



**UTHUNGULU**



**ANNUAL BUDGET OF**

**uThungulu District  
Municipality  
2013/14 TO 2015/16  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS  
MAY 2013**

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## Abbreviations and Acronyms

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

## Part 1 – Annual Budget

### 1.1 Mayor's Report

*The Mayors report will be included once the Honourable Mayor has presented her 2013/2014 final budget Speech before Council on Wednesday, 29 May 2013.*

### 1.2 Council Resolutions

On 29 May 2013 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 2013/14. The Council approved and adopted the following resolutions:

- 1.2.1 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:
- 1.2.1.1 The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.2.1.1 (a) Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2 on page 58;
    - 1.2.1.1 (b) Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3 on page 59;
    - 1.2.1.1 (c) Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4 on page 60; and
    - 1.2.1.1 (d) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5 on page 62.
  - 1.2.1.2 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:
    - 1.2.1.2 (a) Budgeted Financial Position as contained in Table A6 on page 64;
    - 1.2.1.2 (b) Budgeted Cash Flows as contained in Table A7 on page 66;
    - 1.2.1.2 (c) Cash backed reserves and accumulated surplus reconciliation as contained in Table A8 on page 67;
    - 1.2.1.2 (d) Asset management as contained in Table A9 on page 68; and
    - 1.2.1.2 (e) Basic service delivery measurement as contained in Table A10 on page 70.
- 1.2.2 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 2013:
- 1.2.2.1 the tariffs for the supply of water, sanitation, solid waste, cemetery and other miscellaneous fees – as set out in **Annexure A**.

### 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 non-core and 'nice to have' items. This has resulted in estimated expenditure of nearly R138 million for the 2013/14 financial year being reduced. Key areas where savings were realized were on staff costs due to reprioritisation of vacancies and limiting of overtime budget to 2% of remuneration, which is within the National Treasury's recommended benchmark of 4.5%, 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, 59, 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 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 a point where services will no-longer be affordable; it be noted that the Municipality will be embarking on an exercise to ensure that tariffs are cost reflective, although we are not there yet we are moving towards that direction.
- The backlogs, unavailability of water sources and severe drought that has affected the District in recent years and have necessitated 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.
- The increase of grants for backlog eradication in the outer years with no corresponding funding in Equitable Share for Repairs and Maintenance.

- It be noted that uThungulu's internally funded capital in terms of the draft budget accounts for 13% of the total budget, most of the capital budget is grant funded mainly through MIG, RBIG and MWIG which is for backlog eradication, and therefore this makes it very difficult to achieve the 40% benchmark as required by the National Treasury. It must be further noted that a provision has been made under Technical Services contracts services for the asset management component to the Technical aspect.
- The district is predominantly rural in nature and households are sparsely located thereby making billing and credit control an expensive exercise.

The following budget principles and guidelines directly informed the compilation of the 2013/14 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 tariffs 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 motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - New positions;
  - Overtime limited to 2% of remuneration;
  - Furniture and office equipment;
  - Ad-hoc travelling; and
  - Delegations.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2013/14 MTREF**

