744</b>	<b>1,191,168</b>	<b>1,414,250</b>
<b>TOTAL ASSETS</b>		<b>669,648</b>	<b>831,701</b>	<b>925,404</b>	<b>1,107,515</b>	<b>1,174,445</b>	<b>1,174,445</b>	<b>1,346,264</b>	<b>1,586,110</b>	<b>1,833,251</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Borrowing		3,311	4,660	6,584	7,501	7,501	7,501	7,951	8,429	8,933
Consumer deposits		4,422	5,764	6,243	6,432	6,432	6,432	7,076	7,783	8,249
Trade and other payables		153,327	187,716	149,521	120,733	124,538	124,538	130,901	131,317	131,738
Provisions		1,411	1,171	889	1,978	1,978	1,978	2,097	2,222	2,355
<b>Total current liabilities</b>		<b>162,470</b>	<b>199,312</b>	<b>163,237</b>	<b>136,644</b>	<b>140,449</b>	<b>140,449</b>	<b>148,025</b>	<b>149,751</b>	<b>151,275</b>
<b>Non current liabilities</b>										
Borrowing		38,644	67,979	111,087	114,129	114,129	114,129	112,842	109,948	106,685
Provisions		49,928	67,357	70,330	90,413	90,413	90,413	95,837	101,588	107,683
<b>Total non current liabilities</b>		<b>88,571</b>	<b>135,335</b>	<b>181,418</b>	<b>204,542</b>	<b>204,542</b>	<b>204,542</b>	<b>208,679</b>	<b>211,536</b>	<b>214,368</b>
<b>TOTAL LIABILITIES</b>		<b>251,042</b>	<b>334,647</b>	<b>344,655</b>	<b>341,186</b>	<b>344,991</b>	<b>344,991</b>	<b>356,704</b>	<b>361,287</b>	<b>365,643</b>
<b>NET ASSETS</b>		<b>418,606</b>	<b>497,054</b>	<b>580,749</b>	<b>766,329</b>	<b>829,454</b>	<b>829,454</b>	<b>989,560</b>	<b>1,224,823</b>	<b>1,467,608</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		223,822	497,054	580,749	766,329	829,454	829,454	989,560	1,224,823	1,467,608
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>223,822</b>	<b>497,054</b>	<b>580,749</b>	<b>766,329</b>	<b>829,454</b>	<b>829,454</b>	<b>989,560</b>	<b>1,224,823</b>	<b>1,467,608</b>

**DC28 uThungulu - Table A7 Budgeted Cash Flows**

Description	R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Ratepayers and other		73,843	45,314	33,430	52,832	134,618	134,618	99,347	96,999	88,227
Government - operating		165,340	214,665	224,236	299,620	337,774	337,774	350,202	356,361	394,375
Government - capital		78,917	107,221	119,936	125,756	174,529	174,529	157,873	214,702	225,962
Interest		30,622	36,359	26,546	23,864	22,653	22,653	25,647	27,708	29,369
Dividends										
<b>Payments</b>										
Suppliers and employees		(209,159)	(256,180)	(309,673)	(320,214)	(386,997)	(386,997)	(252,658)	(275,710)	(298,134)
Finance charges		(7,856)	(8,118)	(9,244)	(15,117)	(15,117)	(15,117)	(14,180)	(14,180)	(14,180)
Transfers and Grants										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>131,706</b>	<b>139,261</b>	<b>85,232</b>	<b>166,741</b>	<b>267,460</b>	<b>267,460</b>	<b>366,231</b>	<b>405,880</b>	<b>425,619</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Decrease (increase) other non-current receivables		562	629	94						
Decrease (increase) in non-current investments		(22,957)	(2,756)	(3,988)				(1,203)	(1,275)	(1,351)
<b>Payments</b>										
Capital assets		(69,389)	(121,876)	(150,916)	(148,646)	(232,576)	(232,576)	(197,266)	(251,102)	(253,662)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(91,784)</b>	<b>(124,004)</b>	<b>(154,810)</b>	<b>(148,646)</b>	<b>(232,576)</b>	<b>(232,576)</b>	<b>(198,469)</b>	<b>(252,377)</b>	<b>(255,013)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Borrowing long term/refinancing		381	30,684	45,033						
Increase (decrease) in consumer deposits		-						644	707	466
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>381</b>	<b>30,684</b>	<b>45,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>644</b>	<b>707</b>	<b>466</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>										
Cash/cash equivalents at the year begin:		200,382	240,686	286,627	262,081	262,081	262,081	295,970	464,376	618,586
Cash/cash equivalents at the year end:		240,686	286,627	262,082	280,176	296,965	296,965	464,376	618,586	789,658

**DC28 uThungulu - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end		240,686	286,627	262,082	280,176	296,965	296,965	464,376	618,586	789,658
Other current investments > 90 days		(0)	(0)	(0)	28,607	11,818	11,818	(134,466)	(272,481)	(422,288)
Non current assets - Investments		36,454	39,657	43,645	43,645	43,645	43,645	26,331	27,911	29,586
<b>Cash and investments available:</b>		<b>277,139</b>	<b>326,284</b>	<b>305,727</b>	<b>352,428</b>	<b>352,428</b>	<b>352,428</b>	<b>356,241</b>	<b>374,016</b>	<b>396,956</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers		101,172	141,358	78,027	86,823	90,628	90,628	94,956	93,216	91,351
Other working capital requirements		(26,271)	(32,410)	46,729	85,090	88,366	88,366	92,080	89,730	87,765
Other provisions			-	33,167						
Reserves to be backed by cash/investments				67,156						
<b>Total Application of cash and investments:</b>		<b>74,901</b>	<b>108,948</b>	<b>225,079</b>	<b>171,913</b>	<b>178,994</b>	<b>178,994</b>	<b>187,036</b>	<b>182,946</b>	<b>179,116</b>
<b>Surplus(shortfall)</b>		<b>202,238</b>	<b>217,337</b>	<b>80,648</b>	<b>180,515</b>	<b>173,434</b>	<b>173,434</b>	<b>169,205</b>	<b>191,070</b>	<b>217,840</b>

