



**UTHUNGULU**



ANNUAL BUDGET OF

# **uThungulu District Municipality**

2012/13 TO 2014/15  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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## Abbreviations and Acronyms

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

## Part 1 – Annual Budget

### 1.1 Mayor's Report

*The Mayors report will be included once the Honourable Mayor has presented her 2012/2013 final budget Speech before Council on Wednesday, 30 May 2012.*

### 1.2 Council Resolutions

On 30 May 2012 the Council of UThungulu District Municipality met in the Council Chambers of UThungulu House to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of UThungulu District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 8 on page 53;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 9 on page 55;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 10 on page 56; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 11 on page 58.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 12 on page 60;
    - 1.2.2. Budgeted Cash Flows as contained in Table 13 on page 62;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 14 on page 63;
    - 1.2.4. Asset management as contained in Table 15 on page 65; and
    - 1.2.5. Basic service delivery measurement as contained in Table 16 on page 67.
2. The Council of UThungulu District Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:
  - 2.1 The Draft Service Delivery and Budget Implementation Plan for the 2012/13 financial year as reflected from page 17 to 47.
  - 2.1. the tariffs for the supply of water, sanitation, solid waste, cemetery and other miscellaneous fees – as set out in Annexure B

### 1.3 Executive Summary

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

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in estimated expenditure of nearly R144 million for the 2012/13 financial year being reduced. Key areas where savings were realized were on meals and staff costs due to reprioritisation of vacancies, printing and stationery, subsistence and travel, accommodation and catering.

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

National Treasury's MFMA Circular No. 51, 54, 58 and 59 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water and waste water infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable; it be noted that the Municipality has embarked on an exercise to ensure that tariffs are cost reflective, although we are not there yet but we have moving towards that direction.
- The backlogs and severe drought that has affected the District in recent years which necessitate the provision of water through water tankers which is a very expensive way of providing water.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies, and;
- The uncertainty surrounding the TASK job evaluation process has also resulted in Patterson salary scales being utilised for the all the positions in the organogram.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs; the uThungulu District municipality has not attained that yet, but we intend to put together a strategy to move towards cost reflective with minimal impact on the consumer.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An in-depth analysis was done for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - New positions;
  - Meals and refreshments
  - Furniture and office equipment;
  - Ad-hoc travelling; and
  - Subsistence, Travelling & Conference fees.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2012/13 MTREF**

	2011/2012 Adjusted Budget	2012/2013 Budget	Change Amount	Change %	2013/2014 Budget	2014/2015 Budget	Total for MTREF
<b>Revenue by Source</b>							
- Grants & subsidies	235 229	246 601	11 372	5%	269 151	334 647	850 399
- Equitable Share	146 964	162 849	15 885	11%	174 206	186 944	523 999
- Levy Replacement Grant	152 214	165 913	13 699	9%	180 845	197 121	543 879
<b>Total Government Grant &amp; Subsidies</b>	<b>534 407</b>	<b>575 363</b>	<b>40 956</b>	<b>8%</b>	<b>624 202</b>	<b>718 712</b>	<b>1 918 277</b>
<b>Public Contributions</b>							
- Richards Bay Minerals	2 000	2 000	–	0%	2 000	2 000	6 000
<b>Total Public Contributions</b>	<b>2 000</b>	<b>2 000</b>	<b>–</b>	<b>0%</b>	<b>2 000</b>	<b>2 000</b>	<b>6 000</b>
- Sundry Income	7 962	7 324	(638)	-8%	8 238	9 127	24 689
- Interest Income	24 594	24 434	(160)	-1%	27 279	28 915	80 628
<b>Total Other Income</b>	<b>32 556</b>	<b>31 757</b>	<b>(798)</b>	<b>-2%</b>	<b>35 517</b>	<b>38 042</b>	<b>105 316</b>
Trading Services	36 321	41 519	5 198	14%	47 403	55 009	143 932
Depreciation funding - Reserve	39 086	–	(39 086)	-100%	–	–	–
Provision for Rehabilitation - Solid Waste	10 000	7 600	(2 400)	-24%	16 431	34 000	58 031
Prior Year Grant Funding	48 099	1 232	(46 866)	-97%	1 223	1 293	3 748
Borrowings	19 392	–	(19 392)	-100%	–	–	–
Project Rollovers - Internally Funded Projects	24 651	–	(24 651)	-100%	–	–	–
Surplus Brought Forward (2010/2011)	45 013	31 944	(13 068)	-29%	9 038	1 252	42 235
<b>Total Revenue</b>	<b>791 525</b>	<b>691 416</b>	<b>(100 109)</b>	<b>-13%</b>	<b>735 814</b>	<b>850 309</b>	<b>2 277 539</b>
<b>Expenditure</b>							
Non-trading services	114 166	121 416	7 250	6%	128 793	136 519	386 728
Trading Services	250 448	271 744	21 296	9%	285 755	300 273	857 772
Operational IDP	123 479	103 329	(20 150)	-16%	100 659	99 447	303 435
Capital IDP & Internal Fixed Assets	303 432	236 926	(66 506)	-22%	265 608	362 070	864 604
<b>Total Expenditure</b>	<b>791 525</b>	<b>733 416</b>	<b>(58 109)</b>	<b>-7%</b>	<b>780 814</b>	<b>898 309</b>	<b>2 412 539</b>

Total revenue estimate (including conditional grants) has declined 13% or R100m for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget, this is mainly as a result of the depreciation on Council assets which is currently not fully cash backed. To be noted Council is in the process of developing a Funding and Reserves Policy that will address this matter going forward. For the two outer years, total revenue including conditional grants will increase by 6% and 15% respectively, equating to a total revenue growth of R2.3 billion over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R393.2m and translates into a budgeted surplus of R195m, which has been used to fund the Capital Budget. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by an average of 8 per cent in the 2012/13 budget and by 5% for each of the respective outer years of the MTREF.

The operational IDP projects budget for 2012/13 have decreased by 16% compared to the 2011/12 adjustment budget, this budget further decreases by 3% and 2% for each of the respective two outer years. This declining trend is due to the impact on operational budget that is caused mainly by the increase in bulk water and electricity tariffs as well as a rise in the Operations and maintenance costs of the water schemes to due aging infrastructure. This then



results in less funds being available to carry out operational IDP projects. Furthermore, there were no new grants to fund the operational IDP projects to the MTREF period.

The capital budget of R236.9m for 2012/13 is 22% less when compared to the 2011/12 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances. Furthermore, the 2011/2012 Capital Budget includes rollover projects from the previous years which were only finalised in the 11/12 financial year. The capital programme increases to R265.6m in the 2013/14 financial year and then R362.1m in the 2014/2015 financial year, which translates to a total budget of R864.6m in over the medium term. To be noted that a substantial portion of the capital budget will be funded from the MIG and the Regional Bulk Infrastructure Grant over MTREF. To be noted that the Regional Bulk Infrastructure grant is an in-kind grant from the DWA and uThungulu has entered into an agreement with the funders to act as an implementing agent for this project. Capital grants will contribute 86%, 86% and 82% of capital expenditure in each of the MTREF years.

The figure below indicates the split of the budget for 2012/13 between Operational and Capital Budget

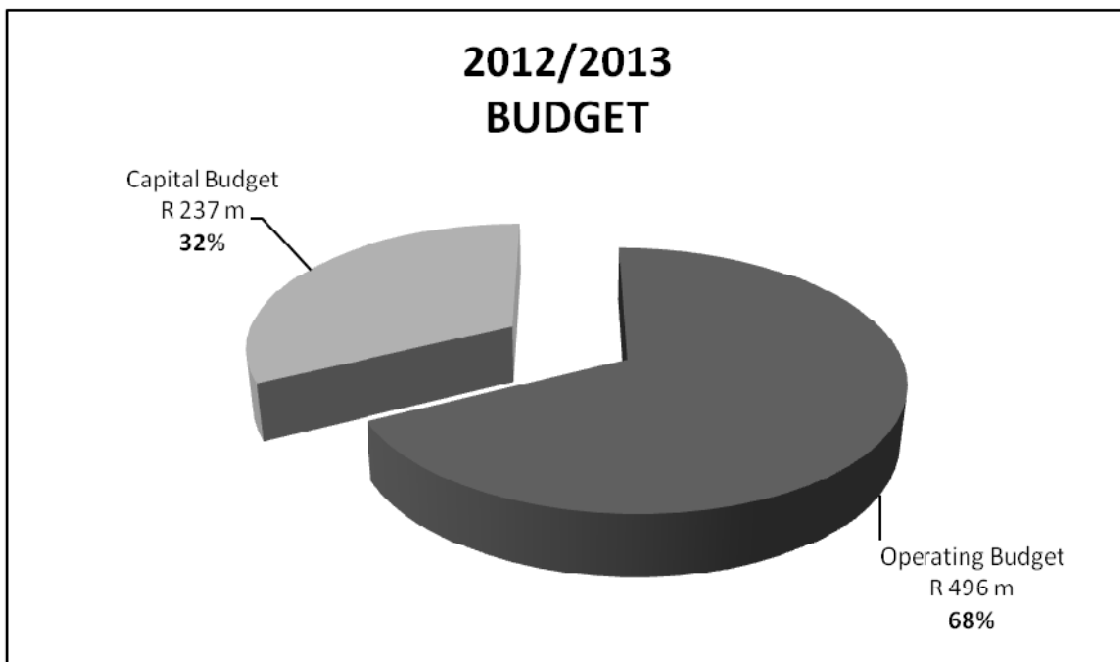


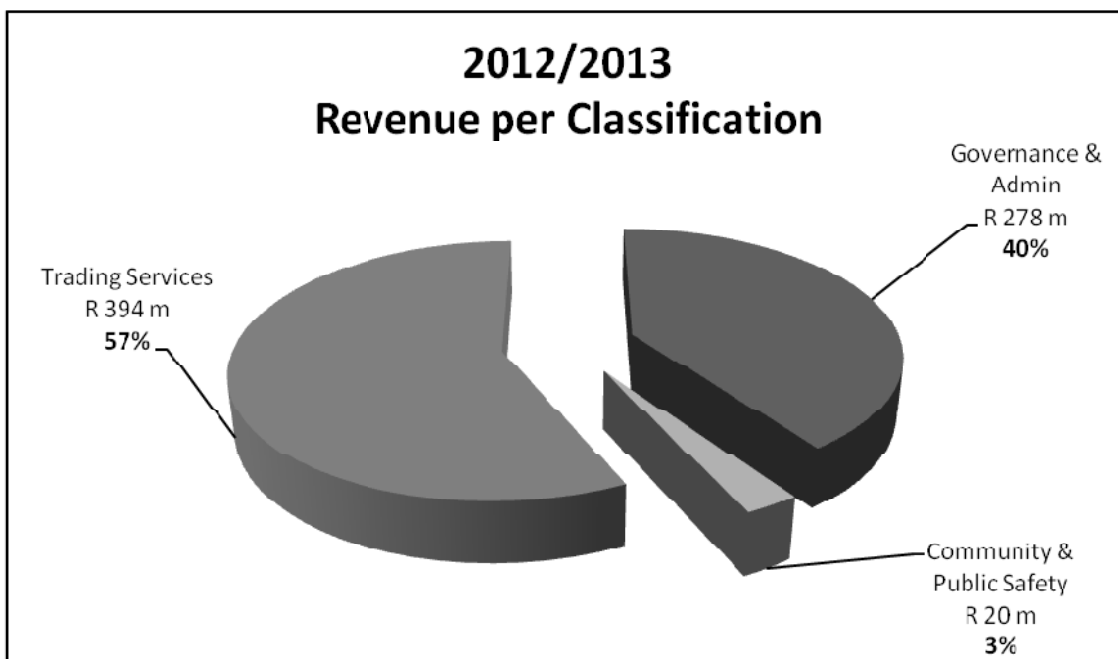
Figure 1 Operating & Capital Budget for the 2012/13 financial year

## 1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and expected economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for Water, Sanitation and Solid Waste service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service, while taking into account the affordability levels of the consumers;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and Incentive policies and rendering of free basic services; and
- Tariff policies of the Municipality.



**Figure 2 Revenue per Classification for the 2012/13 financial year**

The figure above indicates the 2012/13 municipal revenue per service.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>									
Service charges - electricity revenue	2 040	139	–	–	–	–	–	–	–
Service charges - water revenue	18 984	23 961	30 125	22 232	25 680	25 680	28 042	29 612	31 212
Service charges - sanitation revenue	3 010	3 297	3 513	3 201	3 201	3 201	3 203	3 382	3 565
Service charges - refuse revenue	5 570	5 068	7 239	7 119	7 119	7 119	10 055	14 178	19 991
Service charges - other	592	412	316	321	219	219	219	231	242
Rental of facilities and equipment	–	47	38	49	49	49	–	–	–
Interest earned - external investments	26 874	26 546	24 150	25 595	24 541	24 541	24 206	27 033	28 656
Interest earned - outstanding debtors	–	–	56	52	52	52	227	246	260
Transfers recognised - operational	167 866	282 877	282 146	349 907	368 710	368 710	372 457	398 625	425 097
Other revenue	8 146	6 737	12 932	70 277	139 711	139 711	48 100	34 930	95 672
Gains on disposal of PPE	(56)	(979)	601						
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>233 026</b>	<b>348 105</b>	<b>361 115</b>	<b>478 754</b>	<b>569 282</b>	<b>569 282</b>	<b>486 510</b>	<b>508 237</b>	<b>554 685</b>

**Table 3 Percentage growth in revenue by main revenue source**

Description	Current Year 2011/2012		2012/13 Medium Term Revenue & Expenditure Framework					
	Approved Budget	%	Budget Year 2012/2013	%	Budget Year 2013/2014	%	Budget Year 2014/2015	%
<b>Revenue By Source</b>								
Service charges - water revenue	22 232	5%	28 042	5%	29 612	5%	31 212	5%
Service charges - sanitation revenue	3 201	1%	3 203	1%	3 382	1%	3 565	1%
Service charges - refuse revenue	7 119	1%	10 055	2%	14 178	3%	19 991	3%
Service charges - other	321	0%	219	0%	231	0%	242	0%
Rental of facilities and equipment	49	0%	–	0%	–	0%	–	0%
Interest earned - external investments	25 595	5%	24 206	5%	27 033	5%	28 656	5%
Interest earned - outstanding debtors	52	0%	227	0%	246	0%	260	0%
Transfers recognised - operational	349 907	73%	372 457	77%	398 625	78%	425 097	77%
Other revenue	70 277	15%	48 100	10%	34 930	7%	45 672	8%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>478 754</b>	<b>100%</b>	<b>486 510</b>	<b>100%</b>	<b>508 237</b>	<b>100%</b>	<b>554 685</b>	<b>100%</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, Gazette 32141, issued 17 April 2009, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from services charges forms a minimal percentage of the Internally generated funds of the Municipality, that being the interest on investments and service charges. Due to the repo rate remaining unchanged over a longer period and the non availability of funds

to invest, the Interest on external investments has been slightly reduced when comparing with the 2011/12 Adjustments Budget. A notable trend is the increase in the total percentage revenue generated from water services charges which increases from R22.2m in 2011/12 to R31.2m in 2014/15. The water sales contribution to the total service charges revenue is 68%, 62% and 57% for the MTREF. The above table excludes revenue foregone arising from and rebates associated with the tariff policies of the Municipality.

Solid Waste is the second largest revenue source totalling 24 per cent or R10 million rand and increases to R19.9 million by 2014/15. Another source of revenue is 'other revenue' which consists of various items such as income received from issuing of tender documents, map production and miscellaneous fees. The municipality will review the tariffs of these items on an annual basis to ensure we steadily move to a point where these are cost reflective and market related.

Operating grants and transfers totals R372 million in the 2012/13 financial year and steadily increases to R425 million by 2014/15. Note that the year-on-year growth for the 2012/13 financial year is 6% and then 7% and 6% in the two outer years.

Tariff-setting is a very important and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality. The proposed tariffs were discussed in length in the Budget Steering Committee meeting and a consensus was reached to increase the tariffs in such a way that it will have a minimal impact on the District citizens.

National Treasury, in its MFMA Circular 58 issued in December 2011, continues to encourage municipalities to keep increases in tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment which will in turn result in a huge debtors book.

The percentage increases of both Eskom and bulk water tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, they impact on the municipality's cost of service provision. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

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

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

The water Tariffs have been increased on average by 5.4 % as a result of increases in the cost of chemicals and maintenance of the ageing infrastructure in some areas. It must be noted that consideration has been given to National Treasury's objective of tariffs being cost reflective by 2014, however Council has considered the plight of poor residents in the tariff determination process and have thus agreed on an increase in accordance with CPIX. . 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 12/13 budget year amounts to R248m and revenue generated is a mere R28m therefore R220m is funded from both the equitable share the levy replacement grant. Budget for drought relief was reduced from an initial amount of R35m to R20m, this was done with an understanding that the expenditure on this will be monitored and reviewed during the mid year review, should it be necessary, this budget will be prioritized and then be topped up, subject to availability of surplus funds from the 2011/12 financial year on completion of the audit.

The proposed tariffs for households (residential) and non-residential consumers are detailed on Annexure B of the medium term budget report.

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

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 2012/2013 has been determined at 5.4%, in accordance with guidelines from National Treasury.

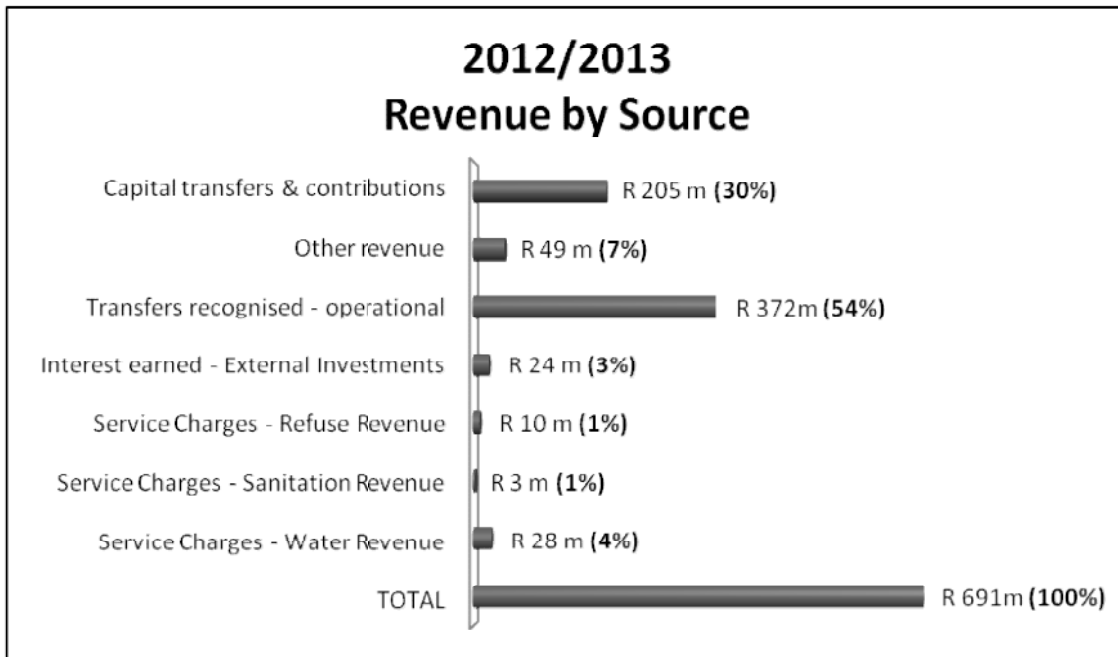
Domestic Sewer tariffs have been revised to R0,00438c per rand value of the property. The minimum and maximum charge will be R 42.16 and R 164.42.