2013/2014 Multi Year Budget Summary - FINAL							
	2012/2013	2013/2014	Variance	%	2014/2015	2015/2016	Total for
	Adjusted Budget	Final Budget	Adj. Budget vs Final	Change	Budget	Budget	MTREF
<b>Revenue by Source</b>							
- Grants & subsidies	254 585 461	294 251 000	39 665 539	16%	425 066 000	718 036 000	1 437 353 000
- Equitable Share	162 849 000	173 064 000	10 215 000	6%	184 377 000	194 608 000	552 049 000
- Levy Replacement Grant	165 913 000	180 845 000	14 932 000	9%	197 121 000	211 775 000	589 741 000
<b>Total Government Grant &amp; Subsidies</b>	<b>583 347 461</b>	<b>648 160 000</b>	<b>64 812 539</b>	<b>11%</b>	<b>806 564 000</b>	<b>1 124 419 000</b>	<b>2 579 143 000</b>
<b>Public Contributions</b>							
- Richards Bay Minerals	2 000 000	2 000 000	-	0%	2 000 000	2 000 000	6 000 000
- Foskor	160 000	-	-160 000	-100%	-	-	-
- Bell Equipment	20 000	-	-20 000	-100%	-	-	-
<b>Total Public Contributions</b>	<b>2 180 000</b>	<b>2 000 000</b>	<b>-180 000</b>	<b>-8%</b>	<b>2 000 000</b>	<b>2 000 000</b>	<b>6 000 000</b>
- Sundry Income	7 528 723	8 443 423	914 700	12%	9 126 642	10 312 998	27 883 064
- Interest Income	27 111 441	27 278 709	167 268	1%	28 915 431	30 650 356	86 844 496
<b>Total Other Income</b>	<b>34 640 164</b>	<b>35 722 133</b>	<b>1 081 969</b>	<b>3%</b>	<b>38 042 073</b>	<b>40 963 354</b>	<b>114 727 560</b>
Trading Services	43 768 829	50 797 637	7 028 808	16%	55 540 894	61 174 932	167 513 463
Provision for Rehabilitation - Solid Waste	7 600 000	10 000 000	2 400 000	32%	-	-	10 000 000
Prior Year Grant Funding	37 971 860	1 084 155	-36 887 705	-97%	-0	1 282 222	2 366 377
Borrowings	16 641 229	-	-16 641 229	-100%	-	-	-
Project Rollovers - Internally Funded Projects	48 056 265	-	-48 056 265	-100%	-	-	-
Surplus Brought Forward (2012/2013)	35 944 203	15 299 867	-20 644 336	-57%	-	16 117 763	31 417 630
<b>Total Revenue</b>	<b>810 150 011</b>	<b>763 063 792</b>	<b>-47 086 219</b>	<b>-6%</b>	<b>902 146 967</b>	<b>1 245 957 271</b>	<b>2 911 168 030</b>
<b>Expenditure</b>							
Non-trading services		133 590 256			142 524 802	151 377 539	427 492 597
Trading Services	381 051 174	274 049 858	26 588 940	7%	284 933 532	332 618 526	891 601 916
Operational IDP	154 195 314	118 435 678	-35 759 636	-23%	114 215 233	103 042 505	335 693 416
Capital IDP & Internal Fixed Assets	316 903 523	277 488 000	-39 415 523	-12%	403 673 400	705 718 700	1 386 880 100
<b>Total Expenditure</b>	<b>852 150 011</b>	<b>803 563 792</b>	<b>-48 586 219</b>	<b>-6%</b>	<b>945 346 967</b>	<b>1 292 757 270</b>	<b>3 041 668 029</b>
LESS : DEPRECIATION - NOT CASH BACKED	45 000 000	45 000 000	-		48 000 000	52 000 000	145 000 000
<b>TOTAL EXPENDITURE EXCL. DEPN</b>	<b>807 150 011</b>	<b>758 563 792</b>	<b>-1 527 405</b>		<b>897 346 967</b>	<b>1 240 757 270</b>	<b>2 896 668 029</b>
<b>SURPLUS (Cash backed Depreciation for Capital Reserve)</b>		<b>4 500 000</b>			<b>4 800 000</b>	<b>5 200 000</b>	<b>14 500 001</b>

Total revenue estimate inclusive of provisions, prior year grants 2013 conditional grants has declined by 6% or R47m for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget, due to the accumulated surplus and the fact that revenue excludes rollovers which should be catered for in the August 2013 rollover adjustment budget. It is proposed that 10% of the current year's depreciation be cash backed and this has been factored into the final budget, this amounts to R4.5m for the current year and will continue over the medium term. 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 18% and 38% respectively, equating to a total revenue of R2.9 billion over the MTREF. The total expenditure budget over the MTREF is R3.04bn, inclusive of non-cash backed depreciation.

The detailed grant allocations from National Treasury, per the Division of Revenue Bill, 2013 was made available from the 27<sup>th</sup> February 2013 on National Treasury's website. Provincial allocations have also been Gazetted and have been included in the final budget. The following table depicts the grant allocations as contained in the 2013 Division of Revenue Bill in comparison to the projections of the 2012 Division of Revenue Act grant allocation, as well as the Accelerated Infrastructure Program Grant which has been included in the budget on the basis of a signed Memorandum of Agreement between the Municipality and DWA;