DC28 uThungulu - Table A10 Basic service delivery measurement

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Household service targets (000)</b>									
<b><u>Water:</u></b>									
Piped water inside dwelling	20	21	21	21	21	21	21	21	21
Piped water inside yard (but not in dwelling)	16	17	18	19	19	19	22	23	25
Using public tap (at least min.service level)	20	20	21	21	21	21	22	24	25
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	56	58	60	60	60	60	65	68	71
Using public tap (< min.service level)	5	5	5	5	5	5	6	7	7
Other water supply (< min.service level)									
No water supply	54	53	51	49	49	49	44	40	37
<i>Below Minimum Service Level sub-total</i>	59	57	56	55	55	55	50	47	44
<b>Total number of households</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>
<b><u>Sanitation/sewerage:</u></b>									
Flush toilet (connected to sewerage)	16	17	17	17	17	17	17	17	17
Flush toilet (with septic tank)	4	4	4	4	4	4	4	4	4
Pit toilet (ventilated)	14	21	26	31	31	31	36	41	41
<i>Minimum Service Level and Above sub-total</i>	35	42	47	52	52	52	57	62	63
Other toilet provisions (< min.service level)	80	73	68	63	63	63	58	53	53
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	80	73	68	63	63	63	58	53	53
<b>Total number of households</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>
<b><u>Households receiving Free Basic Service</u></b>									
Water (6 kilolitres per household per month)	61	63	65	66	66	66	71	75	78
Sanitation (free minimum level service)	35	42	47	52	52	52	57	62	68
<b><u>Cost of Free Basic Services provided (R'000)</u></b>									
Water (6 kilolitres per household per month)									
Sanitation (free sanitation service)									
Electricity/other energy (50kwh per household per month)									
<b>Total cost of FBS provided (minimum social package)</b>	-	-	-	-	-	-	-	-	-

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b><u>Highest level of free service provided</u></b>									
Property rates (R value threshold)									
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)	14	15	16	17	17	17	18	19	21
<b><u>Revenue cost of free services provided (R'000)</u></b>									
Water	19,237	21,047	23,031	25,719	25,719	25,719	30,434	35,364	40,456
Sanitation	5,891	7,520	8,952	10,537	10,537	10,537	12,012	14,372	17,339
<b>Total revenue cost of free services provided (total social package)</b>	<b>25,128</b>	<b>28,567</b>	<b>31,983</b>	<b>36,256</b>	<b>36,256</b>	<b>36,256</b>	<b>42,446</b>	<b>49,736</b>	<b>57,796</b>

### 14.3 Budget Supporting Tables

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b>Service charges - electricity revenue</b>									
Total Service charges - electricity revenue	2,035	2,800	139						
<i>less Revenue Foregone</i>									
<b>Net Service charges - electricity revenue</b>	2,035	2,800	139	-	-	-	-	-	-
<b>Service charges - water revenue</b>									
Total Service charges - water revenue	19,150	22,490	23,961	20,974	23,974	23,974	22,232	23,566	24,980
<i>less Revenue Foregone</i>									
<b>Net Service charges - water revenue</b>	19,150	22,490	23,961	20,974	23,974	23,974	22,232	23,566	24,980
<b>Service charges - sanitation revenue</b>									
Total Service charges - sanitation revenue	2,931	3,021	3,297	3,078	3,078	3,078	3,201	3,393	3,596
<i>less Revenue Foregone</i>									
<b>Net Service charges - sanitation revenue</b>	2,931	3,021	3,297	3,078	3,078	3,078	3,201	3,393	3,596
<b>Service charges - refuse revenue</b>									
Total refuse removal revenue	5,570	4,678	5,068	5,932	5,932	5,932			
Total landfill revenue							7,119	8,543	10,251
<i>less Revenue Foregone</i>									
<b>Net Service charges - refuse revenue</b>	5,570	4,678	5,068	5,932	5,932	5,932	7,119	8,543	10,251
<b>Other Revenue by source</b>									
Other revenue	8,057	12,512	12,314	22,382	101,168	101,168	66,795	61,497	49,400
<b>Total 'Other' Revenue</b>	8,057	12,512	12,314	22,382	101,168	101,168	66,795	61,497	49,400
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Salaries and Wages	34,342	41,638	72,686	69,045	59,600	59,600	76,453	83,798	90,566
Contributions to UIF, pensions, medical aid	6,817	7,711		14,309	14,957	14,957	17,384	18,775	20,277
Travel, motor car, accom; & other allowances	5,347	5,193		7,309	7,411	7,411	7,129	7,699	8,315
Housing benefits and allowances	1,237	2,557		6,472	4,758	4,758	3,758	4,058	4,383
Overtime	2,297	3,316		2,329	3,204	3,204	2,726	2,944	3,180
Performance bonus				4,298	4,298	4,298	775	837	904
Long service awards				333	333	333	750	810	875
Payments in lieu of leave				3,235	3,215	3,215	3,717	4,014	4,336
<b>sub-total</b>	50,040	61,159	72,686	107,330	97,775	97,775	112,692	122,936	132,835
<i>Less: Employees costs capitalised to PPE</i>									
<b>Total Employee related costs</b>	50,040	61,159	72,686	107,330	97,775	97,775	112,692	122,936	132,835
<b>Contributions recognised - capital</b>									
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment	10,966	17,978	23,323	15,318	32,318	32,318	32,318	32,318	32,318
<b>Total Depreciation &amp; asset impairment</b>	10,966	17,978	23,323	15,318	32,318	32,318	32,318	32,318	32,318
<b>Bulk purchases</b>									
Electricity Bulk Purchases	7,489	10,398	8,865	7,000	10,500	10,500	10,440	13,050	16,312