Business sewer has also been revised to R0.00438c per rand value of the business property. The minimum and maximum charge is R 109.62 and R 1,096.16.

A detailed listing of applicable sanitation tariffs is contained on Appendix B of the medium term budget report.

#### **1.4.3 Regional Solid Waste – Landfill Site**

The average increase in the tariff for the 2012/2013 year is between 20% and 50%. The increases of 20% pertain to domestic waste streams and the 50% increase shall apply predominantly to commercial waste streams. 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. The municipality is also investigating the possibility of generating additional revenue from the landfill site through recycling activities and gas extraction, these will in turn extend the useful life of the landfill site.



**Figure 3 Revenue per Source for the 2012/13 financial year**

The figure above indicated the 2012/13 municipal revenue per source.

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- The Operations and Maintenance costs of the District's 284 water schemes.
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the Water Services Development Plan and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

**Table 4 Summary of operating expenditure by standard classification item**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Expenditure By Type</b>									
Employee related costs	50 611	72 686	86 623	113 772	115 408	115 408	127 085	134 710	142 793
Remuneration of councillors	4 772	5 415	5 492	7 473	7 890	7 890	8 145	8 952	9 762
Debt impairment	3 067	3 154	6 437	3 076	4 076	4 076	3 379	3 582	3 797
Depreciation & asset impairment	10 966	30 116	39 086	32 318	39 404	39 404	42 318	45 337	48 357
Finance charges	7 856	8 083	12 699	14 180	14 180	14 180	14 180	15 214	15 690
Bulk purchases	11 055	18 357	24 470	21 240	22 740	22 740	23 775	26 879	29 409
Other materials	155	189	30	76	76	76	113	120	127
Contracted services	40 503	68 077	60 161	72 458	74 333	74 333	74 921	75 594	76 372
Transfers and grants	1 832	3 476	6 031	1 669	1 669	1 669	10 786	11 493	12 266
Other expenditure	128 705	186 155	129 372	175 549	208 316	208 316	191 789	193 328	197 667
<b>Total Expenditure</b>	<b>259 523</b>	<b>395 708</b>	<b>370 402</b>	<b>441 811</b>	<b>488 093</b>	<b>488 093</b>	<b>496 490</b>	<b>515 208</b>	<b>536 241</b>

The budgeted allocation for employee related costs for the 2012/13 financial year totals R127m, which equals 25 per cent of the total operating expenditure. Currently there is no collective wage agreement in place for the 2012/2013 financial year, therefore pending the wage negotiations, a 5% increase has been budgeted for as per National Treasury recommendation in MFMA circular 58 issued on the 11<sup>th</sup> December 2011. An annual increase of 6 per cent has been included in the two outer years of the MTREFAs part of the Municipality's cost reprioritization new and vacant positions were thoroughly analyzed and only critical vacancies within the Municipality were accommodated. The outcome of this exercise was reduction of the cost associated with these positions from R29m to just under a million rand. In addition expenditure against overtime has been significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The decision by Council to revert to the Patterson salary grading system for the positions that were not moderated by the National Moderation Committee resulted in a further financial implication on this area of expenditure. This will cost the Council a further R10m in the 2012/2013 financial year.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. The total budget for Councillors' allowances for the 2012/13 financial year is R8.1m. An estimated increase of 5% has been applied for the Councillors remuneration.

The provision for debt impairment was determined based on an annual collection rate of between 80 - 90 per cent and the Credit and Debt Collection Policy of the Municipality. For the 2012/13 financial year this amount equates to R3.4 million and escalates to R3.8 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, the municipality's realistically anticipated revenues and also has to be cash backed.

Provision for depreciation and asset impairment has been informed by the Municipality's Property, Plant & Equipment Policy. Depreciation is considered to be a rate at which the asset is being consumed. Budget provisions in this regard total R42.3 million for the 2012/13 financial year and equates to 8 per cent of the total operating expenditure. To be noted that the implementation of GRAP 17 accounting standard has meant bringing a number of assets previously not included in the assets register onto the register. This exercise was done for the 2010/2011 financial year and has resulted in a significant increase in depreciation in relation to prior years. To be noted that the accumulated depreciation for the municipality amounts to R158m as per 2010/11 financial year and is currently not cash backed, the municipality's Funding and Reserves policy is currently being researched and developed in order to deal with this matter.

Finance charges consist primarily of the repayment of interest on long-term loans. These charges make up 2 per cent (R14.2 million) for 2012/13 and increases to R15.7 million by 2014/15. To be noted that the municipality annually appoints a reputable credit rating agency to determine the creditworthiness and the financial health of the municipality.

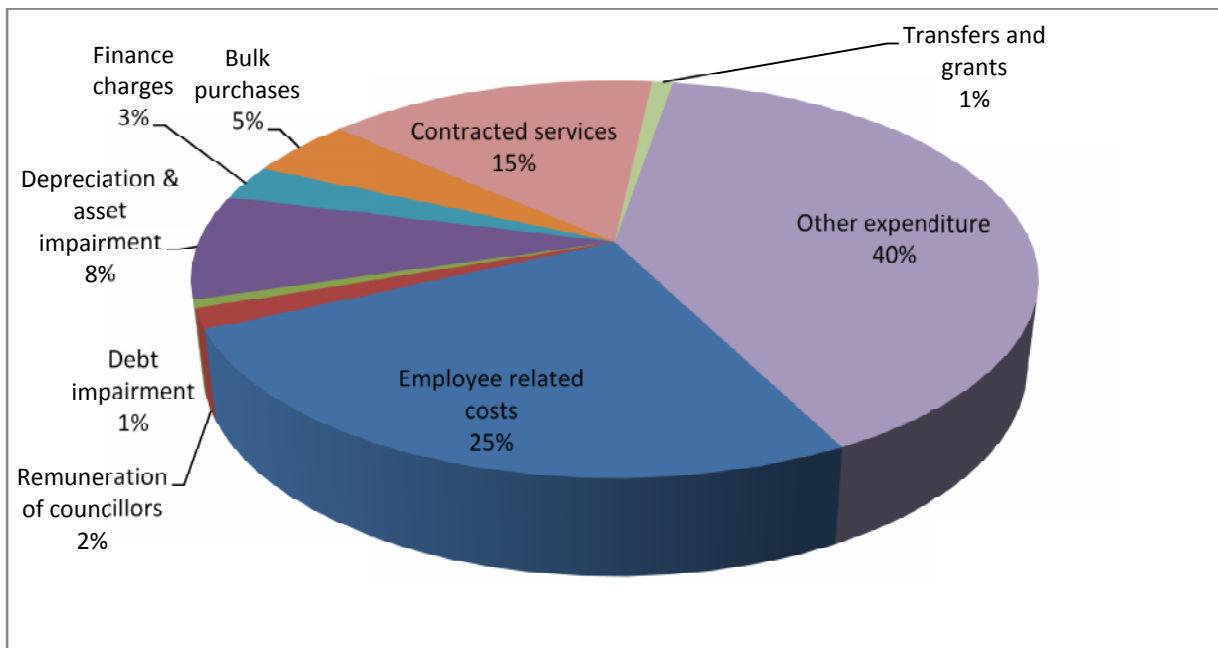
Bulk purchases are directly informed by the purchase of bulk water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.



Contracted services consists mainly of the SSA contract, which amounts to R60m. To be noted that the initial request from the Technical department for this item was R65m, after further discussions and in trying to achieve a balanced budget, this budget was reduced to R60m, this was in anticipation that the new tender will be well within this budget. This function was outsourced after a thorough investigation as required by section 78 of the Municipal Systems Act. The new tender is expected to be finalised before the end of the financial year. As part of the process of identifying further cost efficiencies, one of the requirements for the new tender will be a skills transfer to build in-house capacity for certain aspects of the function that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6 per cent for 2012/13 – 2014/2015 MTREF.

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.



**Figure 4 Main Operational Expenditure Categories for the 2012/13 financial year**

### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance.

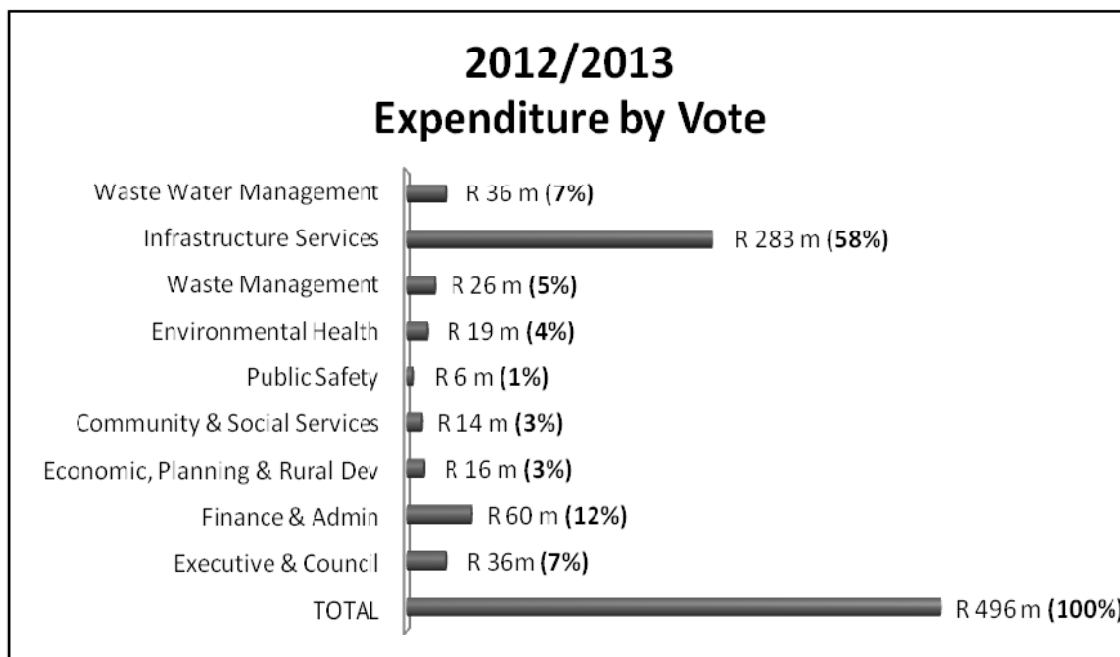
During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance has been increased by 5 percent cent in the 2012/13 financial year, from R38 million to R41 million. In relation to the total operating expenditure, repairs and maintenance contributes 8% of the total operating expenditure for the respective financial years of the MTREF.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 16 MBRR A10 (Basic Service Delivery Measurement) on page 66.

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

The figure below indicates the municipal 2012/13 operational expenditure by Main Vote



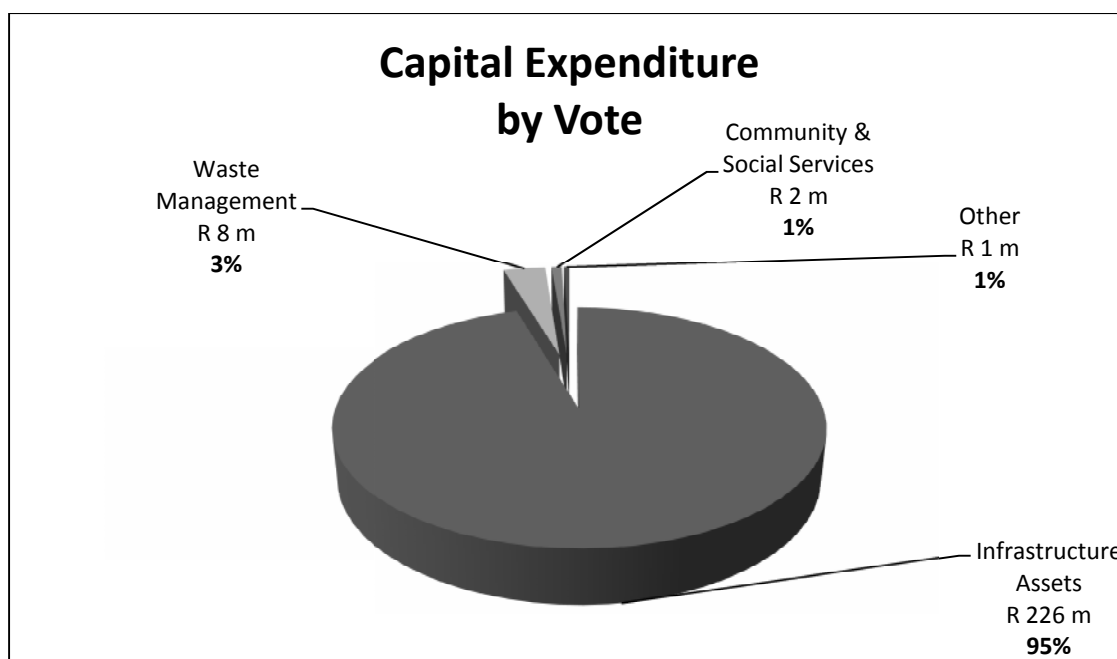
**Figure 5 Operational Expenditure by Vote for the 2012/13 financial year**

## 1.6 Capital expenditure

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

**Table 5 2012/13 Medium-term capital budget per vote**

Description	Current Year 2011/2012		2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2012/2013	%	Budget Year 2013/2014	%	Budget Year 2014/2015	%
<b>R Thousand</b>								
Executive & Council	1 060	0%	270	0%	–	0%	–	0%
Finance & Administration	6 250	2%	740	0%	2 200	1%	1 810	0%
Economic Planning, Development & Rural Development	50	0%	–	0%	–	0%	–	0%
Community & Social Services	2 058	1%	2 000	1%	4 500	2%	8 200	2%
Public Safety	250	0%	–	0%	200	0%	1 200	0%
Environmental Health Services	1 434	0%	120	0%	–	0%	–	0%
Waste Management	10 746	4%	7 600	3%	16 931	6%	34 500	10%
Infrastructure Services	271 258	89%	226 196	95%	239 777	90%	312 360	86%
Waste Water Management	10 326	3%	–	0%	2 000	1%	4 000	1%
<b>Total Capital Budget</b>	<b>303 432</b>	<b>100%</b>	<b>236 926</b>	<b>100%</b>	<b>265 608</b>	<b>100%</b>	<b>362 070</b>	<b>100%</b>



**Figure 6 Capital Expenditure by Vote for the 2012/13 financial year**

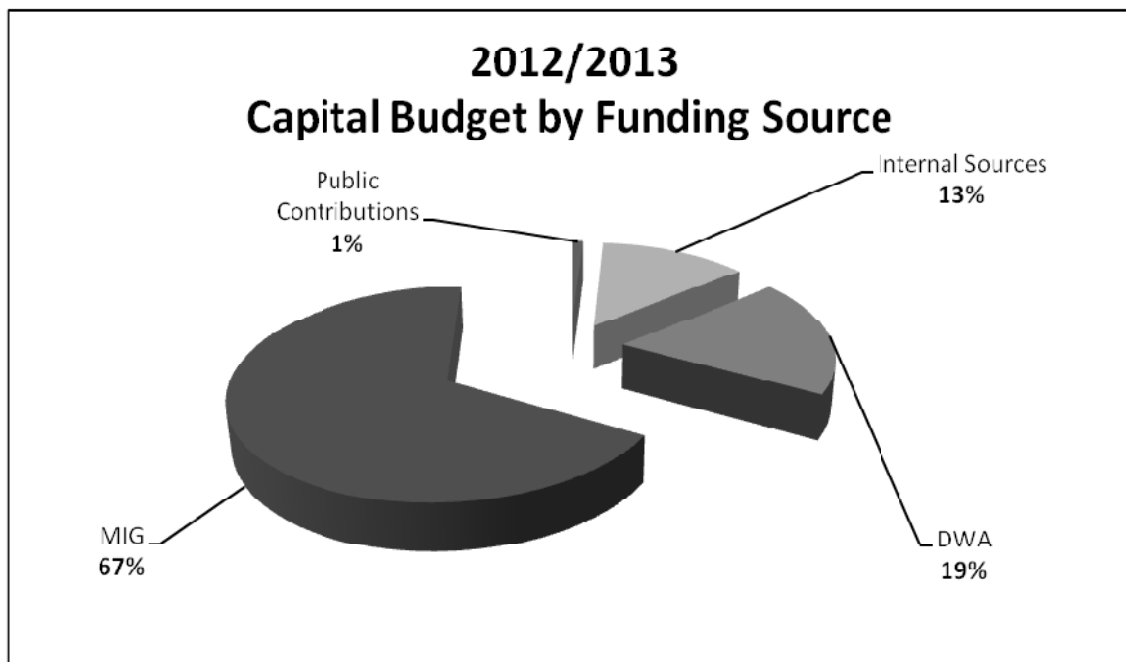
For 2012/13 an amount of R226 million has been appropriated for the development of infrastructure which represents 95 per cent of the total capital budget. In the outer years this amount totals R240 million, 90 per cent and R312 million, 86 per cent respectively for each of the financial years. Infrastructure gets the biggest share of the capital budget followed by Waste management at 3 per cent for 2012/13, progressing to 6 per cent and 10 per cent for each of the outer years. These amounts represent the amount that has been put aside for the rehabilitation of the landfill sites.