**Table 2 Overview of the 2013/14 grants allocation for the MTREF**

TOTAL ALLOCATIONS PER DORA 2013	DORA 2012	DORA 2013			DORA 2013	
Name of Grant	Budget 13/14 Forecast	Budget 13/14 Gazetted	Variance	% Change	Budget 14/15	Budget 15/16
Equitable Share	174 206 000	173 064 000	(1 142 000)	-1%	184 377 000	194 608 000
Levy Replacement Grant	180 845 000	180 845 000	-	0%	197 121 000	211 775 000
Municipal Systems Improvement Grant	900 000	890 000	(10 000)	-1%	934 000	967 000
Water services operating & transfer subsidy	5 000 000	3 124 000	(1 876 000)	-38%	5 374 000	5 000 000
Local Finance Management Grant	1 250 000	1 250 000	-	0%	1 250 000	1 250 000
Municipal Infrastructure Grant	205 937 000	185 343 000	(20 594 000)	-10%	172 173 000	182 507 000
Municipal Water Infrastructure Grant	-	57 025 000	57 025 000	0%	61 262 000	165 365 000
Rural Transport Services & Infrastructure	1 864 000	1 746 000	(118 000)	-6%	2 305 000	2 365 000
EPWP Incentive Grant	-	2 840 000	2840000	0%	-	-
Regional Bulk Infrastructure Grant	54 000 000	35 000 000	(19 000 000)	-35%	180 000 000	360 000 000
Water Services Operating Subsidy (Grant-in-kind)	-	300 000	300 000	0%	300 000	300 000
ACIP Grant - Not Yet Gazetted	-	1 780 000	1 780 000	0%	-	-
<b>Total Gazetted Grants</b>	<b>624 002 000</b>	<b>643 207 000</b>	<b>19 205 000</b>	<b>3%</b>	<b>805 096 000</b>	<b>1 124 137 000</b>

To be noted that although the new Equitable Share (EQS) formula had a negative impact in the uThungulu District's allocation of the Equitable Share, the amount is not so significant in relation to what was anticipated, however the reduction amounted to only R1.1m for the 2013/14 financial year. The EQS then grows by R11.3m, (6.5%), and R10.2m, (5.5%) respectively over the two outer years of the MTREF.

The Levy Replacement Grant remained unchanged from the 2012 projections with an estimated growth of R16.3m, (8.9%) and R14.7M, (7.4%) over the two outer years of the MTREF respectively. To be noted that National Treasury has not pronounced itself on the way forward regarding this grant, whereas it is noted that for metropolitan municipalities a fuel levy was introduced to replace this grant.

An amount of R3.1m for the Water Services Operating Subsidy has been allocated to the municipality and R1.5m of this will be used for the drilling of boreholes in the District, R1.6 will be used for the refurbishment of the water and waste water treatment works in the entire District. The allocations for the two outer years of the MTREF are R5.4m and R5m respectively.

The Municipal Infrastructure Grant has been allocated at R185m, this is a decrease of R20m (10%) when compared with the 2012 projections, it is expected that this grant will further decrease to R172m in the 2014/15 financial year and thereafter increase to R183m in 2015/16.

The National Treasury has introduced a new grant, Municipal Water Infrastructure Grant (MWIG), the aim of this grant is to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service. The MWIG allocation for the ensuing financial year is R57m in 2013/14, R61m in 2014/15 and thereafter increasing massively to R165m over the medium term.

The Regional Bulk Infrastructure Grant (RBIG) has been allocated R35 for the 2013/14 financial year, although this is a decrease of R19m (35%) from the 2012 projected allocations, this grant will massively grow to R180m in the 2014/15 financial year and thereafter to R360m in the 2015/16 financial year.

Other grants that have been allocated to the district are;