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>									
Water Bulk Purchases	4,406	6,140	9,492	10,189	12,189	12,189	10,800	11,664	12,364
<b>Total bulk purchases</b>	<b>11,895</b>	<b>16,538</b>	<b>18,357</b>	<b>17,189</b>	<b>22,689</b>	<b>22,689</b>	<b>21,240</b>	<b>24,714</b>	<b>28,676</b>
<b>Contracted services</b>									
<i>List services provided by contract</i>	39,933	42,414	68,077	49,716	70,832	70,832	70,795	75,133	78,792
<i>sub-total</i>	39,933	42,414	68,077	49,716	70,832	70,832	70,795	75,133	78,792
<b>Allocations to organs of state:</b>									
Electricity									
Water									
Sanitation									
Other									
<b>Total contracted services</b>	<b>39,933</b>	<b>42,414</b>	<b>68,077</b>	<b>49,716</b>	<b>70,832</b>	<b>70,832</b>	<b>70,795</b>	<b>75,133</b>	<b>78,792</b>
<b>Other Expenditure By Type</b>									
Contributions to 'other' provisions	3,067	–							
Consultant fees	–	–							
Audit fees	502	1,349		1,685	1,685	1,685	4,817	5,106	5,412
General expenses	113,979	133,751	190,761	134,878	184,600	184,600	23,487	26,568	29,713
<i>List Other Expenditure by Type</i>									
<i>Printing, Stationery &amp; Development</i>							1,399	1,542	1,635
<i>Publicity</i>							1,046	1,109	1,176
<i>Rent Plant &amp; Vehicles</i>							3,797	4,075	4,325
<i>Subsistence &amp; Travelling Allowance</i>							1,348	1,443	1,529
<i>Telephone</i>							1,914	2,059	2,185
<i>IDP Operating Projects</i>							83,848	65,303	78,875
<i>Repairs &amp; Maintenance</i>	24,577	31,130					44,368	47,890	50,767
<b>Total 'Other' Expenditure</b>	<b>142,125</b>	<b>166,230</b>	<b>190,761</b>	<b>136,563</b>	<b>186,285</b>	<b>186,285</b>	<b>166,024</b>	<b>155,095</b>	<b>175,617</b>
<b>Repairs and Maintenance by Expenditure Item</b>									
Employee related costs							44,368	47,890	50,767
Other materials							225	241	250
Contracted Services	24,577	31,130							
<b>Total Repairs and Maintenance Expenditure</b>	<b>24,577</b>	<b>31,130</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>44,592</b>	<b>48,131</b>	<b>51,016</b>

**DC28 uThungulu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>										
EFFECTIVE INFRASTRUCTURE	Potable Water, Waste & Sanitation	79,182	131,335	150,973	287,849	384,002	384,002	199,050	202,770	227,831
	Energy	2,035	2,800	–	–	–	–	–	–	–
	Regional Solid Waste	5,570	4,678	5,068	5,932	5,932	5,932	10,000	7,600	–
	Regional Cremeteries & Crematoria	592	478	412	466	466	466	321	334	347
	Municipal Roads, Public Transport							7,301	–	–
PEOPLE EMPOWERMENT	Municipal Public Works				7,131	7,131	7,131			
	Municipal Health				10,252	10,252	10,252	18,268	20,209	21,499
INTEGRATED ENVIRONMENT	PIMMS	1,000			750	750	750			
	Integrated Development Planning	–			985			2,127	1,780	1,869
LEADERSHIP EXCELLENCE		–								
	Financial Control	220,494	264,980	322,834	188,707	261,248	261,248	238,450	248,708	260,774
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>308,873</b>	<b>404,272</b>	<b>479,287</b>	<b>502,072</b>	<b>669,781</b>	<b>669,781</b>	<b>475,518</b>	<b>481,401</b>	<b>512,319</b>



**DC28 uThungulu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)**

Strategic Objective	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
ECONOMICALLY SOUND DISTRICT	Local Economic Development	1,059	1,259	1,581	770	2,113	2,113	853	1,050	970
	Local Tourism Development	3,209	3,814	2,467	1,095	3,297	3,297	900	1,529	1,615
	Agriculture Development	1,037	1,232		230			200	320	340
	Business & Industrial Development			230	210	307	307			
	ICT				200					
	Operational Expenses	2,543	3,023	2,174	3,430	2,906	2,906	3,884	4,185	4,506
EFFECTIVE INFRASTRUCTURE	Potable Water, Waste & Sanitation	48,058	57,125	51,909	46,887	69,376	69,376	64,077	47,528	61,321
	Water Services Authority & Planning	1,503	1,786	2,072	13,575	2,769	2,769	1,100	750	300
	Energy	5	6	344	-	459	459			
	Regional Solid Waste			567		758	758	5,452	6,043	6,431
	Municipal Roads & Public Transport			325		435	435	1,688	1,780	1,869
	Municipal Public Works	26,608	31,628	55		74	74			
	Operational Expenses	130,970	155,679	142,120	192,128	189,942	189,942	253,889	273,422	292,534
PEOPLE EMPOWERMENT	Municipal Health	132	157	62	550	83	83	1,150	400	150
	Safety & Security			50	150	67	67	75	75	75
	Communities Facilities	1,577	1,875	1,840	2,200	2,459	2,459	1,400	1,300	2,100
	Disaster Management	603	717	636	475	850	850	478	478	488
	HIV/AIDS	313	373	220	500	294	294	440	500	480
	Marginalised Groups	219	260	392	400	524	524	350	450	450
Operational Expenses	12,364	14,697	15,378	16,712	20,553	20,553	27,472	29,877	31,490	
INTEGRATED ENVIRONMENT	Environmental Management			175	350	234	234	-	661	300
	Intergrated Development Planning	2,772	3,295	3,226	1,100	4,312	4,312	1,896	650	500
	Land Reform				19	-	-	30	50	125
	Operational Expenses	6,205	7,376	6,265	8,391	8,374	8,374	11,193	12,152	12,856
LEADERSHIP EXCELLENCE	Financial Control	1,096	1,303	5,639	4,695	7,536	7,536	5,972	6,097	6,049
	Institutional Development			177		237	237	210	220	242
	Management Services	156	185	441	2,295	589	589	2,200	800	800
	Performance Management	229	272	178	200	238	238	280	315	350
	Special Projects	-	-	60,212		80,472	80,472			
	Public Relations & Communication	74	88	193	100	258	258	550	350	350
Operational Expenses	34,360	40,842	28,205	44,765	37,696	37,696	50,387	54,020	57,928	
		<b>275,092</b>	<b>326,992</b>	<b>327,134</b>	<b>341,426</b>	<b>437,209</b>	<b>437,209</b>	<b>436,125</b>	<b>445,001</b>	<b>484,619</b>