**Table 6: -- Detailed listing of the Capital Projects for the medium Term**

Capital Projects	Funding Source	2012/2013	2013/2014	2014/2015
Internal Fixed Assets	Surplus	270	-	-
<b>Administrative Services</b>		<b>270</b>	<b>-</b>	<b>-</b>
Insurance Claims (Capital)	Surplus	300	300	300
<b>Executive Division - Finance</b>		<b>300</b>	<b>300</b>	<b>300</b>
Establishment of Air Quality Monitoring Network	Surplus	-	1 500	2 500
<b>Community Services Total</b>		<b>-</b>	<b>1 500</b>	<b>2 500</b>
Indigent Prepaid Meter Installation	Surplus	1 800	200	220
<b>Consumer Billing Total</b>		<b>1 800</b>	<b>200</b>	<b>220</b>
Mandawe Cemetery	Surplus	-	1 500	-
Regional Cemetery Phase 2	Surplus	2 000	1 500	5 700
<b>Cemetery Total</b>		<b>2 000</b>	<b>3 000</b>	<b>5 700</b>
Disaster Multi Purpose truck	Surplus	-	-	1 000
Disaster Management Center	Surplus	-	200	200
<b>Disaster Management</b>		<b>-</b>	<b>200</b>	<b>1 200</b>
Internal Fixed Assets	FMG	40	-	10
<b>Finance Interns Total</b>		<b>40</b>	<b>-</b>	<b>10</b>
Internal Fixed Assets	Surplus	150	-	-
Document Management System	Surplus	-	350	350
ERM System (SAP)	Surplus	-	600	1 000
Network refresh	Surplus	250	600	100
Collaboration System Software	Surplus	-	350	50
<b>IT Total</b>		<b>400</b>	<b>1 900</b>	<b>1 500</b>
Mbonambi Water Phase 2	MIG	20 060	20 420	20 000
Mhlana Somopho Phase 3C	MIG	20 000	20 819	20 095
Vutshini Phase 1	MIG	2 000	10 500	3 000
Greater Mthonjaneni Phase 1 & 2 MIG	MIG	1 000	-	-
Mpungose Phase 1D Reticulation	MIG	8 000	10 100	15 000
Middledrift SSA3	MIG	2 000	5 434	10 000
Middledrift SSA5	MIG	10 000	15 000	20 000
KwaHlokhloko SSA 5	MIG	20 000	20 000	20 000
Middledrift Phase 2	MIG	25 000	10 000	8 020
Middledrift Water Treatment Works - DWA	DWA	5 000	-	-
Greater Mthonjaneni Phase SSA 4 DWAF	DWA	5 001	4 000	-
Greater Mthonjaneni Phase SSA2 - MIG	MIG		6 357	17 500
Greater Mthonjaneni Phase SSA2 - DWA	DWA	-	10 000	25 000
Greater Mthonjaneni Phase SSA4 - MIG	MIG	5 000	5 362	10 000

Capital Projects	Funding Source	2012/2013	2013/2014	2014/2015
Greater Mthonjaneni Phase SSA5 - MIG	MIG	5 385	10 000	15 000
Greater Mthonjaneni Phase SSA5 - DWA	DWA	10 000	10 000	30 000
KwaHloko SSA 1	MIG	18 000	10 000	10 000
KwaHloko SSA 1 (DWA)	DWA	24 000	25 000	50 000
Eshowe SSA1	MIG	2 300	7 282	-
Eshowe SSA1 (DWA)	DWA	-	5 000	-
Nkandla Vutshini Supply Area SSA5	MIG	20 000	20 303	20 000
<b>Municipal Infrastructure Implementation</b>		<b>202 746</b>	<b>225 577</b>	<b>293 615</b>
Internal Fixed Assets	Surplus	120	-	-
<b>Municipal Health</b>		<b>120</b>	<b>-</b>	<b>-</b>
Regional Solid Waste - Cell 3	Surplus	-	500	500
Rehabilitation of Cell 2	Surplus	7 600	6 431	34 000
Regional Solid Waste Rehabilitation - Old landfill Area	Surplus	-	10 000	-
<b>Waste Management Total</b>		<b>7 600</b>	<b>16 931</b>	<b>34 500</b>
Mtunzini Sewer Plant	Surplus	-	2 000	4 000
<b>Waste Water Management Total</b>		<b>-</b>	<b>2 000</b>	<b>4 000</b>
Survival Water Programme (Boreholes)	Surplus	4 600	-	-
Water Tanker Reduction Strategy	Surplus	4 500	-	-
<b>Water Services Authority Total</b>		<b>9 100</b>	<b>-</b>	<b>-</b>
Internal Fixed Assets	Surplus	50	-	-
Melmoth Water Services Network Upgrade	Surplus	-	1 000	1 650
Mtunzini Water Services Network Upgrade	Surplus	-	1 000	1 925
Gingindlovu Water Services Network Upgrade	Surplus	-	1 000	1 650
Eshowe Water Services Network Upgrade	Surplus	1 250	1 000	1 925
Kwambo Water Services Network Upgrade	Surplus	-	1 000	1 650
Nkandla Water Services Network Upgrade	Surplus	750	1 000	1 375
Water & Waste Water Treatment Refurbishment	Surplus	5 000	2 500	2 500
Occupational Health and safety	Surplus	500	500	550
Water metre installation	Surplus	1 500	1 500	1 650
Water metre installation (RBM)	RBM	2 000	2 000	2 000
Existing Projects Extensions	Surplus	1 500	1 500	1 650
<b>Water Services Provider Total</b>		<b>12 550</b>	<b>14 000</b>	<b>18 525</b>
<b>Grand Total</b>		<b>236 926</b>	<b>265 608</b>	<b>362 070</b>

The figure below indicates the municipality's 2012/13 Capital Budget by Funding Source.



**Figure 7 Capital Budget by Funding Source for the 2012/13 financial year**

## 1.7 Service Delivery and Budget Implementation Plan

The uThungulu District Municipality and Budget Implementation Plan has been compiled in terms of Section 53(1) of the MFMA. The Table below depicts the service delivery targets and performance indicators for each vote.

### OFFICE OF THE MUNICIPAL MANAGER

#### COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE

IDP	PERFORMANCE TARGET	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
<b>LOCAL ECONOMIC DEVELOPMENT</b>											
1.1.1	Reassess the LED Framework Plan annually	Annually review the LED Framework and submit quarterly progress reports to the portfolio committee	1 Annual review of the LED Framework by 30 Jun 2013							30-Jun-13	
			4 Quarterly Progress reports	1		1		1		1	
1.1.2; 1.4.2	Provide LED Capacity, Institutional and Operational support to SMME's	Hold quarterly SMME Steering Committee meetings	4 Quarterly SMME Steering Committee meeting minutes	1		1		1		1	
1.2.2; 1.2.4	Market the uThungulu District as a tourism destination	Report quarterly on the number of marketing initiatives and the budget spent thereon	100% of budgeted amount spent	10%		30%		60%		100%	
			4 Quarterly Progress reports	1		1		1		1	
1.3.2	Ensure implementation of Agricultural Projects	Submit quarterly reports on the implementation of agricultural projects	100% of budgeted amount spent	10%		30%		60%		100%	
			4 Quarterly Progress reports	1		1		1		1	
IDP	PERFORMANCE TARGET	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	

				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE</b>											
2.2.1	Ensure the delivery of operational and maintenance requirements to ensure that the community gain access to basic services water and sanitation	Submit revised WSDP to Portfolio by 30 June 2013	1 x reviewed WSDP by 30 Jun 2013							WSDP	
		Maintain water losses at 20%	20% water loss in all towns	20% water loss		20% water loss		20% water loss		20% water loss	
			4 Quarterly statistics reports	1		1		1		1	
2.4.1	Ensure the delivery of operational and maintenance requirements to ensure that the community gain access to basic services solid waste disposal	Submit quarterly reports on the operation of the regional landfill site	12 Monthly meetings with Millennium Waste	3		3		3		3	
			4 Quarterly reports	1		1		1		1	
3.1.1; 3.1.3; 3.7.1	Ensure the delivery of a health care service on behalf of the KZN Department of Health	Submit quarterly consolidated report on number of inspections conducted per EHP per quarter	280 inspections per EHP	70 per EHP		70 per EHP		70 per EHP		70 per EHP	
			1 x Consolidated report per quarter	1		1		1		1	
		Submit report on participation in HIV/AIDS awareness programmes and percentage budget spent thereon	100% of budgeted amount spent on awareness programme	25%		50%		75%		100%	
			3 HIV/AIDS interventions							3	



IDP	PERFORMANCE TARGET	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
3.5.1; 3.5.2; 3.5.4; 2.1.4	Implement Disaster Management Plan to ensure that resources are in place as and when needed	Submit quarterly consolidated report on rural metro services	1 x Consolidated report per quarter	1		1		1		1	
		Draft Disaster Management Framework annually and report on programmes to reduce risk quarterly	Annually draft Disaster Management Framework by 30 Jun 2013							Disaster Management Framework Plan	
		Report quarterly on the response time to incidents within the district and quarterly disaster management forum meetings held	95% response to all calls received	95%		95%		95%		95%	
			4 Quarterly statistics reports	1		1		1		1	
			4 Quarterly disaster management forum meetings held	1		1		1		1	
		Report quarterly on statistics and progress of drought relief intervention	100% of budgeted amount spent	25%		50%		75%		100%	
	4 Quarterly progress reports	1		1		1		1			
<b>SPATIAL PLANNING AND SPATIAL DEVELOPMENT FRAMEWORKS</b>											
4.1.1	Ensure the review of the Integrated Development Plan via the IDP review process	Submit draft IDP for 2013/2014 to Council by 31 May 2013	Draft IDP Review by 31 May 2013							Draft IDP	
		Submit final IDP Review to Council for approval by 30 June 2013 and report quarterly progress	1 final review of the IDP by 30 June 2013							Final IDP	
			1 final IDP submitted to KZN CoGTA by 30 June 2013							IDP to CoGTA	
		Submit report on IDP Participation sessions	2 IDP Roadshows			1				1	

IDP	PERFORMANCE TARGET	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
4.1.4	Provide support to local municipalities through the shared services concept	Ensure the establishment and operation of a GIS Support Unit for Development Planning Shared Services	4 Quarterly Progress reports	1		1		1		1	
		Provide a Development Planning Shared Service to the district on a district level for year 2 of 3 year agreement	4 Quarterly Progress reports	1		1		1		1	
		Provide a Development Planning Shared Service to the district on a municipal level for year 2 of 3 year agreement	4 Quarterly Progress reports	1		1		1		1	
<b>FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT</b>											
5.1; 5.1.2; 5.1.6	Execute budgeting and reporting processes on financial viability and management in line with the MFMA	Submit 2013/2014 Budget Process Plan by 31 August 2012	Budget Process Plan by 31 Aug 12	31-Aug-12							
		Ensure preparation of a three-year draft Capital and Operational budget for approval by Council by 31 March 2013	Three-year Operational and Capital Budget by 31 Mar 2013							31-May-13	
5.1.3	Ensure the management of municipal funds (external and internal) effectively and efficiently	Submit quarterly SDBIP reports to portfolio committee	4 Quarterly reports	1		1		1		1	
		Submit draft 2013/2014 SDBIP to Council for approval by 16 June 2013	Draft SDBIP by 16 Jun 2013							Draft SDBIP	
		Reporting of grants as gazetted	100% of year-to-year budgeted MIG Grants amount spent	25%		50%		75%		100%	
			4 Quarterly reports	1		1		1		1	
5.1.3.1	Ensure improvement of the collection of revenue outstanding from debtors	Prepare and submit quarterly report on Financial Viability (debtors collection)	75% debt collection target	65%		68%		70%		75%	
			Quarterly statistics reports	1		1		1		1	

IDP	PERFORMANCE TARGET	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
5.1.4	Ensure the management of all expenditures in line with the Supply Chain Management Policy	Prepare and submit monthly financial reports to the portfolio committee and mayor in terms of S71 of the MFMA within 30 days of each month end	12 Monthly reports	3		3		3		3	
		Submit quarterly reports on the percentage of payroll related payments to be completed within 7 workings days of the end of he month	98% of payments made within 7 days	98%		98%		98%		98%	
<b>GOOD GOVERNANCE AND COMMUNITY PARTICIPATION</b>											
5.1.1	Ensure sufficient internal audit control	Respond to all internal and general audit enquiries within 30 days of report date and submit quarterly internal audit report to the Audit Committee	Response within 30 days	within 30 days		within 30 days		within 30 days		within 30 days	
			4 Quarterly internal audit reports to the Audit Committee	1		1		1		1	
3.3.1	Ensure the development and implementation of Fraud Prevention strategy for the municipality in terms of the national strategy	Annually conduct Fraud Risk Assessment	1 Annual Review of the Fraud Risk Assessment by 30 Jun 2013							Fraud Risk Assessment	
5.4.1; 5.4.3; 5.4.4	Converse with the community and promote community participation in municipal initiatives, demonstrate service delivery and enhance uThungulu's public image throughout the district	Publish monthly newsletters to staff (EziseMatheni) and to external stakeholders (Ezimtoti), Mayoral radio slots on SABC uKhozi FM, info updates on the municipal website and hosting of the District Communication Forum meetings. Annual publication of Service Commitment Charter and Draft Budget for public input. Participation in IDP/ Budget Roadshows for consultation and participation in the Budget and IDP.	4 Quarterly Progress reports	1		1		1		1	
			12 Editions of Ezimtoti	3		3		3		3	
			6 Bi-monthly uKhozi FM radio broadcasts	2		1		1		2	
			4 Quarterly evidence reports to PEP on updates to website	1		1		1		1	

IDP	PERFORMANCE TARGET	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
		Hosting of Mayoral State of the District Address. Publications of Annual Report.	4 Quarterly District Communication Forum meetings	1		1		1		1	
3.6.1	Implement programmes to render support to marginalised groups	Submit quarterly reports on support programmes for marginalised groups	4 Quarterly reports on programmes for the disabled	1		1		1		1	
			4 Quarterly reports on programmes for senior citizens	1		1		1		1	
			4 Quarterly reports on programmes for women	1		1		1		1	
			4 Quarterly reports on programmes for the youth	1		1		1		1	
			4 Quarterly reports on programmes for children's rights	1		1		1		1	
3.6.1	Render support to local arts and culture events of the community	Submit report on the contribution and celebration of Heritage Day and other cultural events	4 Quarterly reports	1		1		1		1	
3.4.3	Render support to the SALGA KZN Games	Submit report on the District Elimination Games and the participation in the SALGA KZN Games	Host District Elimination Games by 30 Sept 2012	Elimination Games							
			Report on participation in SALGA KZN Games					SALGA KZN Games			
	Designate the Legal Officer to render legal support to all user departments on a continuous basis	Ensure response to all legal queries is obtained from Legal Officer and designate Officer to attend Legal Forum Meetings	Response to all legal queries received from user departments within 30 days of receipt	within 30 days		within 30 days		within 30 days		within 30 days	
			4 quarterly Legal Forum Meetings	1		1		1		1	

IDP	PERFORMANCE TARGET	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
<b>MUNICIPAL INFRASTRUCTURE AND INSTITUTIONAL DEVELOPMENT</b>											
5.3.1	Conducting of management meetings	Conduct weekly management meetings and minute approval	48 Weekly meeting minutes	12		12		12		12	
5.6.2	Report on performance of the municipality as an institution for the 2012/2013 financial year	Review Organisational Performance Scorecard and report on performance bi-annually to the Performance Audit Committee	2011/2012 Annual Performance Report by 31 Jan 2013	APR							
			1 Section 72 Report on Mid-Year OPMS Performance by 31 Mar 2013					Mid-year OPMS Report			
			1 Draft 2013/2014 OPMS Performance Scorecard by 31 May 2013							Draft OPMS	
5.6.1	Report on performance of the Section 57 managers for the 2012/2013 financial year	Review Performance Agreements and report quarterly on performance to Performance Evaluation Panel	5 x 2012/2013 Performance Agreements by 31 Jul 2012	5							
			1 x Report to Performance Audit Committee on 2011/2012 assessment results by 30 Sept 2012								
			1 x 2nd Quarter Performance Assessment by 28 Feb 2013						2nd Quarter Assessment		

IDP	PERFORMANCE TARGET	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
5.2.1	Oversee HR administration and policy implementation to internal customers	Conduct annual skills audit and corresponding plan, compile an EE report and implement the EEP	1 Skills Audit for staff and Councillors by 30 Apr 2013							Skills Audit	
			1 WSP by 31 May 2013							WSP	
			Submission of WSP to LGSETA by 30 June 2013							Submitted to LGSETA	
			EE Report to EE Committee	15-Sep-12							
			75% of appointments made in line with EEP	75%		75%		75%		75%	
5.7	Execute strategies to ensure performance on turnaround objectives	Submit quarterly progress reports on MTAS goals achieved to the KZN CoGTA	4 Quarterly Data Collection Sheets	1		1		1		1	
5.3	Create an enabling environment for service delivery through effective and efficient IT services	Report on percentage uptime of WAN	90% Percent uptime	90%		90%		90%		90%	
			4 Quarterly reports	1		1		1		1	
5.7.2	Implementation of recommendations passed in terms of the 2012 King III Gap Analysis Report	Annually conduct the Risk Assessment	1 Annual Risk Assessment by 30 Jun 2013							Risk Assessment	

**OFFICE OF THE DEPUTY MUNICIPAL MANAGER**

**COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE**

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
	<b>EXECUTIVE AND COUNCIL</b>										
	Ensure expenditure within approved operational budget for the Office of The DMM	Submit report quarterly on percentage of budgeted amount spent	100% of budgeted amount spent	25%		50%		75%		100%	
5.8.2	Review the Risk Management Plan incorporating the recommendations passed in terms of the 2011 King III Gap Analysis Report	Annually conduct the Risk Assessment	1 Annual Risk Assessment by 30 Jun 2013							Risk Assessment	
5.8.2	Convene one Risk Management Committee meeting per quarter	Record of minutes of quarterly Risk Management meetings	4 Minutes of meetings	1		1		1		1	
	Review the Fraud Prevention Strategy incorporating the recommendations passed in terms of the 2011 King III Gap Analysis Report	Annually conduct Fraud Risk Assessment	1 Annual Fraud Risk Assessment by 30 Jun 2013							Fraud Risk Assessment	
	Convene one Strategic Fraud Prevention Committee meeting per quarter	Record of minutes of quarterly Strategic Fraud Prevention meetings	4 Minutes of meetings	1		1		1		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE		
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	
5.6.2	Ensure measurement and reporting of performance of the municipality as an institution	Review Organisational Performance Scorecard and report on performance bi-annually to the Performance Audit Committee	2011/2012 Annual Performance Report by 31 Aug 2012	APR								
			1 Section 72 Report on Mid-Year OPMS Performance by 25 Jan 2013					Mid-year OPMS Report				
			1 Draft 2013/2014 OPMS Performance Scorecard by 31 May 2013							Draft OPMS		
5.6.1	Ensure measurement and reporting of performance of Section 57 managers	Review Performance Agreements and report quarterly on performance to Performance Evaluation Panel	5 x 2012/2013 Performance Agreements by 31 Jul 2012	5								
			1 x Annual 2011/2012 Performance Assessments by 30 Sept 2012	Formal Assessments								
			1 x Report to Performance Audit Committee on 2011/2012 assessment results by 30 Nov 2012			Report to PAC						
			1 x Report to KZN CoGTA on 2011/2012 assessment results by 31 Mar 2013					Report to CoGTA				
			1 x 1st Quarter Performance Assessment by 31 Dec 2012			1st Quarter Assessment						
			1 x 2nd Quarter Performance Assessment by 31 Mar 2013					2nd Quarter Assessment				
			1 x 3rd Quarter Performance Assessment by 30 June 2013								3rd Quarter Assessment	



IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
5.1.4.1	Manage uThungulu District Municipality's Bid Adjudication process for 2011/2012	Submit quarterly report to Performance Evaluation Panel on ratios	70% of BAC meetings chaired by DMM	60%		60%		60%		60%	
			70% of items on agenda dealt with	60%		60%		60%		60%	
			70% of minutes approved by DMM	60%		60%		60%		60%	
			70% of meeting documentation bound	60%		60%		60%		60%	
			70% of appointment letters signed by DMM	60%		60%		60%		60%	
	Respond to all internal and general enquiries of the Office of the DMM and implement approved recommendations	Respond to all finance internal and general audit enquiries within 30 days of report date	Response within 30 days	within 30 days		within 30 days		within 30 days		within 30 days	
<b>PLANNING AND DEVELOPMENT: DEVELOPMENT</b>											
	Ensure expenditure within approved operational budget for the Planning and Development Section (Economic Sound District)	Submit report quarterly on percentage of budgeted amount spent	100% of budgeted amount spent	25%		50%		75%		100%	
1.1.2.2	Promote job creation through LED projects and the LED Development Fund.	Submit quarterly statistics reports to portfolio committee on number of jobs created through LED projects	193 jobs created							193	
			100% of budgeted amount spent	25%		50%		75%		100%	
			4 Quarterly statistics reports	1		1		1		1	
1.1.3.2	Participate as member representative in the Gijima KZN Steering Committee as part of LED Strategy to identify possible grant funding and LED opportunities	Report on number of KZN Steering Committee meetings participated in per quarter	1 x Quarterly participation in KZN Steering Committee	1		1		1		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
1.2.2.1 0 2.6.1 4.1.4.1 1.2.2.7 1.1.3.6	Ensure uThungulu's participation in the Provincial Corridor Development Initiative	Report on number of projects implemented	4 Quarterly Progress reports	1		1		1		1	
1.2.3.1	Implement the Tourism Institutional Framework	Submit quarterly reports on the implementation of the Tourism Institutional Framework	100% of budgeted amount spent	10%		30%		60%		100%	
			4 Quarterly Progress reports	1		1		1		1	
1.2.2	Promote LED through tourism projects	Submit quarterly reports on the implementation of tourism projects	100% of budgeted amount spent	10%		30%		60%		100%	
			4 Quarterly Progress reports	1		1		1		1	
1.2.4	Market the district as a Tourism Destination by participating in roadshows, media, events, in publications and awareness campaigns	Report quarterly on the number of marketing initiatives	100% of budgeted amount spent	10%		30%		60%		100%	
			4 Quarterly Progress reports	1		1		1		1	
1.3.2.3	Ensure implementation of Agricultural Projects	Submit quarterly reports on the implementation of agricultural projects	100% of budgeted amount spent	10%		30%		60%		100%	
			4 Quarterly Progress reports	1		1		1		1	
1.4.2.7	Provide LED Support to SMME's by implementing the SMME Support Strategy	Hold quarterly SMME Steering Committee meetings	100% of budgeted amount spent	10%		30%		60%		100%	
			4 Quarterly Progress reports	1		1		1		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
<b>PLANNING AND DEVELOPMENT: PLANNING</b>											
	Ensure expenditure within approved operational budget for the Department of Planning and Development (Integrated Environment)	Submit report quarterly on percentage of budgeted amount spent	100% of budgeted amount spent	25%		50%		75%		100%	
4.1.1	Review the IDP for 2012/2013 with participation of all public and stakeholder groups	Submit report on IDP Process and Framework and IDP Participation sessions	IDP Process Plan and Framework submitted to Council for approval by 30 September 2012	IDP Process Plan and Framework							
			3 IDP Representative Forum meetings			1				2	
			4 IDP Roadshows			2				2	
4.1.1.1	Prepare and submit draft 2012/2013 IDP to Council for approval	Submit draft IDP for 2012/2013 to Council by 31 May 2013	Draft IDP Review by 31 May 2013							Draft IDP	
4.1.1.1	Submit final IDP for 2012/2013 to 2013/2014 for approval	Submit final IDP Review to Council for approval by 30 June 2013 and report quarterly progress	1 final review of the IDP by 30 June 2013							Final IDP	
			1 final IDP submitted to KZN CoGTA by 30 June 2013							IDP to CoGTA	
4.1.1.3	Conduct IDP road shows as part of the public participation and consultation process of the IDP	Hold two rounds of clustered IDP roadshows	100% of budgeted amount spent	10%		30%		60%		100%	
			2 Rounds of clustered IDP Roadshows			1		1		2 Rounds of Roadshows	
			2 Half year progress reports	1		1		1		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
4.1.1.4	Ensure the review of the uThungulu IDP Spatial Development Framework	Annually review the Spatial Development Framework and submit quarterly reports to the portfolio committee	100% of budgeted amount spent	10%		30%		60%		100%	
			1 Annual review of the SDF by 30 June 2013							Reviewed SDF	
			4 Quarterly Progress reports	1		1		1		1	
4.1.2	Ensure the bi-annual Quality of Life Survey as part of the measurement of perceptions on the implementation of the IDP	Bi-annually conduct a Quality of Life Survey and submit quarterly reports to the portfolio committee	100% of budgeted amount spent	10%		30%		60%		100%	
			Bi-annual review of the QoLS by 30 June 2013							Reviewed QoLS	
			4 Quarterly Progress reports	1		1		1		1	
4.1.4.1	Provide Strategic Town Planning and Land Use Management Support	Submit report on statistics on applications received and compliance with legislation in statutory and development planning	4 Quarterly reports on statistics	1		1		1		1	
4.2.1.2	Ensure hosting of District Land Summit	Submit report on District Land Summit	Host 1 District Land Summit on Land Reform by 30 Jun 2013							District Land Summit	
			4 Quarterly reports on statistics	1		1		1		1	
4.4.4	Review the policy and procedure document on Environmental Management	Submit Environmental Management programme and quarterly progress reports	1 Review of Environmental Management Programme by 30 Jun 2013							Reviewed Environmental Management Programme	
			4 Quarterly reports on statistics	1		1		1		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
	<b>PLANNING SHARED SERVICES</b>										
	Ensure expenditure within approved operational budget for the vote Planning Shared Services	Submit report quarterly on percentage of budgeted amount spent	100% of budgeted amount spent	25%		50%		75%		100%	
4.1.3.2	Ensure the establishment and operation of a GIS Support Unit for Development Planning Shared Services	Submit quarterly progress reports	4 Quarterly Progress reports	1		1		1		1	
4.1.4.2	Provide a Development Planning Shared Service to the district on a district level for year 3 of 5 year agreement	Submit quarterly progress reports	4 Quarterly Progress reports	1		1		1		1	
4.1.4.2	Provide a Development Planning Shared Service to the district on a municipal level for year 3 of 5 year agreement	Submit quarterly progress reports	4 Quarterly Progress reports	1		1		1		1	

## DEPARTMENT OF THE CHIEF FINANCIAL OFFICER

## COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
	<b>BUDGETING AND REPORTING</b>										
	Submit budget time schedules of key deadlines to EXCO and Council before 31 August 2012 in terms of S21 (1)(b) and 53 (1)(b) of MFMA	Submit budget time schedule by 31 August 2012	31-Aug-12	31-Aug-12							
	Submit completed 2011/2012 financial statements to Auditor General by 31 August 2011 after approval by Council	Submit financial statements to Auditor general by 31 August 2012	31-Aug-12	31-Aug-12							
	Submit the Financial Audit Report of 2011/2012 to Council by 31 January in terms of S121 (1) of the MFMA	Submit financial audit report to Council by 31 January 2013	31-Jan-13					31-Jan-13			
	Prepare and submit draft 2013/2014 budget to Council for approval by 31 March 2013 in terms of S16(2) (4) of the MFMA and item 14(1) of the Municipal Budget & Reporting Regulations.	2013/2014 Final Draft budget submitted to Council for approval by 31 March 2013	Final Draft budget approval by 31 March 2013					31-Mar-13			

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
	Prepare and submit final 2013/2014 budget to Council for approval by 31 May 2013 in terms of S24(1) of the MFMA and item 16(1) of the Municipal Budget & Reporting Regulations.	2013/2014 Final budget submitted to Council for approval by 31 May 2013	Final budget approval by 31 May 2013							31-May-13	
	Prepare and submit the Mid-Year Financial Review in terms of S72 of the MFMA if required, by 25 January 2013	Submit the 2012/2013 Mid-Year Financial Review	Mid-Year Financial Review or the 2012/2013 budget submitted by 25 Jan 2013					25-Jan-13			
	Prepare and submit the Adjustment Budget for the 2012/2013 financial in terms of S28(1) of the MFMA if required, by 28 February 2013	Submit the Adjustment Budget for 2012/2013	2012/2013 adjustment budget submitted by 28 Feb 2013					28-Feb-13			
	Prepare and submit monthly financial reports to the portfolio committee and mayor in terms of S71 of the MFMA within 30 days of each month end	Submit monthly financial reports to the portfolio committee and mayor	12 Monthly reports	3		3		3		3	
	Submit monthly Grant reports on all DORA reportable grants	Reporting of grants as gazetted	4 Quarterly reports	1		1		1		1	
	<b>REVENUE ENHANCEMENT</b>										
5.1.3.3	Ensure that 85% of defaulters on non-payment in urban areas receive notifications	Report quarterly on statistics to portfolio committee	85% of defaulters in urban areas receive notifications	85%		85%		85%		60%	
			4 Quarterly statistics reports	1		1		1		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
5.1.3.3	Conduct 3 revenue workshops per quarter to community to promote revenue policies	Report quarterly on statistics to portfolio committee	12 Revenue Workshops to community	3		3		3		3	
			Quarterly statistics reports	1		1		1		1	
5.1.3.1	Prepare and submit quarterly report on Financial Viability (debtors collection)	Submit quarterly report on statistics to portfolio committee	80% debt collection target	80%		80%		80%		75%	
			Quarterly statistics reports	1		1		1		1	
	<b>EXPENDITURE CONTROL</b>										
	Submit annual review report on the Supply Chain Management policy by 30 June 2013	Ensure Review of Supply Chain policy by 30 June 2013	30-Jun-13							30-Jun-13	
	Prepare and submit annual SCM report for 2011/2012 by 31 August 2012	Submit SCM report by 31 August 2012	SCM report by 31 Aug 2012	31-Aug-12							
	Control and monitor stores with a minimum of four stock counts and one annual Variance Report per annum	Perform quarterly stock counts and annual Variance Report. Submit report to portfolio committee	4 Quarterly stock counts	1		1		1		1	
			Variance Report by 31 Aug 2012	31-Aug-12							
	Manage payroll related payments to be completed within 7 working days of the end of the month according to recommendations per 2012/2013 MTAS	Submit quarterly reports on the percentage of payroll related payments to be completed within 7 working days of the end of the month	98% of payments made within 7 days	98%		98%		98%		98%	
	<b>FINANCIAL MANAGEMENT</b>										
	Review the Credit and Debt Control, Tariff, Incentive and indigent policies by 30 June 2013	Submit Policies to portfolio committee by 30 June 2013	4 Policies reviewed							4 policies reviewed	
			Reviewed by 30 June 2013							30-Jun-13	



IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
5.1.7	Prepare credit rating report based on 2011/2012 financials and submit to portfolio committee by 30 June 2013	Submit report on credit rating to portfolio committee	Credit Rating report by 30 June 2013							30-Jun-13	
5.1.4.3	Review the Asset policy and maintain an Asset register	Submit policy to the portfolio committee by 30 June 2013	Reviewed by 30 June 2013							30-Jun-13	
	Maintain a loan register and submit to portfolio committee quarterly	Submit report on loan register to portfolio committee quarterly	4 Quarterly reports	1		1		1		1	
	Maintain an investment register and submit to portfolio committee quarterly	Submit report on investment register to portfolio committee quarterly	4 Quarterly reports	1		1		1		1	
	Report quarterly on SDBIP for 2012/2013 as per S52 (d) of MFMA	Submit quarterly SDBIP to portfolio committee	4 Quarterly reports	1		1		1		1	
	Implement the MSIG project business plan	Submit quarterly reports to the portfolio committee on the implementation of the MSIG project business plan	MSIG business plan to Exco by 31 Aug 2013	31-Aug-13							
			4 Reports on implementation of business plan	1		1		1		1	
<b>DEPARTMENTAL MANAGEMENT</b>											
	Respond to all internal and general enquiries of the Financial Services Department and implement approved recommendations	Respond to all finance internal and general audit enquiries within 30 days of report date	Response within 30 days	within 30 days		within 30 days		within 30 days		within 30 days	
	Report on the performance of contractors under the control of the CFO department	Submit report bi-annually on performance of contractors	2 Performance reports			1				1	
	Conduct monthly meetings with Finance Managers and keep record of minutes of meetings	Monthly record of minutes of meetings	12 minutes of meetings	3		3		3		3	

**DEPARTMENT OF THE EXECUTIVE DIRECTOR TECHNICAL SERVICES**

**COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE**

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
	<b>TECHNICAL EXECUTIVE</b>										
	Draft departmental budget in line with MFMA requirements by 25 January 2013	Draft 2012/2013 budget for Technical Services submitted to the CFO by 25 January 2012	Draft budget by 25 Jan 2013					Draft budget			
	Ensure expenditure within approved operational budget	Submit report quarterly on percentage of budgeted amount spent	80% of budgeted amount spent	20%		40%		60%		80%	
	Ensure expenditure within approved capital budget	Submit report quarterly on percentage of budgeted amount spent	80% of budgeted amount spent	20%		40%		60%		80%	
	Respond to all internal and general enquiries of the Financial Services Department and implement approved recommendations	Respond to all finance internal and general audit enquiries within 30 days of report date	Response within 30 days	within 30 days		within 30 days		within 30 days		within 30 days	
	<b>WATER SERVICES AUTHORITY</b>										
2.2.1	Review the WSDP to ensure the update of backlogs and the review of the priority lists and cash flows.	Report quarterly progress to the portfolio committee and submit final document by 30 June 2013	1 x reviewed WSDP by 30 Jun 2013							WSDP	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
2.2.2.1	Update the Water Services Provider Plan/Water Master Plan for the adoption of the final recommendations on backlogs and other strategies for infrastructure establishment	Report quarterly progress to the portfolio committee and submit final document by 30 June 2013	1 x updated WSPP by 30 Jun 2013							WSPP	
	Develop a water conservation and water demand management (WC/WDM) strategy		1 x WC/WDM Strategy by 30 June 2013							1 x WC/WDM Strategy	
2.1.3.3	Conduct assessments and provide improvements to water works and waste water plants as part of the Blue and Green Drop compliance	Develop business plan and submit quarterly reports on budget spent on improvements	1 x Business plan by 30 June 2013							1 x Business plan	
			80% of budgeted amount spent	20%		40%		60%		80%	
2.2.3.1	Arrange the Water Week as required by the Department of Water Affairs (DWA)	Submit quarterly reports on municipal activities in preparation for Water Week	80% of budgeted amount spent	40%				80%			
			2 Quarterly progress reports	1				1			
	Participate in Road Shows as a tool to communicate the annual approved projects and backlog eradication programme of the municipality	2 deputations at road shows presented	2 IDP Roadshows participated in			1				1	
			2 Deputation presented			1				1	
2.1.6	Manage a 24/7 customer call/complaint centre for water services	Submit report quarterly on the number of calls received against the number of responses	80% of calls received responded to	80%		80%		80%		80%	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
2.1.3.10	Implement UDM funded projects emanating from the tanker reduction strategy	Quarterly progress reports	80% of 2012/2013 funded projects completed by 30 Jun 2012	20%		40%		60%		80%	
			4 Quarterly progress reports	1		1		1		1	
	<b>MUNICIPAL INFRASTRUCTURE IMPLEMENTATION</b>										
	Perform building plan approval on a monthly basis on behalf of Nkandla	Submit quarterly reports on the number of plans received and dealt with within 60 days	Response within 60 days	within 60 days		within 60 days		within 60 days		within 60 days	
	Implement MIG programme and ensure that the budget is spent as per the approved business plans	Submit quarterly reports on budget spent on programmes	100% of budgeted amount spent	20%		40%		60%		80%	
	Implement municipal capital projects	Submit quarterly reports on the progress of each project as identified in the IDP	100% of budgeted amount spent	20%		40%		60%		80%	
			2000 jobs created through capital projects	500		1000		1500		2000	
			4 Quarterly progress reports	1		1		1		1	
	Report on the performance of contractors under the control of the Technical department	Submit reports quarterly on performance of contractors	4 Performance reports	1		1		1		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
2.5.3 2.5.4	Construct Phase II of Regional Cemetery	Submit quarterly progress reports on the construction of Phase II	20% completion by 30 Jun 2013			5%		15%		20%	
			4 Quarterly progress reports	1		1		1		1	
	Implement 3 renewable energy pilot projects in selected local Municipalities of Phase I	Submit quarterly progress reports on the construction of Phase I	80% of budgeted amount spent	20%		40%		60%		80%	
			4 Quarterly progress reports	1		1		1		1	
	<b>MUNICIPAL INFRASTRUCTURE OPERATION AND MAINTENANCE</b>										
2.1.3. 2	Operate and manage water services infrastructure so as to meet the requirements of water conservation and water demand management (WC/WDM) strategy. Maintain a water use efficiency programme by zoning, installing bulk meters, barmaid control valves and pressure regulating valves to reduce water losses in identified areas. Analyse meter readings to determine water losses and interventions required. Report quarterly to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter.	Report quarterly on scheme(s) selected, bulk meter readings, reduction in water losses on selected schemes or towns	80% of budgeted amount spent	20%		40%		60%		80%	
			Number of selected schemes	1							
			12 Monthly bulk water meter reading reports	3		3		3		3	
			5% water loss reduction	5% water loss reduction		5% water loss reduction		5% water loss reduction		5% water loss reduction	
			4 Quarterly progress reports	1		1		1		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
2.1.3.4	Implement a rural water metering programme by installing water meters in line with the cost recovery strategy. Facilitate and manage the installation of water meters in the approved projects as per WSA and Consumer Billing directive(s). Report quarterly on water connections done to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter. Targeted projects 1 Planned meters 100	Report quarterly on statistics and progress	80% of budgeted amount spent	20%		40%		60%		80%	
			100 meters installed	25		50		75		100	
			4 Quarterly progress reports	1		1		1		1	
2.1.4.1 2.1.4.2	Support drought affected areas by providing survival water through water tankers, boreholes and springs developments	Report quarterly on statistics and progress	80% of budgeted amount spent	20%		40%		60%		80%	
			4 Quarterly progress reports	1		1		1		1	
	Manage and provide strict controls on the activities of the Services Support Agent as part of the budget control measures	Report quarterly on SSA activities	12 Monthly meter readings	3		3		3		3	
			12 Monthly meeting minutes	3		3		3		3	
			4 Quarterly reports	1		1		1		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
2.1.3.9	Implement recommendations from the Health and Safety Committee related to safety improvements within plants	Report quarterly on the number of recommendations implemented at the Health and Safety Committee	80% of recommendations implemented	80%		80%		80%		80%	
			4 Quarterly meeting minutes	1		1		1		1	
2.2.4.7	Ensure water quality improvements	Test samples and submit annual blue drop and green drop compliance results to DWA	80% of schemes analysed	80%							
			80% of schemes pass test as per DWA and SABS requirements							50%	
			Number of monthly results submitted to DWA	3		3		3		3	
	Effectively manage the Empangeni Landfill site and Cemetery in line with permits and prevailing legislation by ensuring minimal complaints	Submit quarterly reports on the operation of the cemetery and landfill site	8 Monthly meetings with Millennium Waste	2		2		2		2	
			4 Quarterly reports	1		1		1		1	