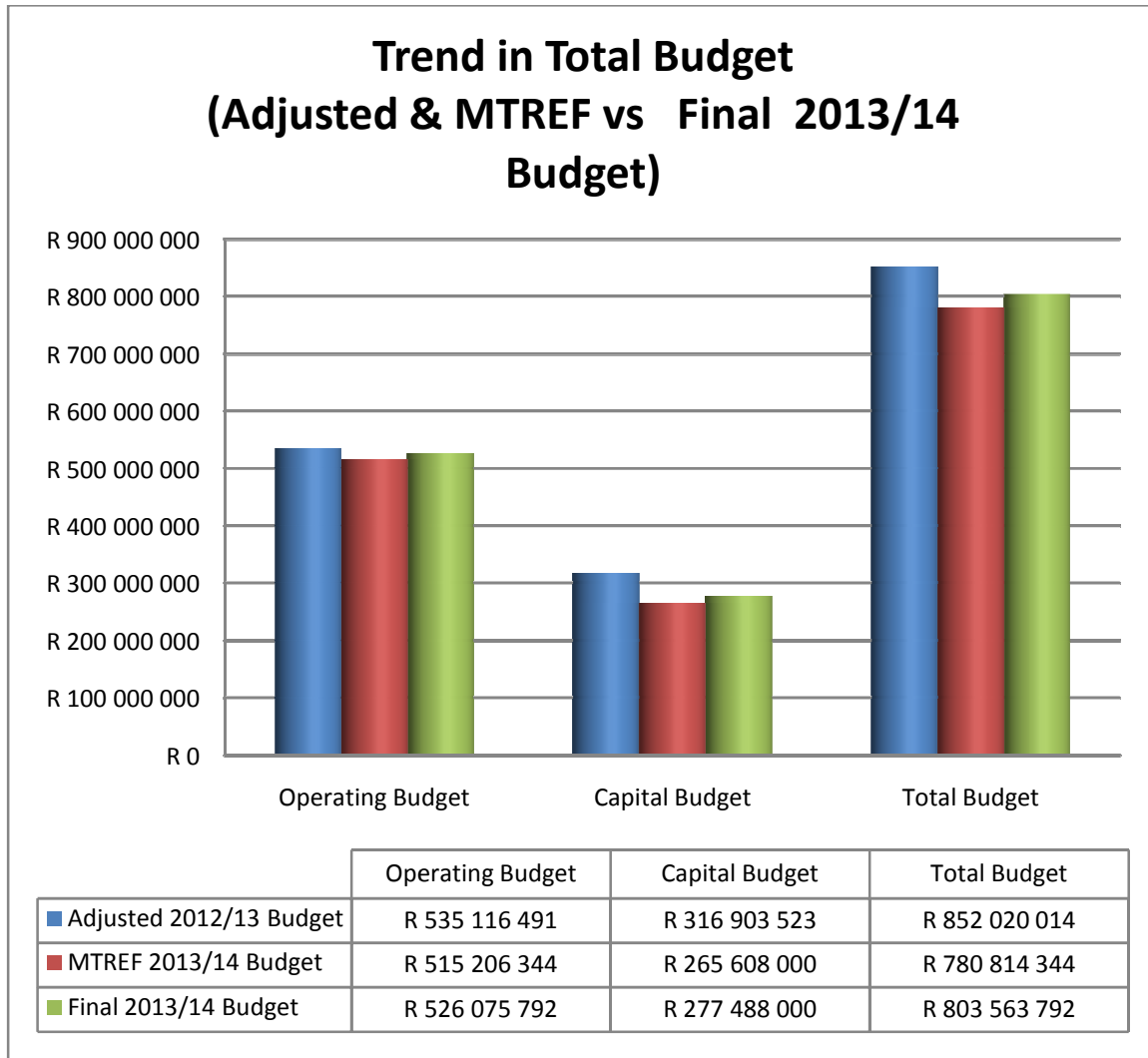
- Finance Management Grant
- Municipal Systems Improvement Grant
- Rural Transport Services and Infrastructure grant
- EPWP Incentive Grant, and
- Water Services Operating Subsidy Grant (Grant in kind)
- Accelerated Infrastructure Program Grant

The total operating expenditure for the 2013/14 financial year has been appropriated at R407.6m. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by an average of 7 per cent in the 2013/14 budget and by 5% and 13% for each of the respective outer years of the MTREF.

The operational IDP projects budget for 2013/14 have decreased by 23% compared to the 2012/13 adjustment budget, this budget further decreases by 4% in 2014/15 and then decrease by 10% in the 2015/16 financial year. 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 due to 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 R277m for 2013/14 is 12% less when compared to the 2012/13 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. The 2012/2013 Capital Budget includes rollover projects from the previous years which were only finalised in the 12/13 financial year, therefore there appears to be a decrease from 2012/13 to 2013/14. The capital programme increases to R404m in the 2014/15 financial year and then R706m in the 2015/2016 financial year, which translates to a total capital budget of R1.4b 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 as well as the Municipal Water Infrastructure (MWIG) grant which has been introduced in the 2013/14 financial year, The grant is aimed at accelerating the delivery of clean water to communities that do not have access to basic water services. The grant provides funding for municipalities to plan and implement various projects; including the construction of new infrastructure and the refurbishment and extension of existing water schemes. To be noted that the Regional Bulk Infrastructure grant is an in-kind grant from DWA and uThungulu has entered into an agreement with the funders to act as an implementing agent for this project. Capital grants will contribute 87%, 94% and 97% of capital expenditure in each of the MTREF years.

The figure below graphically depicts the split of the final budget for 2013/14 between Operational and Capital vs the 2012/13 Adjusted budget and the 2013/14 budget approved as part of the multi year budget in May 2012.