**DC28 uThungulu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

Strategic Objective	Goal		2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>											
EFFECTIVE INFRASTRUCTURE	Potable Water, Waste & Sanitation		90,949	112,011	229,605	146,854	221,731	221,731	184,743	240,262	245,442
	Regional Solid Waste						1,353	1,353	10,000	7,600	5,000
	Energy		64		162						
	ICT										
	Regional Cemeteries & Crematoria				-				500	3,000	3,000
PEOPLE EMPOWERMENT	Disaster Management		912		2,302		19	19	250	200	200
INTEGRATED ENVIRONMENT	Internal Fixed Assets										
	PIMMS										
LEADERSHIP EXCELLENCE	Internal Fixed Assets		3,622	2,965	9,144	1,792	3,265	3,265	1,773	40	20
	Financial Control										
	Building Extensions		5,616	40,099	14,179		6,209	6,209			
			<b>101,164</b>	<b>155,076</b>	<b>255,392</b>	<b>148,646</b>	<b>232,576</b>	<b>232,576</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>

**DC28 uThungulu - Supporting Table SA8**  
**Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b><u>Borrowing Management</u></b>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	5.8%	8.2%	12.0%	10.3%	9.7%	9.7%	0.0%	8.4%	6.9%	5.8%
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	2.5%	2.3%	4.3%	3.5%	3.5%	0.0%	3.3%	3.2%	2.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.9%	48.5%	38.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	112.2%	67.3%	59.3%	44.5%	41.6%	41.6%	0.0%	36.0%	29.5%	24.9%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.7	1.7	1.9	2.6	2.5	2.5	-	2.5	2.6	2.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.7	1.7	1.9	2.6	2.5	2.5	-	2.5	2.6	2.8
Liquidity Ratio	Monetary Assets/Current Liabilities	1.5	1.4	1.6	2.3	2.2	2.2	-	2.2	2.3	2.4
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		197.1%	99.8%	74.1%	74.1%	74.1%	74.1%	100.0%	99.7%	99.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.4%	14.8%	9.3%	10.0%	7.6%	7.6%	0.0%	8.5%	9.0%	8.9%
Employee costs	Employee costs/(Total Revenue - capital revenue)	16.2%	20.6%	20.5%	28.5%	19.7%	19.7%	0.0%	23.7%	25.5%	25.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	19.2%	24.0%	1.5%	28.0%	2.7%	0.0%		25.3%	27.3%	27.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.6%	8.8%	9.2%	8.1%	9.6%	9.6%	0.0%	9.8%	9.7%	9.1%
<b><u>IDP regulation financial viability indicators</u></b>	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	1.8	3.1	3.0	3.4	3.4	3.4	-	4.5	4.3	4.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	134.4%	128.7%	98.2%	120.5%	109.7%	109.7%	0.0%	119.7%	117.8%	113.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	27.1	24.1	17.4	16.7	16.3	16.3	-	23.5	28.8	34.3

<b>Disclosure of Salaries, Allowances &amp; Benefits 1.</b>	<b>Salary</b>	<b>Contrib.</b>	<b>Allowances</b>	<b>Performance Bonuses</b>	<b>In-kind benefits</b>	<b>Total Package</b>
<b>Rand per annum</b>						
<b><u>Councillors</u></b>						
Speaker	540,223	7,557	18,468			566,248
Executive Mayor	675,280	8,907	18,468			702,655
Deputy Executive Mayor	540,223	7,557	18,468			566,248
Executive Committee	2,532,295	36,095	92,340			2,660,730
Total for all other councillors	2,867,670	58,316	315,965			3,241,951
<b>Total Councillors</b>	<b>7,155,691</b>	<b>118,432</b>	<b>463,709</b>			<b>7,737,832</b>
<b><u>Senior Managers of the Municipality</u></b>						
Municipal Manager (MM)	1,189,876	89,340		166,583		1,445,799
Deputy Municipal Manager	1,130,382	85,056		158,254		1,373,692
Chief Finance Officer	1,070,888	80,773		149,924		1,301,585
Executive Director - Technical Services	1,070,888	80,773		149,924		1,301,585
Executive Director - Corporate Services	1,070,888	80,773		149,924		1,301,585
<b>Total Senior Managers of the Municipality</b>	<b>5,532,922</b>	<b>416,715</b>	<b>-</b>	<b>774,609</b>	<b>-</b>	<b>6,724,246</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>12,688,613</b>	<b>535,147</b>	<b>463,709</b>	<b>774,609</b>	<b>-</b>	<b>14,462,078</b>