DEPARTMENT OF THE EXECUTIVE DIRECTOR CORPORATE SERVICES												
COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE												
IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER	QUARTER ENDING				QUARTER ENDING		QUARTER ENDING	
				R	31 DEC		31 MARCH		30 JUNE			
				ENDING	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	
				30 SEPT								
				TARGET								
	<b>ADMINISTRATIVE SERVICES</b>											
5.3.1	Schedule at least six portfolio committee meeting per quarter and submit agendas and minutes internally and to the portfolio committee members.	Schedule Portfolio meetings as required	6 portfolio committee meetings held per quarter	6		6		6		6		
5.3.1	Schedule at least one Exco meeting per month except for December and submit agendas and minutes as per Council's Standing Rules of Order	1 Exco Meeting per month except for December	11 EXCO meeting agendas & minutes	3		2		3		3		
5.3.1	Schedule at least one Council meeting each quarter and submit agendas and minutes to Councillors and officials as per Council's Standing Rules of Order.	1 Council Meeting per quarter.	4 Council meeting agendas & minutes	1		1		1		1		
5.3.1	Submit items quarterly to Exco as per Council's Standing Rules of Order, on Bids awarded	Submit quarterly reports on Tenders to Exco	4 Quarterly report on bids awarded	1		1		1		1		



IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT	QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE		
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
5.3.2	Manage Council records via Electronic Document	Submit quarterly reports on the status of Electronic document Management System in place	4 Reports	1		1		1		1	
<b>INFORMATION TECHNOLOGY</b>											
5.3.1	Ensure a minimum of 90% uptime for email, Internet, Intranet and Document Management Systems	Report on percentage uptime for email, Internet, Intranet and Document Management Systems	90% Percent uptime	90%		90%		90%		90%	
			Quarterly report	1		1		1		1	
5.3.1	Provide friendly, effective and efficient help-desk services	Report the number of resolved calls against total calls logged	Quarterly report	1		1		1		1	
5.7.2	Ensure that the IT steering committee meet quarterly to implement recommendations passed in terms of the 2011 King III Gap Analysis Report	Quarterly IT Steering Committee meeting minutes	Quarterly report	1		1		1		1	
5.3.1	Ensure efficient IT spend	Report to the Corporate Services Portfolio Committee on IT expenditure	Show 75% spend on asset budget	25.00%		50.00%		25.00%		0.00%	
			Reduce annual software proprietary license by 20 %	0.00%		0.00%		0.00%		20.00%	
5.3.1	Effective recovery of data after any disaster	Report to the Corporate Services Portfolio Committee	Quarterly report	1		1		1		1	
5.3.1	Ensure efficient IT spend	Report to the Corporate Services Portfolio Committee	One annual test	0		0		0		1	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT	QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE			
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	
5.3.1	IT strategy and MSP support the IDP	Finalise the IT Strategy and MSP exercise	Conduct the strategy exercise with Manco	1		0		0		0		
			Produce a working document	0		1		0		0		
<b>MANAGEMENT SERVICES</b>												
5.2.1.	Ensure implementation of the Workplace Skills Plan	Submit quarterly report to the Training Committee and LGSETA on the implementation of the WSP	4 Quarterly training reports	1		1		1		1		
			1 Skills Audit for staff and Councillors by 30 Apr 2012								Skills Audit	
			1 Annual Training Report by 31 May 2012								ATR	
			1 WSP & ATR by 31 May 2012								WSP	
			Submission of WSP to LGSETA by 30 June 2012								Submitted to LGSETA	
5.2.1.5	Ensure implementation and compliance to the Operational Health and Safety Act	Submit quarterly reports on the implementation of the OHS Act	4 Central Health and Safety Committee agenda and minutes	1		1		1		1		
			Annual medical exam for water and cemetery staff			30-Nov-11						
			Bi-annual medical exam for sewerage staff	31-Jul-11		30-Nov-11						

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT	QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE			
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	
5.2.1	Ensure the implementation of the Employment Equity Plan	Submit quarterly reports on the implementation of the EEP	75% of appointments made in line with EEP	75%		75%		75%		75%		
			EE Report to EE Committee	15-Sep-11								
			EE Report to the DoL			01-Oct-11						
5.2.1.6	Ensure HR administration to internal customers	Submit quarterly reports on appointments, resignations, disciplinary hearings, benefits, induction programme etc, and conduct bi-annual HR Roadshows.	4 Quarterly reports	1		1		1		1		
			2 HR Roadshows			1			1			
			50% Satisfaction Ratio	50%		50%		50%		50%		
5.2.1	Ensure implementation of the Substance Abuse Policy	Conduct 50 breathalyzer tests per quarter and submit quarterly statistic report to portfolio committee	Breathalyzer testing on 200 employees	50		50		50		50		
			4 Quarterly reports on statistics	1		1		1		1		
	<b>COMMUNITY SERVICES</b>											
3.1.3.1 3.1.3.2	Compile consolidated report on environmental health services	Submit quarterly report on number of inspections conducted per EHP per quarter	280 inspections per EHP	70 per EHP		70 per EHP		70 per EHP		70 per EHP		
			1 x Consolidated report per quarter	1		1		1		1		
3.5.8	Deliver a fire fighting service within the specified four local municipalities	Submit quarterly consolidated report and report on number of fire fighting awareness training programmes	100% fire fighting awareness training programmes (8) conducted	25%		50%		75%		100%		
			1 x Consolidated report per quarter	1		1		1		1		

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT	QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE		
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
3.5.4	Ensure that calls received by the Call Centre for disaster management are responded to by providing necessary assistance	Report quarterly on the response time to incidents within the district and quarterly disaster management forum meetings held	95% response to all calls received	95%		95%		95%		95%	
			4 Quarterly report on statistics	1		1		1		1	
3.4.3.1	Organise and co-ordinate the uThungulu District Elimination Games and the participation of district in the SALGA Provincial Games	Submit report on the District Elimination Games and the participation in the SALGA KZN Games	Host District Elimination Games by 30 Sept 2011	Elimination Games							
			Report on participation in SALGA KZN Games					SALGA KZN Games			
3.6.1.1 3.6.1.2 3.6.1.3 3.6.1.7 3.6.1.8	Plan programmes for marginalised groups within budget	Submit quarterly reports on support programmes for marginalised groups	4 Quarterly reports on programmes for the disabled	1		1		1		1	
			4 Quarterly reports on programmes for senior citizens	1		1		1		1	
			4 Quarterly reports on programmes for women	1		1		1		1	
			4 Quarterly reports on programmes for the youth	1		1		1		1	
			4 Quarterly reports on programmes for children's rights	1		1		1		1	
3.7.1.1	Support HIV/AIDS awareness programmes	Submit report on participation in AIDS day programme and other HIV/AIDS interventions	100% of budgeted amount spent on awareness programme	25%		50%		75%		100%	
			3 HIV/AIDS interventions							3	

IDP	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT	QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE		
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
3.6.1.5	Support cultural events programmes such as Heritage Day	Submit report on the contribution and celebration of Heritage Day and other cultural events	4 Quarterly reports	1		1		1		1	
<b>DEPARTMENTAL MANAGEMENT</b>											
5.6.2	Respond to all internal and general enquiries of the Financial Services Department and implement approved recommendations	Respond to all corporate internal and general audit enquiries within 30 days of report date	Response within 30 days	within 30 days		within 30 days		within 30 days		within 30 days	

## 1.8 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 7 MBRR Table A1 - Budget Summary**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Financial Performance</b>									
Service charges	30 196	32 877	41 193	32 873	36 218	36 218	41 519	47 403	55 009
Investment revenue	26 874	26 546	24 150	25 595	24 541	24 541	24 206	27 033	28 656
Transfers recognised - operational	167 866	282 877	282 146	349 907	368 710	368 710	372 457	398 625	425 087
Other own revenue	8 090	5 805	13 627	70 378	139 813	139 813	48 328	35 176	45 932
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>233 026</b>	<b>348 105</b>	<b>361 115</b>	<b>478 754</b>	<b>569 282</b>	<b>569 282</b>	<b>486 510</b>	<b>508 237</b>	<b>554 685</b>
Employee costs	50 611	72 686	86 623	113 772	115 408	115 408	127 085	134 710	142 793
Remuneration of councillors	4 772	5 415	5 492	7 473	7 890	7 890	8 145	8 952	9 762
Depreciation & asset impairment	10 966	30 116	39 086	32 318	39 404	39 404	42 318	45 337	48 357
Finance charges	7 856	8 083	12 699	14 180	14 180	14 180	14 180	15 214	15 690
Materials and bulk purchases	11 210	18 547	24 500	21 316	22 816	22 816	23 888	26 999	29 536
Transfers and grants	1 832	3 476	6 031	7 121	7 121	7 121	10 786	11 493	12 266
Other expenditure	172 275	257 385	195 970	251 083	286 725	286 725	270 088	272 504	277 835
<b>Total Expenditure</b>	<b>259 523</b>	<b>395 708</b>	<b>370 402</b>	<b>447 263</b>	<b>493 545</b>	<b>493 545</b>	<b>496 490</b>	<b>515 208</b>	<b>536 241</b>
<b>Surplus/(Deficit)</b>	<b>(26 497)</b>	<b>(47 603)</b>	<b>(9 286)</b>	<b>31 491</b>	<b>75 737</b>	<b>75 737</b>	<b>(9 980)</b>	<b>(6 971)</b>	<b>18 444</b>
Transfers recognised - capital	75 792	124 626	103 908	159 812	222 242	222 242	204 906	227 577	295 625
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>49 295</b>	<b>77 023</b>	<b>94 622</b>	<b>191 303</b>	<b>297 979</b>	<b>297 979</b>	<b>194 926</b>	<b>220 606</b>	<b>314 069</b>
<b>Surplus/(Deficit) for the year</b>	<b>49 295</b>	<b>77 023</b>	<b>94 622</b>	<b>191 303</b>	<b>297 979</b>	<b>297 979</b>	<b>194 926</b>	<b>220 606</b>	<b>314 069</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>155 508</b>	<b>255 392</b>	<b>117 501</b>	<b>196 755</b>	<b>52 275</b>	<b>52 275</b>	<b>236 926</b>	<b>265 608</b>	<b>362 070</b>
Transfers recognised - capital	–	–	103 452	157 812	219 022	219 022	202 906	225 577	293 625
Public contributions & donations	–	–	–	2 000	2 000	2 000	2 000	2 000	2 000
Borrowing	–	–	3 015	–	19 392	19 392	–	–	–
Internally generated funds	–	–	11 034	36 943	63 018	63 018	32 020	38 031	66 445
<b>Total sources of capital funds</b>	<b>–</b>	<b>–</b>	<b>117 501</b>	<b>196 755</b>	<b>303 432</b>	<b>303 432</b>	<b>236 926</b>	<b>265 608</b>	<b>362 070</b>
<b>Financial position</b>									
Total current assets	<b>339 475</b>	302 814	402 526	375 520	374 520	374 520	386 323	410 350	436 376
Total non current assets	<b>492 226</b>	845 076	904 196	970 245	1 069 835	1 069 835	1 287 296	1 509 533	1 825 338
Total current liabilities	<b>199 312</b>	163 237	222 671	147 918	147 918	145 821	149 209	150 579	152 151
Total non current liabilities	<b>135 335</b>	181 417	186 607	201 904	201 904	201 904	203 845	204 580	206 916
Community wealth/Equity	<b>497 054</b>	803 236	897 444	995 943	1 094 533	1 096 630	1 320 565	1 564 724	1 902 647
<b>Cash flows</b>									
Net cash from (used) operating	<b>139 261</b>	85 231	202 175	239 599	346 275	346 275	207 689	251 045	338 306
Net cash from (used) investing	<b>(124 003)</b>	(154 810)	(97 417)	(198 413)	(305 089)	(1 658)	(236 986)	(265 671)	(362 137)
Net cash from (used) financing	<b>30 684</b>	45 033	(1 481)	(6 807)	(6 807)	(6 807)	(7 476)	(7 810)	(8 201)
<b>Cash/cash equivalents at the year end</b>	<b>286 628</b>	262 082	365 359	330 349	330 349	633 780	294 031	271 595	239 563

Description R thousands	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Cash backing/surplus reconciliation</u></b>									
Cash and investments available	326 284	286 922	391 078	356 241	356 241	356 241	395 016	417 956	442 833
Application of cash and investments	326 284	286 922	391 078	356 241	356 241	356 241	394 611	417 376	442 354
<b>Balance - surplus (shortfall)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>405</b>	<b>580</b>	<b>479</b>
<b><u>Asset management</u></b>									
Asset register summary (WDV)	372 370	470 168	805 273	1 100 304	1 108 045	1 108 045	1 114 678	1 380 286	1 742 356
Depreciation & asset impairment	10 966	30 116	39 086	32 318	39 404	39 404	42 318	45 337	48 357
Renewal of Existing Assets	–	–	–	9 250	9 250	9 250	190 996	190 686	222 615
Repairs and Maintenance	–	–	–	39 941	43 441	43 441	45 836	47 142	50 121
<b><u>Free services</u></b>									
Cost of Free Basic Services provided	105	112	–	128	128	128	154	185	222
<b><u>Households below minimum service level</u></b>									
Water:	57	56	–	50	50	50	60	72	87
Sanitation/sewerage:	73	68	–	58	58	58	70	83	100

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

- Table A1 is a budget summary and provides a brief overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - Capital expenditure is balanced by capital funding sources, of which
    - Transfers recognised is reflected on the Financial Performance Budget;
    - Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not providing for cash backed provisions due to budget limitations. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections and increase in indigent customers. The municipality is in the process of developing the Funding and Reserves Policy as required by section 7 of the Municipal Budget and Reporting Regulations in order to deal with the cash backing of the reserves. It is anticipated that the policy will prescribe the percentage of cash backing that will

progressively increase over the years which will eventually result in all the reserves being fully cash backed in the long run.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this must not be done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. According to the recently compiled Water Services Delivery Plan, it is anticipated that the municipality will only be able to eliminate water backlogs by the year 2030, unless urgent interventions are implemented. To this end, the Technical Services department is in a process of compiling a business plan that seeks to address the eradication of backlogs by 2014, in line with the National Millennium targets.

**Table 8 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>									
<i>Governance and administration</i>	295 817	349 915	301 801	457 289	606 903	606 903	277 680	289 986	370 412
Budget and treasury office	295 817	349 915	301 801	457 289	606 903	606 903	277 680	289 986	370 412
<i>Community and public safety</i>	478	808	14 096	16 150	16 048	16 048	19 690	21 060	22 595
Community and social services	478	808	316	321	219	219	219	231	242
Health	–	–	13 780	15 829	15 829	15 829	19 472	20 830	22 353
<i>Trading services</i>	107 976	128 564	149 126	165 127	168 575	168 575	394 045	424 768	457 301
Electricity	2 944	156	–	–	–	–	–	–	–
Water	96 884	120 045	138 374	154 807	158 255	158 255	380 787	407 208	433 746
Waste water management	3 469	3 295	3 513	3 201	3 201	3 201	3 203	3 382	3 565
Waste management	4 678	5 068	7 239	7 119	7 119	7 119	10 055	14 178	19 991
<b>Total Revenue - Standard</b>	<b>404 271</b>	<b>479 287</b>	<b>465 023</b>	<b>638 566</b>	<b>791 525</b>	<b>791 525</b>	<b>691 416</b>	<b>735 814</b>	<b>850 309</b>
<b>Expenditure - Standard</b>									
<i>Governance and administration</i>	51 218	67 377	68 981	86 643	93 777	93 777	96 039	101 467	108 276
Executive and council	15 942	16 350	19 253	19 725	23 547	23 547	17 638	18 126	19 351
Budget and treasury office	12 895	21 568	22 652	31 462	31 580	31 580	35 352	37 950	40 824
Corporate services	22 381	29 460	27 075	35 456	38 650	38 650	43 049	45 391	48 101
<i>Community and public safety</i>	36 586	19 497	19 182	32 659	31 547	31 547	39 859	39 889	41 798
Community and social services	26 183	6 598	9 242	10 567	9 752	9 752	13 922	13 145	13 519
Public safety	7 967	8 573	5 496	7 703	7 441	7 441	6 585	5 914	5 927
Health	2 435	4 326	4 444	14 389	14 354	14 354	19 352	20 830	22 353
<i>Economic and environmental services</i>	25 603	70 863	8 604	10 210	24 618	24 618	16 284	15 141	16 260
Planning and development	25 603	70 863	8 604	10 210	24 618	24 618	16 284	15 141	16 260
<i>Trading services</i>	213 585	244 527	273 634	312 299	338 151	338 151	344 307	358 709	369 905
Electricity	3 465	245	–	–	–	–	–	–	–
Water	175 331	217 546	239 868	254 341	279 133	279 133	282 582	296 996	305 021
Waste water management	17 529	17 135	15 157	40 424	35 469	35 469	36 025	34 065	36 451
Waste management	17 261	9 599	18 609	17 533	23 549	23 549	25 700	27 648	28 432
<b>Total Expenditure - Standard</b>	<b>326 992</b>	<b>402 264</b>	<b>370 401</b>	<b>441 811</b>	<b>488 093</b>	<b>488 093</b>	<b>496 490</b>	<b>515 206</b>	<b>536 239</b>
<b>Surplus/(Deficit) for the year</b>	<b>77 279</b>	<b>77 023</b>	<b>94 622</b>	<b>196 755</b>	<b>303 432</b>	<b>303 432</b>	<b>194 926</b>	<b>220 608</b>	<b>314 070</b>



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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into separate functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for uThungulu District Municipality, Water & Waste water functions, except for the Waste management function. As highlighted previously, the municipality still has a long way to go in achieving cost reflective tariffs as this needs to be done whilst ensuring minimal impact on the consumers, especially the poorest of the poor. The cross subsidization of the Trading Services from the Equitable Share and Levy replacement grants amounts to R220m.
4. The Cemetery function also shows a deficit between revenue and expenditure and is being financed from the Equitable Share.

**Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue by Vote</b>									
Vote 2 - Finance and Administration	295 817	349 915	301 801	408 926	558 540	558 540	487 048	514 205	608 355
Vote 4 - Community and Social Services	478	808	316	321	219	219	219	231	242
Vote 6 - Environmental Health	–	–	13 780	15 829	15 829	15 829	19 472	20 830	22 353
Vote 7 - Waste Management	4 678	5 068	7 239	17 119	17 119	17 119	10 055	14 178	19 991
Vote 8 - Electricity Services	2 944	156	–	–	–	–	–	–	–
Vote 9 - Infrastructure Services	96 884	120 045	138 374	154 807	158 255	158 255	171 419	182 989	195 803
Vote 10 - Waste Water Management	3 469	3 295	3 513	41 563	41 563	41 563	3 203	3 382	3 565
<b>Total Revenue by Vote</b>	<b>404 271</b>	<b>479 287</b>	<b>465 023</b>	<b>638 566</b>	<b>791 525</b>	<b>791 525</b>	<b>691 416</b>	<b>735 814</b>	<b>850 309</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive and Council Administration	24 188	25 810	28 450	30 686	37 477	37 477	35 757	37 515	39 994
Vote 2 - Finance and Administration	27 030	41 568	40 531	55 957	56 300	56 300	60 281	63 953	68 281
Vote 3 - Economic Development, Planning and Rural Development	25 603	70 863	8 604	10 210	24 618	24 618	16 284	15 141	16 260
Vote 4 - Community and Social Services	26 183	6 598	9 242	10 567	9 752	9 752	13 922	13 145	13 519
Vote 5 - Public Safety	7 967	8 573	5 496	7 703	7 441	7 441	6 585	5 914	5 927
Vote 6 - Environmental Health	2 435	4 326	4 444	14 389	14 354	14 354	19 352	20 830	22 353
Vote 7 - Waste Management	17 261	9 599	18 609	17 533	23 549	23 549	25 700	27 648	28 432
Vote 8 - Electricity Services	3 465	245	–	–	–	–	–	–	–
Vote 9 - Infrastructure Services	175 331	217 546	239 868	254 341	279 133	279 133	282 582	296 996	305 021
Vote 10 - Waste Water Management	17 529	17 135	15 157	40 424	35 469	35 469	36 025	34 065	36 451
<b>Total Expenditure by Vote</b>	<b>326 992</b>	<b>402 264</b>	<b>370 401</b>	<b>441 811</b>	<b>488 093</b>	<b>488 093</b>	<b>496 490</b>	<b>515 206</b>	<b>536 239</b>
<b>Surplus/(Deficit) for the year</b>	<b>77 279</b>	<b>77 023</b>	<b>94 622</b>	<b>196 755</b>	<b>303 431</b>	<b>303 431</b>	<b>194 926</b>	<b>220 608</b>	<b>314 070</b>

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>									
Service charges - electricity revenue	2 040	139	–	–	–	–	–	–	–
Service charges - water revenue	18 984	23 961	30 125	22 232	25 680	25 680	28 042	29 612	31 212
Service charges - sanitation revenue	3 010	3 297	3 513	3 201	3 201	3 201	3 203	3 382	3 565
Service charges - refuse revenue	5 570	5 068	7 239	7 119	7 119	7 119	10 055	14 178	19 991
Service charges - other	592	412	316	321	219	219	219	231	242
Rental of facilities and equipment	–	47	38	49	49	49	–	–	–
Interest earned - external investments	26 874	26 546	24 150	25 595	24 541	24 541	24 206	27 033	28 656
Interest earned - outstanding debtors	–	–	56	52	52	52	227	246	260
Transfers recognised - operational	167 866	282 877	282 146	349 907	368 710	368 710	372 457	398 625	425 087
Other revenue	8 146	6 737	12 932	70 277	139 711	139 711	48 100	34 930	45 672
Gains on disposal of PPE	(56)	(979)	601						
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>233 026</b>	<b>348 105</b>	<b>361 115</b>	<b>478 754</b>	<b>569 282</b>	<b>569 282</b>	<b>486 510</b>	<b>508 237</b>	<b>554 685</b>
<b>Expenditure By Type</b>									
Employee related costs	50 611	72 686	86 623	113 772	115 408	115 408	127 085	134 710	142 793
Remuneration of councillors	4 772	5 415	5 492	7 473	7 890	7 890	8 145	8 952	9 762
Debt impairment	3 067	3 154	6 437	3 076	4 076	4 076	3 379	3 582	3 797
Depreciation & asset impairment	10 966	30 116	39 086	32 318	39 404	39 404	42 318	45 337	48 357
Finance charges	7 856	8 083	12 699	14 180	14 180	14 180	14 180	15 214	15 690
Bulk purchases	11 055	18 357	24 470	21 240	22 740	22 740	23 775	26 879	29 409
Other materials	155	189	30	76	76	76	113	120	127
Contracted services	40 503	68 077	60 161	72 458	74 333	74 333	74 921	75 594	76 372
Transfers and grants	1 832	3 476	6 031	7 121	7 121	7 121	10 786	11 493	12 266
Other expenditure	128 705	186 155	129 372	175 549	208 316	208 316	191 789	193 328	197 667
<b>Total Expenditure</b>	<b>259 523</b>	<b>395 708</b>	<b>370 402</b>	<b>447 263</b>	<b>493 545</b>	<b>493 545</b>	<b>496 490</b>	<b>515 208</b>	<b>536 241</b>
<b>Surplus/(Deficit)</b>	<b>(26 497)</b>	<b>(47 603)</b>	<b>(9 286)</b>	<b>31 491</b>	<b>75 737</b>	<b>75 737</b>	<b>(9 980)</b>	<b>(6 971)</b>	<b>18 444</b>
Transfers recognised - capital	75 792	124 626	103 908	159 812	222 242	222 242	204 906	227 577	295 625
Contributions recognised - capital	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>49 295</b>	<b>77 023</b>	<b>94 622</b>	<b>191 303</b>	<b>297 979</b>	<b>297 979</b>	<b>194 926</b>	<b>220 606</b>	<b>314 069</b>
<b>Surplus/(Deficit) for the year</b>	<b>49 295</b>	<b>77 023</b>	<b>94 622</b>	<b>191 303</b>	<b>297 979</b>	<b>297 979</b>	<b>194 926</b>	<b>220 606</b>	<b>314 069</b>

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

1. Total revenue is R486.5 million in 2012/13 and escalates to R554.6 million by 2014/15. This represents a year-on-year increase of 4% for the 2013/14 financial year and 9% for the 2014/15.
2. Services charges relating to water, sanitation and refuse constitutes the biggest component of the revenue basket of the Municipality totalling R41.3 million for the 2012/13 financial year and increasing to R54.8 million by 2014/15. For the 2012/13 financial year services charges amount to 7% of the total revenue base and grows by 2% per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 7% and 6% for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
4. Employee related costs have increased by 10% from the 2011/12 full year forecast, this is due to the inflationary increase of 5% on salaries as well as the uncertainty on the TASK grading system which resulted in all the positions being budgeted for on a Patterson salary grading system as per Council resolution.
5. Depreciation has been budgeted for at R42m for the 2012/13 financial year and increasing to R48m over the MTREF, this is as a result of the infrastructure assets that are being added onto the fixed asset register as a result of new schemes being commissioned.
6. Finances Charges comprise of the repayments of the current loans that were acquired by Council in order to fast track the backlog eradication process, these repayments amount to a total of R45 million over the MTREF. No additional loans have been budgeted for in the medium term.
7. Bulk purchases have significantly increased over the MTREF, starting with a budget of R23.8 million in 2012/13 to R29.4 million in the 2014/15 financial year. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from the Bulk Water suppliers as well as new projects coming online and thus increases the costs.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure</b>									
Vote 1 - Executive and Council	10	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration	39 677	16 481	3 210	40	70	70	-	-	-
Vote 3 - Economic Development, Planning and Rural Development	126	-	-	-	-	-	-	-	-
Vote 4 - Comm and Social Services	1 866	-	1 402	500	500	500	2 000	3 000	5 700
Vote 5 - Public Safety	1 320	-	-	-	-	-	-	-	-
Vote 7 - Waste Management	24 453	23 221	52	10 000	10 000	10 000	7 600	16 931	34 500
Vote 9 - Infrastructure Services	87 473	207 902	108 322	170 743	259 643	259 643	222 346	233 577	301 965
Vote 10 - Waste Water Management	150	3 789	895	-	10 326	10 326	-	2 000	4 000
<b>Capital multi-year expenditure sub-total</b>	<b>155 076</b>	<b>251 393</b>	<b>113 880</b>	<b>181 283</b>	<b>280 540</b>	<b>280 540</b>	<b>231 946</b>	<b>255 508</b>	<b>346 165</b>
<b>Single-year expenditure f</b>									
Vote 1 - Executive and Council	432	-	208	310	1 060	1 060	270	-	-
Vote 2 - Finance and Administration	-	-	1 010	1 578	4 330	4 330	740	2 200	1 810
Vote 3 - Economic Development, Planning and Rural Development	-	-	56	-	50	50	-	-	-
Vote 4 - Community and Social Services	-	-	56	-	1 558	1 558	-	1 500	2 500
Vote 5 - Public Safety	-	-	-	250	250	250	-	200	1 200
Vote 6 - Environmental Health	-	-	190	-	1 434	1 434	120	-	-
Vote 7 - Waste Management	-	-	-	45	746	746	-	-	-
Vote 9 - Infrastructure Services	-	3 999	2 100	13 289	13 465	13 465	3 850	6 200	10 395
<b>Capital single-year exp sub-total</b>	<b>432</b>	<b>3 999</b>	<b>3 620</b>	<b>15 472</b>	<b>22 892</b>	<b>22 892</b>	<b>4 980</b>	<b>10 100</b>	<b>15 905</b>
<b>Total Capital Expenditure - Vote</b>	<b>155 508</b>	<b>255 392</b>	<b>117 501</b>	<b>196 755</b>	<b>303 432</b>	<b>303 432</b>	<b>236 926</b>	<b>265 608</b>	<b>362 070</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>40 119</b>	<b>16 481</b>	<b>4 427</b>	<b>1 928</b>	<b>3 673</b>	<b>3 673</b>	<b>1 010</b>	<b>2 200</b>	<b>1 810</b>
Executive and council	442	-	61	40	900	900	270	-	-
Budget and treasury office	2 983	-	655	340	111	111	340	300	310
Corporate services	36 694	16 481	3 711	1 548	2 661	2 661	400	1 900	1 500
<b>Community and public safety</b>	<b>3 187</b>	<b>-</b>	<b>1 648</b>	<b>750</b>	<b>4 059</b>	<b>4 059</b>	<b>2 000</b>	<b>4 700</b>	<b>9 400</b>
Community and social services	1 866	-	1 458	500	2 625	2 625	2 000	4 500	8 200
Public safety	1 320	-	-	250	-	-	-	200	1 200
Health	-	-	190	-	1 434	1 434	-	-	-
<b>Economic and environmental services</b>	<b>126</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>120</b>	<b>-</b>	<b>-</b>
Planning and development	126	-	56	-	50	50	-	-	-
Environmental protection	-	-	-	-	-	-	120	-	-
<b>Trading services</b>	<b>112 076</b>	<b>238 911</b>	<b>111 369</b>	<b>194 077</b>	<b>44 493</b>	<b>44 493</b>	<b>233 796</b>	<b>258 708</b>	<b>350 860</b>
Electricity	-	-	-	-	-	-	-	-	-
Water	87 473	211 901	110 422	184 032	44 493	44 493	226 196	239 777	312 360
Waste water management	150	3 789	895	-	-	-	-	2 000	4 000
Waste management	24 453	23 221	52	10 045	-	-	7 600	16 931	34 500
<b>Total Capital Expenditure - Standard</b>	<b>155 508</b>	<b>255 392</b>	<b>117 501</b>	<b>196 755</b>	<b>52 275</b>	<b>52 275</b>	<b>236 926</b>	<b>265 608</b>	<b>362 070</b>
<b>Funded by:</b>									
National Government	-	-	103 452	157 812	217 538	217 538	202 906	225 577	293 625
Provincial Government	-	-	-	-	50	50	-	-	-
Other transfers and grants	-	-	-	-	1 434	1 434	-	-	-
<b>Transfers recognised - capital</b>	<b>-</b>	<b>-</b>	<b>103 452</b>	<b>157 812</b>	<b>219 022</b>	<b>219 022</b>	<b>202 906</b>	<b>225 577</b>	<b>293 625</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>3 015</b>	<b>-</b>	<b>19 392</b>	<b>19 392</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>-</b>	<b>-</b>	<b>11 034</b>	<b>36 943</b>	<b>63 018</b>	<b>63 018</b>	<b>32 020</b>	<b>38 031</b>	<b>66 445</b>
<b>Total Capital Funding</b>	<b>-</b>	<b>-</b>	<b>117 501</b>	<b>196 755</b>	<b>303 432</b>	<b>303 432</b>	<b>236 926</b>	<b>265 608</b>	<b>362 070</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13, R232 million has been allocated of the total R237 million capital budget, which totals 97% of the total capital budget. This allocation escalates to R266 million in 2013/14 and then to R362 million in 2014/15.
3. Single-year capital expenditure has been appropriated at R5 million for the 2012/13 financial year and escalates to R10 million and R16 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of office machinery and specialized tools and equipment and ad hoc projects with a life cycle of not more than a year. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national grants and transfers, public contributions, and internally generated funds from current year surpluses. For 2012/13, capital transfers totals R203 million, 85% and escalates to R294 million by 2014/15, 81%. Internally generated funding has been provided for at R32 million, R38 million and R66 million for each of the respective financial years of the MTREF.

Table 12 MBRR Table A6 - Budgeted Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	66 627	22 081	45 358	19 910	19 910	19 910	21 105	22 370	24 772	
Call investment deposits	220 000	240 000	320 000	310 000	310 000	310 000	325 000	345 000	365 700	
Consumer debtors	10 645	14 540	10 229	12 262	11 262	11 262	11 870	12 511	13 187	
Other debtors	32 410	17 569	19 837	26 921	26 921	26 921	20 536	22 248	24 063	
Current portion of long-term receivables	76	221	33	171	171	171	181	192	203	
Inventory	9 717	8 403	7 069	6 256	6 256	6 256	7 631	8 029	8 451	
<b>Total current assets</b>	<b>339 475</b>	<b>302 814</b>	<b>402 526</b>	<b>375 520</b>	<b>374 520</b>	<b>374 520</b>	<b>386 323</b>	<b>410 350</b>	<b>436 376</b>	
<b>Non current assets</b>										
Long-term receivables	911	672	542	498	498	498	453	407	367	
Investments	39 657	24 841	25 720	26 331	26 331	26 331	48 911	50 586	52 361	
Investment property		18 804								
Property, plant and equipment	451 301	800 696	877 744	943 416	1 043 006	1 043 006	1 237 932	1 458 540	1 772 610	
Intangible	357	63	190							
<b>Total non current assets</b>	<b>492 226</b>	<b>845 076</b>	<b>904 196</b>	<b>970 245</b>	<b>1 069 835</b>	<b>1 069 835</b>	<b>1 287 296</b>	<b>1 509 533</b>	<b>1 825 338</b>	
<b>TOTAL ASSETS</b>	<b>831 701</b>	<b>1 147 890</b>	<b>1 306 722</b>	<b>1 345 765</b>	<b>1 444 355</b>	<b>1 444 355</b>	<b>1 673 619</b>	<b>1 919 883</b>	<b>2 261 714</b>	
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Borrowing	4 660	6 584	7 451	7 844	7 844	7 844	8 212	8 626	9 074	
Consumer deposits	5 764	6 243	7 244	7 076	7 076	7 076	7 458	7 860	8 285	
Trade and other payables	187 717	149 521	206 532	130 901	130 901	130 901	131 317	131 738	132 296	
Provisions	1 171	889	1 443	2 097	2 097	2 097	2 222	2 355	2 496	
<b>Total current liabilities</b>	<b>199 312</b>	<b>163 237</b>	<b>222 671</b>	<b>147 918</b>	<b>147 918</b>	<b>145 821</b>	<b>149 209</b>	<b>150 579</b>	<b>152 151</b>	
<b>Non current liabilities</b>										
Borrowing	67 979	111 087	108 739	106 067	106 067	106 067	102 257	96 897	92 773	
Provisions	67 356	70 330	77 868	95 837	95 837	95 837	101 588	107 683	114 143	
<b>Total non current liabilities</b>	<b>135 335</b>	<b>181 417</b>	<b>186 607</b>	<b>201 904</b>	<b>201 904</b>	<b>201 904</b>	<b>203 845</b>	<b>204 580</b>	<b>206 916</b>	
<b>TOTAL LIABILITIES</b>	<b>334 647</b>	<b>344 654</b>	<b>409 278</b>	<b>349 822</b>	<b>349 822</b>	<b>347 725</b>	<b>353 054</b>	<b>355 159</b>	<b>359 066</b>	
<b>NET ASSETS</b>	<b>497 054</b>	<b>803 236</b>	<b>897 444</b>	<b>995 943</b>	<b>1 094 533</b>	<b>1 096 630</b>	<b>1 320 565</b>	<b>1 564 724</b>	<b>1 902 647</b>	
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	497 054	803 236	897 444	995 943	1 094 533	1 096 630	1 320 565	1 564 724	1 902 647	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>497 054</b>	<b>803 236</b>	<b>897 444</b>	<b>995 943</b>	<b>1 094 533</b>	<b>1 096 630</b>	<b>1 320 565</b>	<b>1 564 724</b>	<b>1 902 647</b>	