**Figure 1 Operating & Capital Budget for the 2013/14 financial year**

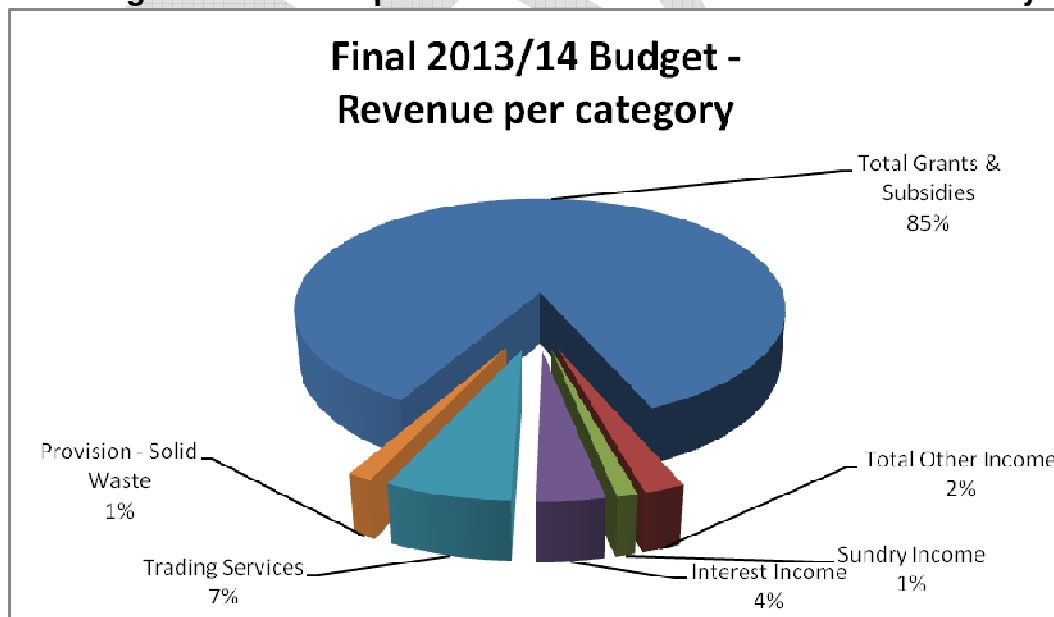
## 1.4 Operating Revenue Framework

In order 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 90 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;
- The rollout of prepaid water meters (smart meters) to all indigent consumers and new water projects;
- 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 2013/14 financial year**



The figure above indicates the 2013/14 municipal revenue per service.

The above graph depicts the municipality's reliance on grants and subsidies making up 85% of the revenue source. Trading Services is the second at a meagre 7%, interest income 4% and other income 2%.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

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

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>									
Service charges - electricity revenue	156								
Service charges - sanitation revenue	3 295	3 513	3 740	3 203	3 653	3 653	4 759	5 016	5 317
Service charges - refuse revenue	5 068	7 239	8 445	10 055	10 055	10 055	13 700	16 440	19 728
Service charges - water revenue	23 944	30 125	35 616	28 042	29 842	29 842	32 053	33 784	35 811
Service charges - other	412	316	217	219	219	219	285	301	319
Rental of facilities and equipment	47	38	34	-	-	-	-	-	-
Interest earned - external investments	26 468	24 150	26 998	24 206	26 884	26 884	27 033	28 655	30 374
Interest earned - outstanding debtors	78	56	40	227	227	227	246	260	276
Transfers recognised - operational	282 877	282 180	349 642	372 457	375 926	375 926	409 252	429 329	444 647
Other revenue	12 314	12 897	8 703	48 100	153 742	153 742	36 827	11 127	29 713
Gains on disposal of PPE	-	601	(419)	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>354 659</b>	<b>361 115</b>	<b>433 014</b>	<b>486 510</b>	<b>600 549</b>	<b>600 549</b>	<b>524 156</b>	<b>524 912</b>	<b>566 185</b>