DC28 uThungulu - Supporting Table SA14  
Household bills

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12 % incr.	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Large' Household</b>										
<b>Rates and services charges:</b>										
Water: Basic levy	25.00	26.50	28.09	30.89	30.89	30.89	10.0%	33.98	37.38	41.12
Water: Consumption	105.05	111.37	118.11	129.89	129.89	129.89	10.0%	142.88	157.77	172.89
Sanitation	-	-	-	131.58	131.58	131.58	4.0%	136.84	150.53	165.58
<b>sub-total</b>	<b>130.05</b>	<b>137.87</b>	<b>146.20</b>	<b>292.36</b>	<b>292.36</b>	<b>292.36</b>	<b>7.3%</b>	<b>313.70</b>	<b>345.68</b>	<b>379.59</b>
VAT on Services	18.21	25.13	26.64	40.93	40.93	40.93		43.93	48.32	53.15
<b>Total large household bill:</b>	<b>148.26</b>	<b>163.00</b>	<b>172.84</b>	<b>333.29</b>	<b>333.29</b>	<b>333.29</b>	<b>7.3%</b>	<b>357.63</b>	<b>394.00</b>	<b>432.74</b>
<b>% increase/-decrease</b>		<b>9.9%</b>	<b>6.0%</b>	<b>92.8%</b>	-	-		<b>7.3%</b>	<b>10.2%</b>	<b>9.8%</b>
<b>Monthly Account for Household - 'Small' Household</b>										
<b>Rates and services charges:</b>										
Water: Basic levy	25.00	26.50	28.09	30.89	30.89	30.89	10.0%	33.98	37.38	41.12
Water: Consumption	83.17	88.17	93.50	102.83	102.83	102.83	10.0%	113.17	124.20	136.86
Sanitation	-	-	-	33.77	33.77	33.77	4.0%	35.12	38.63	42.50
<b>sub-total</b>	<b>108.17</b>	<b>114.67</b>	<b>121.59</b>	<b>167.49</b>	<b>167.49</b>	<b>167.49</b>	<b>8.8%</b>	<b>182.27</b>	<b>200.21</b>	<b>220.48</b>
VAT on Services	19.27	20.42	21.65	23.53	23.53	23.53		25.60	28.16	30.98
<b>Total small household bill:</b>	<b>127.44</b>	<b>135.09</b>	<b>143.24</b>	<b>191.02</b>	<b>191.02</b>	<b>191.02</b>	<b>8.8%</b>	<b>207.87</b>	<b>228.37</b>	<b>251.46</b>
<b>% increase/-decrease</b>		<b>6.0%</b>	<b>6.0%</b>	<b>33.4%</b>	-	-		<b>8.8%</b>	<b>9.9%</b>	<b>10.1%</b>
<b>Monthly Account for Household - 'Small' Household receiving free basic services</b>										
<b>Rates and services charges:</b>										
Water: Basic levy	25.00	-	-	-	-	-		-	-	-
Water: Consumption	-	-	-	-	-	-		-	-	-
Sanitation	-	-	-	16.88	16.88	16.88	4.0%	17.56	19.32	21.25
<b>sub-total</b>	<b>25.00</b>	<b>-</b>	<b>-</b>	<b>16.88</b>	<b>16.88</b>	<b>16.88</b>	<b>4.0%</b>	<b>17.56</b>	<b>19.32</b>	<b>21.25</b>
VAT on Services	42.83	1.86	1.98	2.36	2.36	2.36	4.0%	2.46	2.70	2.97
<b>Total small household bill:</b>	<b>67.83</b>	<b>1.86</b>	<b>1.98</b>	<b>19.24</b>	<b>19.24</b>	<b>19.24</b>	<b>4.1%</b>	<b>20.02</b>	<b>22.02</b>	<b>24.22</b>
<b>% increase/-decrease</b>		<b>(97.3%)</b>	<b>6.5%</b>	<b>871.7%</b>	-	-		<b>4.1%</b>	<b>10.0%</b>	<b>10.0%</b>

**DC28 uThungulu - Supporting Table SA15 Investment particulars by type**

Investment type	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>										
<b>Parent municipality</b>										
Deposits - Bank		190,000	220,000	240,000	290,000	290,000	290,000	310,000	325,000	345,000
Guaranteed Endowment Policies (sinking)		15,078	39,657	43,645	43,645	43,645	43,645	26,331	27,911	29,586
<b>Municipality sub-total</b>		<b>205,078</b>	<b>259,657</b>	<b>283,645</b>	<b>333,645</b>	<b>333,645</b>	<b>333,645</b>	<b>336,331</b>	<b>352,911</b>	<b>374,586</b>
<b>Consolidated total:</b>		<b>205,078</b>	<b>259,657</b>	<b>283,645</b>	<b>333,645</b>	<b>333,645</b>	<b>333,645</b>	<b>336,331</b>	<b>352,911</b>	<b>374,586</b>

**DC28 uThungulu - Supporting Table SA16 Investment particulars by maturity**

Investments by Maturity Name of institution & investment ID	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
	Yrs/Months			Rand thousand	
<b>Parent municipality</b>					
Nedbank	CALL	CALL	CALL	20,000	81
Standard Bank	4 months	Fixed Deposit	10 March 2011	15,000	298
Investec	4 Months	Fixed Deposit	10 March 2011	10,000	196
ABSA	3 Months	Fixed Deposit	14 March 2011	15,000	213
Standard Bank	2 Months	Fixed Deposit	14 March 2011	10,000	94
Investec	4 Months	Fixed Deposit	16 March 2011	10,000	196
Investec	4 Months	Fixed Deposit	25 March 2011	20,000	371
Nedbank	4 Months	Fixed Deposit	31 March 2011	10,000	184
Rand Merchant Bank	4 Months	Fixed Deposit	31 March 2011	20,000	368
Nedbank	4 Months	Fixed Deposit	01 April 2011	10,000	183
Investec	4 Months	Fixed Deposit	01 April 2011	10,000	184
Investec	2 Months	Fixed Deposit	04 April 2011	15,000	140
Standard Bank	3 Months	Fixed Deposit	05 April 2011	15,000	207
Standard Bank	4 Months	Fixed Deposit	08 April 2011	15,000	277
ABSA	3 Months	Fixed Deposit	12 April 2011	10,000	136
Investec	4 Months	Fixed Deposit	21 April 2011	10,000	184
Standard Bank	3 Months	Fixed Deposit	03 May 2011	10,000	137
Standard Bank	3 Months	Fixed Deposit	10 May 2011	10,000	137
Investec	4 Months	Fixed Deposit	12 May 2011	10,000	186
Rand Merchant Bank	3 Months	Fixed Deposit	17 May 2011	10,000	136
Nedbank	4 Months	Fixed Deposit	02 June 2011	10,000	187
Rand Merchant Bank	4 Months	Fixed Deposit	09 June 2011	10,000	184
Nedbank	4 Months	Fixed Deposit	15 June 2011	15,000	276
Zero Coupon	10 Years	Zero Coupon	30 June 2011	21,000	-
<b>Municipality sub-total</b>				<b>311,000</b>	<b>4,555</b>
<b>Entities</b>					
Uthungulu House	20 years		31 October 2017	24,841	
Uthungulu Financing Partnership	20 years		31 October 2017	18,804	
<b>Entities sub-total</b>				<b>43,645</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>354,645</b>	<b>4,555</b>