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

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



Table 13 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	45 314	33 430	58 469	100 865	173 682	173 682	50 843	57 641	66 137
Government - operating	214 665	224 236	266 936	352 241	368 844	368 844	372 617	398 625	425 097
Government - capital	107 221	119 936	130 586	159 812	215 661	215 661	202 746	225 577	293 615
Interest	36 359	26 546	24 206	25 647	25 250	25 250	24 433	27 279	28 916
<b>Payments</b>									
Suppliers and employees	(256 180)	(309 673)	(265 322)	(392 237)	(430 433)	(430 433)	(431 869)	(446 045)	(463 064)
Finance charges	(8 118)	(9 244)	(12 699)	(6 729)	(6 729)	(6 729)	(6 336)	(7 002)	(7 064)
Transfers and Grants							(4 745)	(5 030)	(5 331)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>139 261</b>	<b>85 231</b>	<b>202 175</b>	<b>239 599</b>	<b>346 275</b>	<b>346 275</b>	<b>207 689</b>	<b>251 045</b>	<b>338 306</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE			1 319						
Decrease (increase) other non-current receivables	629	94	317	(455)	(455)	(455)	(60)	(63)	(67)
Decrease (increase) in non-current investments	(2 756)	(3 988)	17 926	(1 203)	(1 203)	(1 203)			
<b>Payments</b>									
Capital assets	(121 876)	(150 916)	(116 979)	(196 755)	(303 431)		(236 926)	(265 608)	(362 070)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(124 003)</b>	<b>(154 810)</b>	<b>(97 417)</b>	<b>(198 413)</b>	<b>(305 089)</b>	<b>(1 658)</b>	<b>(236 986)</b>	<b>(265 671)</b>	<b>(362 137)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Borrowing long term/refinancing	30 684	45 033	(1 481)						
Increase (decrease) in consumer deposits				644	644	644	368	402	425
<b>Payments</b>									
Repayment of borrowing				(7 451)	(7 451)	(7 451)	(7 844)	(8 212)	(8 626)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>30 684</b>	<b>45 033</b>	<b>(1 481)</b>	<b>(6 807)</b>	<b>(6 807)</b>	<b>(6 807)</b>	<b>(7 476)</b>	<b>(7 810)</b>	<b>(8 201)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>45 942</b>	<b>(24 546)</b>	<b>103 277</b>	<b>34 379</b>	<b>34 379</b>	<b>337 810</b>	<b>(36 773)</b>	<b>(22 436)</b>	<b>(32 032)</b>
Cash/cash equivalents at the year begin:	240 686	286 628	262 082	295 970	295 970	295 970	330 804	294 031	271 595
Cash/cash equivalents at the year end:	286 628	262 082	365 359	330 349	330 349	633 780	294 031	271 595	239 563

**Table 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	286 628	262 082	365 359	330 349	330 349	633 780	294 031	271 595	239 563
Other current investments > 90 days	(1)	(1)	(1)	(439)	(439)	(303 870)	52 074	95 775	150 909
Non current assets - Investments	39 657	24 841	25 720	26 331	26 331	26 331	48 911	50 586	52 361
<b>Cash and investments available:</b>	<b>326 284</b>	<b>286 922</b>	<b>391 078</b>	<b>356 241</b>	<b>356 241</b>	<b>356 241</b>	<b>395 016</b>	<b>417 956</b>	<b>442 833</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	141 358	78 027	91 246	94 956	94 956	94 956	93 216	91 351	89 486
Statutory requirements	15 778	12 838	20 669	20 501	20 501	20 501	20 883	21 285	21 710
Other working capital requirements	(5 602)	43 863	82 279	(2 819)	(2 220)	(2 220)	19 507	15 841	18 163
Other provisions	68 527	71 219	79 311	97 934	97 934	97 934	103 810	110 038	116 639
Reserves to be backed by cash/investments	106 223	80 975	117 573	145 669	145 070	145 070	157 600	179 441	196 835
<b>Total Application of cash and investments:</b>	<b>326 284</b>	<b>286 922</b>	<b>391 078</b>	<b>356 241</b>	<b>356 241</b>	<b>356 241</b>	<b>395 016</b>	<b>417 956</b>	<b>442 833</b>
<b>Surplus(shortfall)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table 15 MBRR Table A9 - Asset Management

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	155 076	–	–	187 505	294 182	294 182	45 930	74 922	139 455
Infrastructure - Water	87 473	–	–	174 682	263 758	263 758	35 400	50 991	91 245
Infrastructure - Sanitation	150	–	–	–	10 326	10 326	–	2 000	4 000
Infrastructure - Other	24 453	–	–	10 000	10 701	10 701	7 600	16 931	34 500
Infrastructure	112 076	–	–	164 682	284 785	284 785	43 000	69 922	129 745
Community	–	–	–	750	2 373	2 373	2 000	4 700	9 400
Other assets	43 000	–	–	1 997	6 948	6 948	930	300	310
Intangibles	–	–	–	76	76	76	–	–	–
<b>Total Renewal of Existing Assets</b>	–	–	–	9 250	9 250	9 250	190 996	190 686	222 615
Infrastructure - Water	–	–	–	9 250	9 250	9 250	190 746	188 786	221 115
Infrastructure	–	–	–	9 250	9 250	9 250	190 746	188 786	221 115
Intangibles	–	–	–	–	–	–	250	1 900	1 500
<b>Total Capital Expenditure</b>									
Infrastructure - Water	87 473	–	–	183 932	273 008	273 008	226 146	239 777	312 360
Infrastructure - Sanitation	150	–	–	–	10 326	10 326	–	2 000	4 000
Infrastructure - Other	24 453	–	–	10 000	10 701	10 701	7 600	16 931	34 500
Infrastructure	112 076	–	–	193 932	294 035	294 035	233 746	258 708	350 860
Community	–	–	–	750	2 373	2 373	2 000	4 700	9 400
Other assets	43 000	–	–	1 997	6 948	6 948	930	300	310
Intangibles	–	–	–	76	76	76	250	1 900	1 500
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>155 076</b>	<b>–</b>	<b>–</b>	<b>196 755</b>	<b>303 432</b>	<b>303 432</b>	<b>236 926</b>	<b>265 608</b>	<b>362 070</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Electricity	–	703	–	401	401	401	–	–	–
Infrastructure - Water	259 875	322 820	–	1 009 332	1 015 158	1 015 158	607 635	847 212	1 159 352
Infrastructure - Sanitation	9 742	19 638	–	30 982	30 982	30 982	78 759	97 690	136 190
Infrastructure - Other	52 373	37 771	–	59 590	61 505	61 505	352 695	357 395	366 795
Infrastructure	321 990	380 932	–	1 100 304	1 108 045	1 108 045	1 039 088	1 302 296	1 662 336
Investment properties	–	18 804	–	–	–	–	–	–	–
Other assets	50 023	70 369	–	–	–	–	75 590	77 990	80 019
Intangibles	357	63	190	–	–	–	–	–	–
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>372 370</b>	<b>470 168</b>	<b>190</b>	<b>1 100 304</b>	<b>1 108 045</b>	<b>1 108 045</b>	<b>1 114 678</b>	<b>1 380 286</b>	<b>1 742 356</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	10 966	30 116	39 086	32 318	39 404	39 404	42 318	45 337	48 357
<b>Repairs and Maintenance by Asset Class</b>	–	–	–	39 941	43 441	43 441	45 836	47 142	50 121
Infrastructure - Water	–	–	–	35 517	40 517	40 517	37 850	38 868	41 201
Infrastructure - Sanitation	–	–	–	126	126	126	–	–	–
Infrastructure - Other	–	–	–	–	–	–	5 652	5 799	6 147
Infrastructure	–	–	–	35 643	40 643	40 643	43 502	44 667	47 347
Community	–	–	–	132	132	132	150	159	169
Other assets	–	–	–	4 166	2 666	2 666	2 185	2 316	2 605
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>10 966</b>	<b>30 116</b>	<b>39 086</b>	<b>72 259</b>	<b>82 845</b>	<b>82 845</b>	<b>88 154</b>	<b>92 479</b>	<b>98 478</b>
<b>Renewal of Existing Assets as % of total capex</b>	0.0%	0.0%	0.0%	4.7%	3.0%	3.0%	80.6%	71.8%	61.5%
<b>Renewal of Existing Assets as % of deprecn<sup>1</sup></b>	0.0%	0.0%	0.0%	28.6%	23.5%	23.5%	451.3%	420.6%	460.4%
<b>R&amp;M as a % of PPE</b>	0.0%	0.0%	0.0%	4.2%	4.2%	4.2%	3.7%	3.2%	2.8%
<b>Renewal and R&amp;M as a % of PPE</b>	0.0%	0.0%	0.0%	4.0%	5.0%	5.0%	21.0%	17.0%	16.0%

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. It be noted that due to budgetary constraints the municipality has not yet achieved this, however, the municipality has put measures in place in order to be able to achieve these benchmarks, formulation of the Asset Management plan being one of them.

Table 16 :A10 Basic Service Delivery Measurement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	20 560	20 710	20 820	20 820	20 820	20 820	21 000	21 200	21 800
Piped water inside yard (but not in dwelling)	17 090	18 150	20 170	22 805	22 805	22 805	23 012	25 000	25 200
Using public tap (at least min.service level)	20 058	20 659	21 260	21 157	21 157	21 157	22 000	22 300	22 500
<i>Minimum Service Level and Above sub-total</i>	57 708	59 519	62 250	64 782	64 782	64 782	66 012	68 500	69 500
Using public tap (< min.service level)	4 825	5 350	5 480	6 325	6 325	6 325	7 590	8 108	9 930
No water supply	52 513	50 580	47 316	43 939	43 939	43 939	41 444	38 438	35 616
<i>Below Minimum Service Level sub-total</i>	57 338	55 930	52 796	50 264	50 264	50 264	49 034	46 546	45 546
<b>Total number of households</b>	<b>115 046</b>	<b>115 449</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	16 811	16 820	16 850	16 980	16 980	16 980	16 980	16 980	16 980
Flush toilet (with septic tank)	4 185	4 190	4 190	4 250	4 250	4 250	4 250	4 250	4 250
Pit toilet (ventilated)	21 126	26 143	42 286	47 286	47 286	47 286	52 286	52 021	62 426
<i>Minimum Service Level and Above sub-total</i>	42 122	47 153	63 326	68 516	68 516	68 516	73 516	73 251	83 656
Other toilet provisions (< min.service level)	72 924	67 893	51 720	46 530	46 530	46 530	41 530	41 795	31 390
<i>Below Minimum Service Level sub-total</i>	72 924	67 893	51 720	46 530	46 530	46 530	41 530	41 795	31 390
<b>Total number of households</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>
<b>Cost of Free Basic Services provided (R'000)</b>	63	65		71	71	71	85	102	123
Water (6 kilolitres per household per month)	42	47		57	57	57	69	83	99
Sanitation (free sanitation service)									
Electricity/other energy (50kwh per household per month)									
Refuse (removed once a week)									
<b>Total cost of FBS provided (minimum social package)</b>	<b>105</b>	<b>112</b>	<b>-</b>	<b>128</b>	<b>128</b>	<b>128</b>	<b>154</b>	<b>185</b>	<b>222</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)									
Water (kilolitres per household per month)	6	6		6	6	6	7	9	10
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)	15	16		18	18	18	22	26	31
Electricity (kwh per household per month)									
Refuse (average litres per week)									

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

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

## 2 Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Honourable Mayor, Municipal Manager and senior officials of the municipality. The Deputy Mayor, Speaker and the Chief Whip are also co-opted members of the Budget Steering Committee, with the Chief Financial Officer being the Chairperson as per guidance from the 2011 Local Government Budget & Expenditure Review.

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

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

### 2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The IDP and budget time schedule were tabled in the Budget Steering Committee in August 2010 and was then subsequently cascaded to the Financial Services Portfolio Committee, Exco, and Council 25 August 2010. Key dates applicable to the process were:

- **August 2011** – The Mayor tables the Schedule of Key deadlines to the relevant Council Committees;
- **2 – 3 November 2011** – Joint strategic session of the Executive Committee and the Management Committee to chart a way forward and devise a strategic vision of the municipality for the next five years.
- **December 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget Office for consolidation and assessment against the financial planning guidelines;
- **January 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;
- **March 2012** – Multi-year budget proposals are submitted to the Budget Steering Committee for consideration and further deliberation;



- **March 2012** – Joint sitting of the Exco and Council to further deliberate on the proposed budget and prioritise the programmes;
- **27 March 2012** - Tabling in the Financial Services Portfolio Committee and EXCO of the draft 2012/13 IDP and 2012/13 MTREF for public consideration;
- **28 March 2012** - Tabling in the Council of the draft 2012/13 IDP and 2012/13 MTREF for public consideration;
- **April 2012** – Public consultation;
- **6 May 2012** - Closing date for written comments;
- **6 to 21 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **23 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.3 IDP 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.

The following is a summary of the consultation which has taken place to date in line with the IDP process:

4 August 2011	-	Housing Sector Plan Alignment meeting with DHS
25 August 2011	-	Engagement with MEC for Human Settlements
30 August 2011	-	Engagement with MEC for Arts & Culture
5 & 6 October 2011	-	uThungulu District Lekgotla
20 October 2011	-	uMlalazi LM Roadshow
20 October 2011	-	uMhlathuze LM Roadshow
21 October 2011	-	Engagement with MEC for Finance
27 October 2011	-	Mthonjaneni LM Roadshow
16 November 2011	-	Mfolozi LM Roadshow
24 November 2011	-	Ntambanana LM Roadshow

The following additional consultation sessions have been scheduled to further inform the IDP:

1 & 2 March 2012	-	District Growth & Development Summit
8 & 9 March 2012	-	Government Departments
15 March 2012	-	Corporates and Business Sector
16 March 2012	-	NGO's and Traditional Leaders
April 2012	-	IDP Roadshows

#### **2.4 Process For Integration 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 preparation and review of the IDP is taken into account in the budget process.

The Senior Manager: 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 preparation of the Uthungulu IDP takes place mainly through the following structures:

The following is a summary of the consultation which has taken place to date in line with the IDP process:

24 August 2011	-	Housing Sector Plan Alignment meeting with DHS
25 August 2011	-	Engagement with MEC for Human Settlements
30 August 2011	-	Engagement with MEC for Arts & Culture
5 & 6 October 2011	-	uThungulu District Lekgotla
20 October 2011	-	uMlalazi LM Roadshow
20 October 2011	-	uMhlathuze LM Roadshow
21 October 2011	-	Engagement with MEC for Finance
27 October 2011	-	Mthonjaneni LM Roadshow
16 November 2011	-	Mfolozi LM Roadshow
24 November 2011	-	Ntambanana LM Roadshow
9 March 2012	-	Community Based Organisations
15 March 2012	-	Government Departments
16 March 2012	-	Corporates and Business Sector
April 2012	-	IDP Roadshows
April 2012	-	House of Traditional Leaders

## 2.5 Process to Record and Integrate Input from the Community

The Senior Manager: Planning & Development recorded inputs from the community based on initial alignment meetings and with Road shows held in October 2011 and IDP Stakeholders Workshops held in March 2012. Further road shows will be held in April 2011 in each Local Municipality Area to provide feedback on the tabled Budget / IDP as follows:

20 October 2011	-	uMlalazi LM Roadshow
20 October 2011	-	uMhlathuze LM Roadshow
27 October 2011	-	Mthonjaneni LM Roadshow
16 November 2011	-	Mfolozi LM Roadshow
24 November 2011	-	Ntambanana LM Roadshow



*Community Members listening attentively during the May 2012 IDP/Budget Roadshows*

## 2.6 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 in uMhlathuze, Mfolozi, Ntambanana, 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 slots by the Mayor on Ukhozi FM
- Monthly external newsletter *Izindaba Ezimtoti*
- Monthly internal newsletter *Ezisematheni*
- Budget Insert in the local newspapers
- 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



*Her Worship, The Hounorable Mayor TVB Mchunu during Senior Citizens' Day*

## 2.7 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 preparation of the municipal Integrated Development Plan (IDP) has been prepared for the 2012/2013 to 2017/18 as required by the Municipal Systems Act and the MFMA. 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 2012/2013 IDP Review this Forum has been formalized in terms of the Regulations of the MFMA.