**Table 4 Percentage of revenue by main revenue source**

Description	Current Year		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
<b>Revenue By Source</b>								
Service charges - sanitation revenue	3 653	1%	4 759	1%	5 016	1%	5 317	1%
Service charges - refuse revenue	10 055	2%	13 700	3%	16 440	3%	19 728	3%
Service charges - water revenue	29 842	5%	32 053	6%	33 784	6%	35 811	6%
Service charges - other	219	0%	285	0%	301	0%	319	0%
Interest earned - external investments	26 884	4%	27 033	5%	28 655	5%	30 374	5%
Interest earned - outstanding debtors	227	0%	246	0%	260	0%	276	0%
Transfers recognised - operational	375 926	63%	409 252	78%	429 329	82%	444 647	79%
Other revenue	153 742	26%	36 827	7%	11 127	2%	29 713	5%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>600 549</b>	<b>100%</b>	<b>524 156</b>	<b>100%</b>	<b>524 912</b>	<b>100%</b>	<b>566 185</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 service charges forms a minimal percentage of the internally generated funds of the Municipality, that being the interest on investments and service charges. The Interest on external investments has slightly increased when comparing with the 2012/13 Adjustments Budget. A notable trend is the increase in the total

percentage revenue generated from water services charges which increases from R32m in 2013/14 to R36m in 2015/16. The water sales contribution to the total service charges revenue is 63%, 61% and 59% for the MTREF. The above table excludes revenue foregone arising from rebates associated with the tariff policies of the Municipality.

Solid Waste is the second largest revenue source totalling 27 per cent or R14 million rand and increases to R19.7 million by 2015/16. 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 R409 million in the 2013/14 financial year and increases sharply to R445 million by 2015/16. Note that the year-on-year growth for the 2013/14 financial year is 9% and then 5% and 4% 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 at 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 Circulars 66 and 67 issued in December 2012 and March 2013 respectively, 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, as well as the bulk cost from Eskom and other major suppliers. 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, as per guideline from National Treasury. 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 13/14 budget year amounts to R255m and revenue generated is a mere R32m therefore R223m is funded from both the equitable share the levy replacement grant. Budget for drought relief was reduced from an initial amount of R40m to R30m, this was done with an understanding that the expenditure on this will be monitored closely, and also the fact that the municipality has received some funding in the 2012/13 financial year from the Provincial Cogta department which will be used to procure water tankers to assist in the carting of water to the drought stricken areas of the District.

The proposed tariffs for households (residential) and non-residential consumers are detailed on Annexure A 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. Subsequent to the adoption of valuation rolls in the 2010/2011 financial year, a further valuation roll was published by the Local Municipalities effective from 01 July 2012. The latest valuation roll resulted in certain properties within the District increasing in value beyond our original estimates and as such the revenue generated from sanitation was above original budgets, The tariff increase for 2013/2014 has been determined at 5.6%, in accordance with guidelines from National Treasury, and the increased property values per the valuation roll which came into effect on the 1<sup>st</sup> of July 2012 has been factored in the budget.

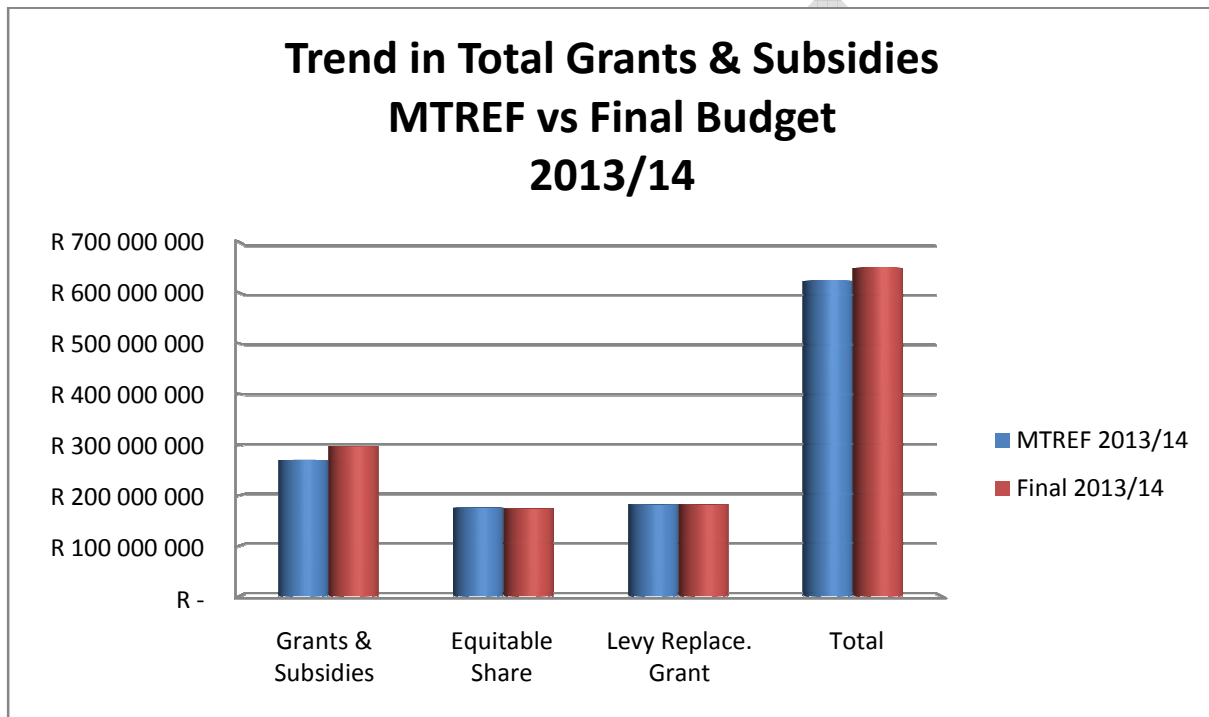
Domestic Sewer tariffs have been revised to R0,00463 per rand value of the property. The minimum and maximum charge will be R 44.52 and R 173.63 per month.