DC28 uThungulu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	2009/10			Current Year 2010/11			Budget Year 2011/12			
	Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)	39		39	39		39	39			39
Board Members of municipal entities										
<b>Municipal employees</b>										
Municipal Manager and Senior Managers	5		5	5		5	5			5
Other Managers	9	9		9	9		9	9		
Professionals	14	13	1	15	14	1	16	15	1	1
<i>Finance</i>	8	8		8	8		8	8		
<i>Spatial/town planning</i>	3	2	1	3	2	1	3	2	1	1
<i>Information Technology</i>				1	1		1	1		
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>	3	3		3	3		4	4		
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>	8	8		10	9	1	10	9	1	1
Technicians	33	26	7	34	27	7	41	30	11	11
<i>Finance</i>										
<i>Spatial/town planning</i>	3	3		3	3		4	4		
<i>Information Technology</i>				1	1		1	1		
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>	30	23	7	30	23	7	36	25	11	11
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>	7	7		7	7		8	8		
Clerks (Clerical and administrative)	89	83	6	92	83	9	107	89	18	18
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades	7	7		9	9		10	10		
Plant and Machine Operators	44	44		44	44		44	44		
Elementary Occupations	55	35	20	70	49	21	74	49	25	25
<b>TOTAL PERSONNEL NUMBERS</b>	<b>310</b>	<b>232</b>	<b>78</b>	<b>334</b>	<b>251</b>	<b>83</b>	<b>363</b>	<b>263</b>	<b>100</b>	<b>100</b>
<b>% increase</b>				7.7%	8.2%	6.4%	8.7%	4.8%	20.5%	20.5%
<b>Total municipal employees headcount</b>		<b>267</b>			<b>296</b>			<b>324</b>		
Finance personnel headcount		<b>65</b>			<b>70</b>			<b>76</b>		
Human Resources personnel headcount		<b>8</b>			<b>9</b>			<b>13</b>		

**DC28 uThungulu - Supporting Table SA25 Budgeted monthly revenue and expenditure**

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>															
<b>Revenue By Source</b>															
Service charges - water revenue	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	22,232	23,566	24,980
Service charges - sanitation revenue	267	267	267	267	267	267	267	267	267	267	267	267	3,201	3,393	3,596
Service charges - refuse revenue	593	593	593	593	593	593	593	593	593	593	593	593	7,119	8,543	10,251
Service charges - other	27	27	27	27	27	27	27	27	27	27	27	27	321	334	347
Interest earned - external investments	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	25,420	27,462	29,109
Interest earned - outstanding debtors	19	19	19	19	19	19	19	19	19	19	19	19	227	246	260
Transfers recognised - operational	67,778	15,309	15,309	24,399	58,687	15,309	24,399	15,309	58,687	24,399	15,309	15,309	350,202	356,361	394,375
Other revenue	5,566	5,566	5,566	5,566	5,566	5,566	5,566	5,566	5,566	5,566	5,566	5,566	66,795	61,497	49,400
Gains on disposal of PPE													-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>78,221</b>	<b>25,751</b>	<b>25,751</b>	<b>34,842</b>	<b>69,130</b>	<b>25,751</b>	<b>34,842</b>	<b>25,751</b>	<b>69,130</b>	<b>34,842</b>	<b>25,751</b>	<b>25,754</b>	<b>475,518</b>	<b>481,401</b>	<b>512,319</b>
<b>Expenditure By Type</b>															
Employee related costs	8,669	8,669	8,669	8,669	17,337	8,669	8,669	8,669	8,669	8,669	8,669	8,669	112,692	122,936	132,835
Remuneration of councillors	645	645	645	645	645	645	645	645	645	645	645	645	7,738	8,357	9,025
Debt impairment	256	256	256	256	256	256	256	256	256	256	256	256	3,076	3,408	3,765
Depreciation & asset impairment	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	32,318	32,318	32,318
Finance charges	-	-	-	-	-	7,090	-	-	-	-	-	7,090	14,180	14,180	14,180
Bulk purchases	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	21,240	24,714	28,676
Other materials	19	19	19	19	19	19	19	19	19	19	19	19	225	241	250
Contracted services	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	70,795	75,133	78,792
Transfers and grants	653	653	653	653	653	653	653	653	653	653	653	653	7,837	8,619	9,162
Other expenditure	13,835	13,835	13,835	13,835	13,835	13,835	13,835	13,835	13,835	13,835	13,835	13,835	166,024	155,095	175,617
Loss on disposal of PPE													-	-	-
<b>Total Expenditure</b>	<b>34,440</b>	<b>34,440</b>	<b>34,440</b>	<b>34,440</b>	<b>43,108</b>	<b>41,530</b>	<b>34,440</b>	<b>34,440</b>	<b>34,440</b>	<b>34,440</b>	<b>34,440</b>	<b>41,530</b>	<b>436,125</b>	<b>445,001</b>	<b>484,620</b>
<b>Surplus/(Deficit)</b>	<b>43,781</b>	<b>(8,688)</b>	<b>(8,688)</b>	<b>402</b>	<b>26,022</b>	<b>(15,778)</b>	<b>402</b>	<b>(8,688)</b>	<b>34,690</b>	<b>402</b>	<b>(8,688)</b>	<b>(15,776)</b>	<b>39,393</b>	<b>36,400</b>	<b>27,700</b>
Transfers recognised - capital	13,156	13,156	13,156	13,156	13,156	13,156	13,156	13,156	13,156	13,156	13,156	13,156	157,873	214,702	225,962
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>56,937</b>	<b>4,468</b>	<b>4,468</b>	<b>13,558</b>	<b>39,178</b>	<b>(2,622)</b>	<b>13,558</b>	<b>4,468</b>	<b>47,846</b>	<b>13,558</b>	<b>4,468</b>	<b>(2,620)</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>
<b>Surplus/(Deficit)</b>	<b>56,937</b>	<b>4,468</b>	<b>4,468</b>	<b>13,558</b>	<b>39,178</b>	<b>(2,622)</b>	<b>13,558</b>	<b>4,468</b>	<b>47,846</b>	<b>13,558</b>	<b>4,468</b>	<b>(2,620)</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>