## 2.8 IDP FOCUS AREAS

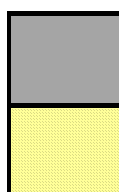
The integrated development approach of the Uthungulu District Municipality focuses on the combination of basic needs approach and economic development. As such, the district has been investing in physical, social and economic development aspects. Its investment has been founded on the approach of responding 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:

**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

## 2.9 IDP Strategic Objectives

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

STRATEGIC PRIORITIES	PROGRAMMES
<b>Municipal Transformation and Organisational Development.</b>	
	Human Resource Development
	Information & Communication Technology Services
	Administrative Services
	Individual Performance Management
	Organisational Performance Management
	Institutional Development
	Integrated Development Planning
<b>Municipal Financial Viability and Management.</b>	
	Financial management
	Budgeting and reporting
	Revenue Enhancement
	Expenditure control
	Improved Audit Opinion
<b>Good Governance and Public Participation.</b>	
	Public Relations & Communications
	Intergovernmental Relations
	Public Participation
	Batho Pele Principles
	Community Participation
	Nation-building and good governance.
	Improved Ward Information
<b>Infrastructure Development and Service Delivery.</b>	
	Electricity & Alternative Energy
	Regional Solid Waste
	Regional Cemeteries and Crematoria
	Municipal Roads and Public Transport Services
	Municipal Airports
	Municipal Public Works
	Regional Fresh Produce Market
	Abattoir
	ICT Infrastructure
	Rail Networks
	Harbour



<b>STRATEGIC PRIORITIES</b>	<b>PROGRAMMES</b>
<b>Basic Services Provision</b>	
	Access to Water (Potable Water and Waste Water)
	Access to Sanitation
	Potable Water, Waste Water and Sanitation
	Drought relief
	Upgrading of Water Services Networks
	Water Services Authority and Planning
	Access to Electricity (Energy)
	Access to Solid Waste (Regional Solid Waste)
	Regional Cemeteries and Crematoria
	Free Basic Services
	Improved access to basic services
	Improved access to Free Basic Services
<b>Local Economic Development</b>	
	Local Economic Development
	Local Economic Development of prioritised groups
	Local Tourism Development
	Agricultural Development
	Business and Industrial Development
	Community Work programme implemented and cooperatives supported
<b>Sustainable Human Settlement &amp; Land Management</b>	
	Internal Fixed Assets
	Spatial Planning & Development
	Nodal Planning & Development
	Land Use Management
	Land Reform
	Housing
<b>Human Resource Development</b>	
	Education
	Skills Development
<b>Rural Development &amp; food security</b>	
	Sustainable Livelihoods
	Rural development
	Agrarian Reform

STRATEGIC PRIORITIES	PROGRAMMES
<b>Community Development &amp; Social Services</b>	
	Municipal Health
	Air Quality Management
	Safety & Security
	Crime Prevention
	Community, Service, Facilities and Actions
	Sport & Recreation Programme
	Disaster Management
	Marginalised Groups
	HIV/AIDS
	Culture, Arts & Heritage
<b>Environmental &amp; Resource Management</b>	
	Integrated Environmental Management
	Coastal Management
	Responses to Climate Change

The 2012/2013 MTREF has therefore been directly informed by new strategic objectives and the IDP. The following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 17 – MBRR Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	Goal			2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	Financial management			264 980	322 834	301 175	243 853	558 540	558 540	487 048	514 205	608 356
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	Operational Expenses											
	Electricity & Alternative Energy			2 800								
	Regional Solid Waste			4 678	5 068	7 239	10 000	17 119	17 119	10 055	14 178	19 991
	Regional Cemeteries and Crematoria			478	412	316	321	219	219	219	231	242
BASIC SERVICES PROVISION	Municipal Roads & Public Transport Services						7 301					
	Implementation of District Water Projects											
	Waste Water Management					3 513		41 563	41 563	3 203	3 382	3 565
	Water Service Authority & Planning			131 335	150 973	139 000	361 262	158 255	158 255	171 419	182 989	195 803
ENVIRONMENTAL AND RESOURCE MANAGEMENT	Integrated Environmental Management					13 780	15 829	15 829	15 829	19 472	20 830	22 353
<b>Total Revenue</b>				<b>404 271</b>	<b>479 287</b>	<b>465 023</b>	<b>638 566</b>	<b>791 525</b>	<b>791 525</b>	<b>691 416</b>	<b>735 814</b>	<b>850 310</b>

Table 18 – MBRR Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal			2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	Operational Expenses									17 044	17 909	18 857
	Human Resource Development						2 160	2 160	1 870	1 835	1 776	
	Individual Performance Management						522	522	140	355	210	
	Organisational Performance Management						155	155	575	585	400	
	Institutional Development						210	210	640	620	620	
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	Integrated Development Planning						1 865	1 865	1 250	900	1 270	
	Operational Expenses									29 357	31 013	32 755
	Financial management		192 606	281 044	185 201	243 853	5 942	5 942	7 691	8 710	9 908	
	Budgeting and reporting						502	502	100	100	100	
	Expenditure control						712	712	304	273	304	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Strategy Towards Clean Audit 2014									216	208	216
	Operational Expenses									61 659	65 372	69 171
	Public Relations & Communications						200	200	300	200	360	
	Intergovernmental Relations						250	250	126	118	126	
	Batho Pele Principles						50	50	63	57	63	
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	Community Participation								424	100	100	
	Improved Ward Information						200	200	200	200	200	
	Operational Expenses									48 888	51 935	54 947
	Electricity & Alternative Energy		2 800								500	
	Regional Solid Waste		4 678	5 068		10 000	158	158	7 600	16 931	34 500	
	Regional Cemeteries and Crematoria		478	412		321			600			
	Municipal Roads & Public Transport Services					7 301	2 103	2 103	1 776	1 864	1 972	
	Municipal Airports								50			
	Municipal Public Works						322	322				
	Abattoir								230			
BASIC SERVICES PROVISION	Rail Networks								50			
	Operational Expenses									124 406	121 986	119 337
	Waste Water Management						5 452	5 452	6 041	6 463	6 935	
	Implementation of District Sanitation Projects					361 262	33 235	33 235	27 478	23 620	17 075	
	Improvement of Water & Sanitation Schemes						10 701	10 701	10 337	8 069	3 237	
	Drought relief						30 361	30 361	20 000	20 000	20 000	
	Upgrading of Water Services Networks						2 757	2 757	1 750	2 750	3 025	
Water Service Authority & Planning		58 961	109 183	185 201		4 402	4 402	163	2 615	2 120		

Strategic Objective	Goal			2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousand													
	Access to Solid Waste (Regional Solid Waste)							34	34			500	
LOCAL ECONOMIC DEVELOPMENT	Operational Expenses									14 804	15 733	16 628	
	Local Economic Development							2 840	2 840	450	50	50	
	LED Capacity, Institutional & Operational Support							300	300	150	180	235	
	Local Tourism Development							8 004	8 004	2 390	2 195	2 475	
	Agricultural Development							200	200	280	390	505	
	Business & Industrial Development							100	100	650	420	270	
SUSTAINABLE HUMAN SETTLEMENT AND LAND MANAGEMENT	Operational Expenses									15 021	15 749	16 523	
	Spatial Planning & Development							1 475	1 475	200	175	125	
	Nodal Planning & Development										250	500	
	Land Use Management											50	
	Land Reform							30	30	200	150	200	
	Housing												
HUMAN RESOURCE DEVELOPMENT	Operational Expenses									16 021	16 958	17 945	
	Education										50		
	Skills Development										150		
RURAL DEVELOPMENT AND FOOD SECURITY	Operational Expenses									16 622	16 585	17 548	
	Rural development										350		
	Agrarian Reform										350		
COMMUNITY DEVELOPMENT AND SOCIAL SERVICES	Operational Expenses									41 036	43 474	45 988	
	Municipal Health Services							1 004	1 004				
	Air Quality Management										50		
	Safety and Security							75	75	300	300	300	
	Community, Service, Facilities and Actions							733	733				
	Sport & Recreation Programme							2 025	2 025	3 100	3 100	3 100	
	Disaster Management							568	568	765	665	685	
	Fire-Fighting Services							250	250				
	Gender Equality Programme							100	100	350	350	350	
	Children's Rights Programme							100	100	300	300	300	
	Senior Citizens Programme							150	150	300	300	300	
	Disability Programme									300	300	300	
	Youth Programmes									500	500	500	
	District HIV/AIDS Programme							440	440	1 500	1 000	1 000	
	Culture, Arts & Heritage							2 372	2 372	370	350	350	
ENVIRONMENTAL AND RESOURCE MANAGEMENT	Operational Expenses									9 301	9 795	10 269	
	Integrated Environmental Management						15 829	200	200	200	150	50	
	Coastal Management							219	219	100		100	
	Responses to Climate Change												
<b>Total Expenditure</b>				<b>259 523</b>	<b>395 707</b>	<b>370 402</b>	<b>638 566</b>	<b>123 479</b>	<b>123 479</b>	<b>496 490</b>	<b>515 207</b>	<b>536 239</b>	

Table 19 – MBRR Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal		2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	Internal Fixed Assets		2 965	9 144	224	1 697	5 731	5 731	–	–	–
	Human Resource Development						76	76			
	Information & Communication Technology Services						–	–	250	1 900	1 500
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	Internal Fixed Assets										
	Financial management		40 099	14 341	7 300	876	–	–			
	Budgeting and reporting						300	300	300	300	300
	Revenue Enhancement										
INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY	Internal Fixed Assets						45	45			
	Electricity & Alternative Energy										
	Regional Solid Waste				(7)	10 000	10 701	10 701	7 600	16 931	34 500
	Regional Cemeteries and Crematoria					500	2 058	2 058	2 000	3 000	5 700
	Municipal Roads & Public Transport Services										
	Regional Fresh Produce Market Abattoir										
	ICT Infrastructure						4 537	4 537			
BASIC SERVICES PROVISION	Internal Fixed Assets						215	215	50	–	–
	Implementation of District Water Projects		112 444	229 605	109 925	183 432	207 888	207 888	202 746	225 577	293 615
	Waste Water Management				60		10 326	10 326	–	2 000	4 000
	Implementation of District Sanitation Projects						–	–	–	–	–
	Improvement of Water & Sanitation Schemes						18 245	18 245	11 800	5 700	6 070
	Drought relief						10 855	10 855	4 600	–	–
	Upgrading of Water Services Networks						30 918	30 918	2 000	6 000	10 175
	Water Service Authority & Planning								5 000	2 500	2 500
LOCAL ECONOMIC DEVELOPMENT	Internal Fixed Assets								270	–	–
	Local Economic Development								–	–	–
COMMUNITY DEVELOPMENT AND SOCIAL SERVICES	Internal Fixed Assets						1 434	1 434	120	–	–
	Municipal Health Services								–	1 500	2 500
	Air Quality Management									200	1 200
	Disaster Management			2 302		250	103	103			
<b>Total Expenditure</b>			<b>155 508</b>	<b>255 392</b>	<b>117 501</b>	<b>196 755</b>	<b>303 431</b>	<b>303 431</b>	<b>236 926</b>	<b>265 608</b>	<b>362 070</b>

## 2.10 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

uThungulu District Municipality is a 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	2010/2011 % Backlog
<b>Mbonambi (KZ281)</b>	20 615	13 087	7 528	37%
<b>Ntambanana (KZ283)</b>	16 339	9 197	7 142	44%
<b>uMlalazi (KZ284)</b>	42 623	21 885	20 738	48%
<b>Mthonjaneni (KZ285)</b>	9 712	5 932	3 780	39%
<b>Nkandla (KZ286)</b>	25 757	17 626	8 131	32%
<b>Total</b>	<b>115 046</b>	<b>67 727</b>	<b>47 319</b>	<b>41%</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 59% (67 727) 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 their old boundaries. The newly established wall to wall municipalities resulted in massive extensions of the municipal boundaries with the inclusion of vast rural areas with limited infrastructure.

The 67 727 households receive water from over 250 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
<b>Mbonambi (KZ281)</b>	20 615	10 572	10 043	49%
<b>Ntambanana (KZ283)</b>	16 339	9 687	6 652	41%
<b>Umlalazi (KZ284)</b>	42 623	10 416	32 207	76%
<b>Mthonjaneni (KZ285)</b>	9 712	7 601	2 111	22%
<b>Nkandla (KZ286)</b>	25 757	13 444	12 313	48%
<b>Total</b>	<b>115 046</b>	<b>51 720</b>	<b>63 326</b>	<b>55 %</b>

**Table 20 – MBRR Supporting Table SA7 Measureable performance objectives**

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Vote 1 - Water and Sanitation Services</b>										
<b>Function 1 - Delivery of basic water services</b>										
<b>Sub-function 1 - House Connections</b>										
Connections	% of households 115 046	17.9%	18.0%	18.1%	18.1%	18.1%	18.1%	18.3%	18.4%	18.9%
<b>Sub-function 2 - Yard Connections</b>										
Connections	% of households 115 046	14.9%	15.8%	17.5%	19.8%	19.8%	19.8%	20.0%	21.7%	21.9%
<b>Sub-function 3 - Communal Supply</b>										
Water connections	% of households 115 046	17.4%	18.0%	18.5%	18.4%	18.4%	18.4%	19.1%	19.4%	19.6%
<b>Function 2 - Delivery of basic sanitation</b>										
<b>Sub-function 1 - Waterborne Sewerage</b>										
Sewerage services	% of households 115 046	14.6%	14.6%	14.6%	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%
<b>Sub-function 2 - VIP's</b>										
Sewerage services	% of households 115 046	18.4%	22.7%	36.8%	41.1%	41.1%	41.1%	45.4%	45.2%	54.3%

The bulk households that make up the 51 720 about 42% of household served is urban areas with water borne sewerage systems. Only the Mfolozi Town is entirely on septic tanks.

### 2.10.2 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 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 up and where there is no prospect of groundwater, 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.



### **2.10.3 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 an 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.

Last year, uThungulu District attained 70% in the Blue Drop compliance for all of the water schemes. However, on average, most 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. Last year, the whole District attained 68% Green Drop compliance. However, in relation to effluent quality most of our schemes 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 was made available in the 2011/12 financial year with similar provisions made in the outer years. In March 2012, a draft water safety plan was sent to the Department of Water Affairs for approval.

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 groundwater fluctuations and are the first points of failure during drought.

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

- Huge number of backlogs still to be addressed by the municipality
- Ageing infrastructure in the towns
- Vast areas without water requiring carting of water by tankers
- Diminishing groundwater causing boreholes to dry or affecting water quality
- Negative impact on water supply due to high demand arising from excessive garden watering due to the "One House One Garden" which is a National Government campaign.
- Lack of metering in rural areas

- Vandalism of infrastructure by some community members
- Serious illegal water abstraction and abuse
- Insufficient funds for proper asset management
- Lack of capacity
- Serious challenges with the management of the Support Service Agent contract.

❑ **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 and maintenance 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.

**Table 21 – MBRR Supporting Table SA8 Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Borrowing Management</u></b>											
Credit Rating		A-	A-	A-	A-						
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.0%	2.0%	3.4%	4.8%	4.4%	4.4%	0.0%	4.4%	4.5%	4.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	12.1%	12.4%	16.1%	16.8%	10.8%	10.8%	0.0%	19.0%	21.0%	18.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	19.7%	17.6%	-10.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	14%	14%	12%	11%	10%	10%	10%	8%	6%	5%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.7	1.9	1.8	2.5	2.5	2.6	–	2.6	2.7	2.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.7	1.9	1.8	2.5	2.5	2.6	–	2.6	2.7	2.9
Liquidity Ratio	Monetary Assets/Current Liabilities	1.4	1.6	1.6	2.2	2.2	2.3	–	2.3	2.4	2.6
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		119.8%	84.5%	108.4%	97.2%	98.4%	98.4%	98.4%	55.3%	68.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			118.2%	84.3%	107.8%	97.7%	98.7%	98.7%	98.7%	55.4%	68.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18.9%	9.5%	8.5%	8.3%	6.8%	6.8%	0.0%	6.8%	6.9%	6.8%

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		16.2%	27.3%	31.6%	10.9%	10.9%	5.7%	0.0%	13.0%	14.9%	17.9%
<b>Other Indicators</b>											
Employee costs	Employee costs/(Total Revenue - capital revenue)	21.7%	20.9%	24.0%	23.8%	20.3%	20.3%	0.0%	26.0%	26.4%	25.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.6%	1.6%	0.0%	25.3%	21.3%	0.0%		27.7%	28.1%	27.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	8.3%	7.6%	7.6%		9.4%	9.2%	9.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.1%	11.0%	14.3%	9.7%	9.4%	9.4%	0.0%	11.6%	11.9%	11.5%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	2.5	2.7	2.4	3.9	3.9	3.9	-	3.3	3.0	3.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	142.8%	98.2%	73.0%	119.5%	105.8%	105.8%	0.0%	78.5%	73.7%	68.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	20.1	12.4	17.3	13.1	12.3	23.6	-	10.8	9.5	8.1

## 2.10.4 PERFORMANCE INDICATORS AND BENCHMARKS

### 2.10.4.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. In this regard the Municipality has been independently rated by Global credit rating co. for the past three years and has received an A-rating for its long term credit worthiness. This is indicative of high certainty of timely payment and liquidity factors that are strong and supported by good fundamental protection factors. As with all other municipalities, uThungulu District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has marginally increased from 3% per cent in 2010/11 to 4.4 per cent in 2011/12. This can be attributed to the increase in finance costs. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits. Early settlements of certain loans are also being given consideration in the municipal budget process.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of a zero coupon investment, wherein capital amounts are invested at the commencement of the loan, and with the value equalling that of the loan repayment which ensured minimum loan repayments, thereby decreasing finance charges.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. Cognisance must be taken of the impact borrowings will have on future tariffs for service charges.

### **Safety of Capital**

*The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2008/2009 and 2011/12 the gearing ratio steadily decreased from 14% to 10% . This was primarily a result of no further borrowings. Over the MTREF the ratio is expected to decrease from 8% in 12/13 to 5% in 14/15.

- *Liquidity*
- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a 2:1, hence at no point in time should this ratio be less than 2. For the 2011/12 MTREF the current ratio is 2,6:1 and ranged from 2,6:1 to 2,9:1 for the three outer years of the MTREF. The forecasted current ratio's indicates the Municipalities long term sustainable favourable position.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1:1. Anything below 1 indicates a shortage in cash to meet creditor obligations. An analysis for the municipality's financial health indicates that the municipality has sufficient disposable funds to meet creditor's expenses for over 1 year.

#### *2.10.4.2 Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to target the high numbers of indigent consumers and create mechanisms so as to prevent any further arrear debts. Furthermore, regular interaction with Consumers and Ward Councillors, through the facilitation of workshops are aimed at building relationships with those that we serve and create an environment which is mutually beneficial for both the municipality and the consumer.

#### *2.10.4.3 Creditors Management*

- The Municipality is aiming to ensure that creditors are settled within the legislated 30 days of invoice. This is expected to have a favourable impact on suppliers' perceptions of risk of doing business with the Municipality which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 2.10.4.4 Other Indicators

- The water distribution losses in urban areas have remained fairly constant at 12 % over the past three years. This has been achieved through the regular monitoring of water distribution plants. Further initiatives are currently being developed which are aimed at further reducing water loss, these include the installation of telemetric bulk metering systems, a water leak unit to assist indigent consumers and the use of “smart” water management devices.
- Employee costs as a percentage of operating revenue remains fairly stable over the MTREF. This is primarily owing to the increases in services charges being aligned to inflationary targets which determine the increase in expenses inclusive of employee costs.

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

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Council. With the exception of water, only registered indigents qualify for the free and subsidised services.

For the 2012/13 financial year approximately 1500 registered indigents have been provided for in the budget with this figure increasing to 2500 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 10k fee water, and subsidised sanitation costs.

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

## **2.11 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The Budget related policies of the municipality have been reviewed and any amendments were approved by Council together with the draft 2012/2013 multi year budget on the 28<sup>th</sup> March 2012 per UDMC 351.

## **2.12 Legislation compliance status**

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

### **2.12.1 In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.

### **2.12.2 Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various sections of the Financial Services Department. Of the five interns one has been appointed by an auditing firm permanently from April 2012. The remaining four will be completing their two year contract on 30 September 2012, and they are currently undergoing the FMIP training programme through DBSA's Vulindlela Academy. Since the introduction of the Internship programme the Municipality has successfully trained 4 interns through this programme and two of them were appointed in the Municipality and the rest were offered employment by other institutions.

### **2.12.3 Budget and Treasury Office**

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

### **2.12.4 Audit Committee and Municipal Public Accounts Committee**

An Audit Committee and the Municipal Public Accounts Committee has been established and is fully functional.

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

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in May 2012 directly aligned and informed by the 2012/13 MTREF.

### **2.12.6 Annual Report**

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

### **2.13 Other supporting documents**

Other supporting schedules as per the Municipal Budget and Reporting Regulations are annexed hereto.

**2.14 Municipal Manager’s quality certificate**

I ....., municipal manager of UThungulu District, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Acting Municipal manager of UThungulu District (DC28)

Signature \_\_\_\_\_

Date \_\_\_\_\_

**UTHUNGULU**