Business sewer has also been revised to R0.00463c per rand value of the business property. The minimum and maximum charge is R 115.76 and R 1,157.55 per month.

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

**1.4.3 Regional Solid Waste – Landfill Site**

The average increase in the tariff for the 2013/2014 year is 20%. Following the feasibility studies performed, Council needs to increase its solid waste tariffs above inflationary levels for at least 5 years, for the site to become financially viable. The municipality is also investigating the possibility of generating additional revenue from the landfill site through recycling activities and methane gas extraction; these will in turn extend the useful life of the landfill site.



**Figure 3 Grant Revenue for the Final Budget 2013/14 vs MTREF Budget 2012/13**

The above graph pictorially depicts the municipality’s dependency on grants equating to a total of R650m for the 2013/14 financial year compared to R583m for the 2012/13 adjusted budget.



## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 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;
- The accumulated depreciation on Council infrastructure and assets is currently not cash backed however 10% of the current year's depreciation has been include in the budget and will continue with the 10% provision over the medium term unless the revenue position of Council changes.
- 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 2013/14 budget and MTREF (classified per main type of operating expenditure):

**Table 5 Summary of operating expenditure by standard classification item**

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Expenditure By Type</b>									
Employee related costs	72 686	86 623	88 085	127 085	115 492	115 492	138 704	153 153	163 790
Remuneration of councillors	5 415	5 492	7 870	8 145	8 809	8 809	9 277	10 270	10 983
Debt impairment	3 154	6 436	8 024	3 379	3 379	3 379	8 096	8 541	9 011
Depreciation & asset impairment	30 116	40 061	36 543	42 318	42 318	42 318	45 827	48 872	52 920
Finance charges	9 244	12 699	11 901	14 180	14 180	14 180	11 460	11 471	11 484
Bulk purchases	18 357	24 470	29 204	23 775	28 775	28 775	25 082	26 462	41 733
Other materials	-	-	-	113	113	113	299	315	329
Contracted services	68 077	60 161	63 005	74 921	75 181	75 181	80 721	85 657	95 531
Transfers and grants	3 476	6 031	9 244	10 786	10 786	10 786	11 857	7 340	7 590
Other expenditure	191 740	129 401	154 726	191 789	236 214	236 214	194 755	189 593	193 668
Loss on disposal of PPE			419						
<b>Total Expenditure</b>	<b>402 264</b>	<b>371 375</b>	<b>409 020</b>	<b>496 490</b>	<b>535 247</b>	<b>535 247</b>	<b>526 077</b>	<b>541 674</b>	<b>587 039</b>

The budgeted allocation for employee related costs for the 2013/14 financial year totals R139m, with a further R1.3m which has been put aside to provide for any contingencies during the course of the financial year, considering the current appeal by the labour unions at the Bargaining Council regarding the 8.48% wage curve increase, this in total equals 28.37 per cent of the total operating expenditure. The current three year collective wage agreement is in its second year and provides for an increase of CPIX plus 1.25% for the 2013/14 financial year, an increase of 6.95% has been budgeted for as per National Treasury recommendation in MFMA circular 66 issued in December 2012. As part of the Municipality's cost reprioritization new and vacant positions were

thoroughly analyzed and only critical vacancies within the Municipality were accommodated. 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 and limited to only 2% of the remuneration.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. The total budget for Councillors' allowances for the 2013/14 financial year is R9.3m. An estimated increase of 6% has been applied for the Councillors remuneration.