DC28 uThungulu - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Revenue - Standard</b>																
<i>Governance and administration</i>	<b>71,866</b>	<b>21,128</b>	<b>21,128</b>	<b>21,128</b>	<b>21,128</b>	<b>71,866</b>	<b>21,128</b>	<b>21,128</b>	<b>21,128</b>	<b>71,866</b>	<b>21,128</b>	<b>21,128</b>	<b>21,128</b>	<b>405,751</b>	<b>465,190</b>	<b>488,605</b>
Budget and treasury office	71,866	21,128	21,128	21,128	21,128	71,866	21,128	21,128	21,128	71,866	21,128	21,128	21,128	405,751	465,190	488,605
<i>Community and public safety</i>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,549</b>	<b>1,550</b>	<b>18,589</b>	<b>20,543</b>	<b>21,846</b>
Community and social services	27	27	27	27	27	27	27	27	27	27	27	27	27	321	334	347
Health	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,523	1,523	18,268	20,209	21,499
<i>Trading services</i>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>16,588</b>	<b>26,588</b>	<b>209,050</b>	<b>210,370</b>	<b>227,831</b>
Water	12,697	12,697	12,697	12,697	12,697	12,697	12,697	12,697	12,697	12,697	12,697	12,697	12,697	152,368	167,816	183,483
Waste water management	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	3,297	39,563	26,412	34,096
Waste management	593	593	593	593	593	593	593	593	593	593	593	10,593	17,119	16,143	10,251	
<b>Total Revenue - Standard</b>	<b>90,003</b>	<b>39,265</b>	<b>39,265</b>	<b>39,265</b>	<b>39,265</b>	<b>90,003</b>	<b>39,265</b>	<b>39,265</b>	<b>39,265</b>	<b>90,003</b>	<b>39,265</b>	<b>39,265</b>	<b>49,265</b>	<b>633,391</b>	<b>696,103</b>	<b>738,281</b>
		39,291	39,291	39,291	90,029	39,291	39,291	39,291	39,291	90,029	39,291	39,291				
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>7,078</b>	<b>84,936</b>	<b>88,090</b>	<b>93,649</b>
Executive and council	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	20,044	20,846	22,394
Budget and treasury office	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	29,602	31,517	33,365
Corporate services	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,940	2,940	35,290	35,728	37,890
<i>Community and public safety</i>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>2,911</b>	<b>34,926</b>	<b>37,007</b>	<b>39,235</b>
Community and social services	869	869	869	869	869	869	869	869	869	869	869	868	868	10,422	11,126	12,598
Public safety	640	640	640	640	640	640	640	640	640	640	640	640	640	7,676	7,228	6,787
Health	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,403	1,403	16,828	18,653	19,850
<i>Economic and environmental services</i>	<b>830</b>	<b>830</b>	<b>830</b>	<b>830</b>	<b>830</b>	<b>830</b>	<b>830</b>	<b>830</b>	<b>830</b>	<b>830</b>	<b>830</b>	<b>830</b>	<b>829</b>	<b>9,955</b>	<b>11,249</b>	<b>11,338</b>
Planning and development	830	830	830	830	830	830	830	830	830	830	830	829	829	9,955	11,249	11,338
<i>Trading services</i>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,526</b>	<b>25,525</b>	<b>306,308</b>	<b>308,655</b>	<b>340,397</b>
Water	20,855	20,855	20,855	20,855	20,855	20,855	20,855	20,855	20,855	20,855	20,855	20,855	20,855	250,264	264,863	288,249
Waste water management	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,201	3,201	38,420	25,225	32,825
Waste management	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	17,625	18,567	19,323
<b>Total Expenditure - Standard</b>	<b>36,344</b>	<b>36,344</b>	<b>36,344</b>	<b>36,344</b>	<b>36,344</b>	<b>36,344</b>	<b>36,344</b>	<b>36,344</b>	<b>36,344</b>	<b>36,344</b>	<b>36,344</b>	<b>36,343</b>	<b>36,343</b>	<b>436,125</b>	<b>445,001</b>	<b>484,619</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>53,659</b>	<b>2,921</b>	<b>2,921</b>	<b>2,921</b>	<b>53,659</b>	<b>2,921</b>	<b>2,921</b>	<b>2,921</b>	<b>2,921</b>	<b>53,659</b>	<b>2,921</b>	<b>2,921</b>	<b>12,922</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>
<b>Surplus/(Deficit)</b>	<b>53,659</b>	<b>2,921</b>	<b>2,921</b>	<b>2,921</b>	<b>53,659</b>	<b>2,921</b>	<b>2,921</b>	<b>2,921</b>	<b>2,921</b>	<b>53,659</b>	<b>2,921</b>	<b>2,921</b>	<b>12,922</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>

**DC28 uThungulu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>																
Vote2 - FINANCE AND ADMINISTRATION	3	3	3	3	3	3	3	3	3	3	3	3	40	40	20	
Vote4 - COMMUNITY AND SOCIAL SERVICES	42	42	42	42	42	42	42	42	42	42	42	42	500	1,500	-	
Vote5 - PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-	-	-	-	200	200	
Vote7 - WASTE MANAGEMENT	833	833	833	833	833	833	833	833	833	833	833	833	10,000	7,600	-	
Vote8 - ELECTRICITY SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote9 - WATER	13,422	13,422	13,422	13,422	13,422	13,422	13,422	13,422	13,422	13,422	13,422	13,422	161,063	234,262	228,022	
Vote10 - WASTE WATER MANAGEMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000	4,000	
<b>Capital multi-year expenditure sub-total</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>14,300</b>	<b>171,603</b>	<b>247,602</b>	<b>232,242</b>	
<b>Single-year expenditure to be appropriated</b>																
Vote1 - EXECUTIVE AND COUNCIL	26	26	26	26	26	26	26	26	26	26	26	26	310	-	-	
Vote2 - FINANCE AND ADMINISTRATION	106	106	106	106	106	106	106	106	106	106	106	106	1,278	-	-	
Vote4 - COMMUNITY AND SOCIAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500	3,000	
Vote5 - PUBLIC SAFETY	21	21	21	21	21	21	21	21	21	21	21	21	250	-	-	
Vote6 - ENVIRONMENTAL HEALTH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote7 - WASTE MANAGEMENT	4	4	4	4	4	4	4	4	4	4	4	4	45	-	5,000	
Vote9 - WATER	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	23,781	2,000	13,420	
<b>Capital single-year expenditure sub-total</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>2,139</b>	<b>25,663</b>	<b>3,500</b>	<b>21,420</b>	
<b>Total Capital Expenditure</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>16,439</b>	<b>197,266</b>	<b>251,102</b>	<b>253,662</b>	

## 14.4 Detailed Operational IDP Projects

No	Operational Projects	2011/12
1	Drought Relief	15,433
2	281-3 - VIP Sanitation Project	8,250
3	286-3 - VIP Sanitation Project	8,000
4	284-3 - VIP Sanitation Project	7,733
5	283-3 - VIP Sanitation Project	5,500
6	EPWP Incentive Grant	7,301
7	285-3 Sanitation Project	6,880
8	Ntambanana Solid Waste	5,452
9	uThungulu Financing Partnership	4,949
10	Rural Transport Services & Infrastructure	1,688
11	Water Treatment Works & Waste Water TW Registration	1,500
12	TASK Job Evaluation Implementation (Est. of paycales)	1,400
13	District Elimination & Kwanaloga Games	1,000
14	Annual Update of WSDP	750
15	Water Quality Improvement Interventions	605
16	Water loss management strategy - Implementation	550
17	Establishment of Environmental Health Section	500
18	Environmental Health Plan	500
19	Raw water abstraction fee (DWAF)	500
20	Preparation of Water Use Management Plan	500
21	Asset Care Centre	490
22	Implementation of LED Framework: Tourism	453
23	Implementation of HIV/AIDS Programme	440
24	Strategic Support	439
25	Development Planning Grant - Shared Services	407
26	IDP Roadshows - Izimbizo	400

No	Operational Projects	2011/12
27	Blue/Green Drop compliance	400
28	Programmes for the Marginalised (Gender, Youth, Children, Disabled, Senior Citizens)	350
29	Implementation of Occupational Health & Safety Act	350
30	Issue Manager	350
31	Community Services Plan (Review)	300
32	Disaster Management Plan Review	300
33	LED Development Fund	300
34	Tourism Events (Zulu Dance)	300
35	Quality of Life Survey	300
36	Water / Sanitation Awareness Campaigns	300
37	Employee Assistance Programme	250
38	Uthungulu Web-site Development	250
39	GIS Operational Budget	250
40	Internship Programme	200
41	Institutional Framework Implementation	200
42	Tourism Marketing tools & Website	200
43	Agricultural Implementation	200
44	Intergrated Environmental Programme (Review)	200
45	DWAF Water Resource Compliance	200
46	Organisational Performance Management	155
47	Implementation of MFMA	152
48	Disaster Stock Items	150
49	Revenue Enhancement Plan	150
50	Municipal Systems Improvement Grant	150
51	Community Awareness & Education on diseases	150
52	Events	150
53	Marketing	150

No	Operational Projects	2011/12
54	Tourism Marketing: Shows	140
55	S57 Individual Performance Management	125
56	Risk Management Strategy - King III	110
57	Sport Development	100
58	Fraud Prevention	100
59	SMME Support Programme	100
60	Annual IDP Review	100
61	GIS Development & Training	100
62	Credit Rating	80
63	Crime Prevention Programmes	75
64	Tourism Media Marketing	60
65	Review of Spatial Development Framework	50
66	National Water Week	50
67	District Land Summit Information	30
68	District Advisory Committee	28
69	National Sanitation Week	25
	<b>TOTAL</b>	<b>89,300</b>



## 14.5 Detailed Capital Projects

No	Capital Projects	2011/2012
1	Middledrift Phase 2	33,031
2	KwaHlokoohloko SSA 1 (DWAF)	17,000
3	Greater Mthonjaneni Phase 1 & 2 MIG	16,966
4	Mbonambi Water Phase 3	15,872
5	KwaHlokoohloko SSA 5/uMhlathuze LM	12,500
6	Mhlana Somopho Phase 3C	12,000
7	Greater Mthonjaneni SSA5 - DWA	10,000
8	Solid Waste Rehabilitation Cell 1	10,000
9	Nkandla VutshiniSupply Area SSA5	7,000
10	Greater Mthonjaneni Phase SSA 4 (Phase 3)	6,999
11	Upper Nseleni Phase 1, 2 & 3	6,714
12	Survival Water Programme (Boreholes)	6,100
13	Water Tanker Reduction Strategy	6,000
14	Mpungose Phase 1D Reticulation	5,751
15	Vutshini Phase 1	5,000
16	Greater Mthonjaneni Phase SSA4 - MIG	7,000
17	Melmoth Water Services Network Upgrade	2,000
18	Mtunzini Water Services Network Upgrade	2,000
19	Gingindlovu Water Services Network Upgrade	2,000
20	Eshowe Water Services Network Upgrade	2,000
21	Kwambo Water Services Network Upgrade	2,000
22	Nkandla Water Services Network Upgrade	2,000
23	Water metre installation (RBM)	2,000
24	Water metre installation	1,210
25	Internal Fixed Assets	1,773
26	Existing Projects Extensions	1,100
27	Mandawe Cemetery	500
28	Occupational Health and safety	500
29	Fire Fighting Equipment	250
	<b>TOTAL</b>	<b>197,266</b>

**14. MUNICIPAL MANAGER’S QUALITY CERTIFICATE**

I **Bonginkosi, Bhekizenzo Biyela**, municipal manager of **uThungulu District Municipality**, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act to a certain extent with the budget document as set out in schedule A of the regulations including the main tables (A1 - A10), and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name.....

Municipal Manager of.....

Signature.....

Date.....