The provision for debt impairment was determined based on an annual collection rate of 90 per cent and the Credit and Debt Collection Policy of the Municipality. For the 2013/14 financial year this amount equates to R8 million and escalates to R9 million by 2015/16. While this expenditure is considered to be a non-cash flow item, it informs 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 R45.8 million for the 2013/14 financial and equates to 9 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 R187m as per 2011/12 Annual Financial Statements 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. However, 10% of the 2013/14 financial year's depreciation is cash backed to provide for the Capital Reserve and this will continue over the medium term provided the municipality's revenues do not change.

Finance charges consist primarily of the repayment of interest on long-term loans. These charges make up 2 per cent (R11.5 million) of the total operating expenditure for 2013/14 and is not expected to increase in the medium term as the municipality is not intending to take up any loans in the current MTREF. The R21m loan that was taken for the landfill site was repaid in full during the 2012/13 financial year hence the reduction in the finance charges for the 2013/14 financial year. 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.

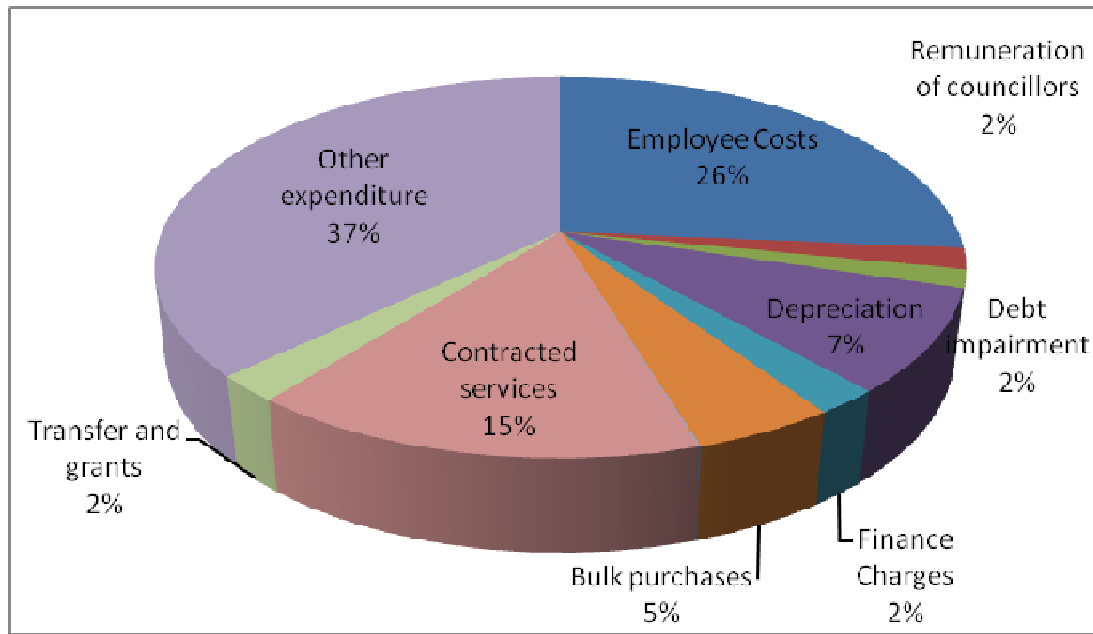
Contracted services consists mainly of the SSA contract, which amounts to R58m (72%), and is currently outsourced to WSSA. To be noted that as part of the tender specifications, WSSA also undertakes repairs and maintenance of the water schemes in the uThungulu District, the total budget for this tender is R95m. The budget for the SSA contract and operations is currently budgeted for R95m 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 major items included in Contract Services are as follows;

• Rural Metro – Fire fighting Services	R1.45m
• Environmental Health	R3.9m
• Meter reading, Debt recovery & Cash Management	R2m
• Water Use Efficiency, Asset and Contract Management	R3.6m
• IT Services	R2m
• Internal Audit & Audit Committees	R1.8m
• Auditor General's Fees	R3.8m

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 5.5 per cent for 2013/14 – 2015/2016 MTREF. To be noted that included in other expenditure is Operational IDP projects amounting to R118m, which makes 61% of the Other expenditure category. Also included in Other Expenditure is an amount of R43.7m which is set aside for the Repairs and Maintenance of Council's infrastructure.

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.



**Figure 4 Main Operational Expenditure Categories for the 2013/14 financial year**

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### 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 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance.

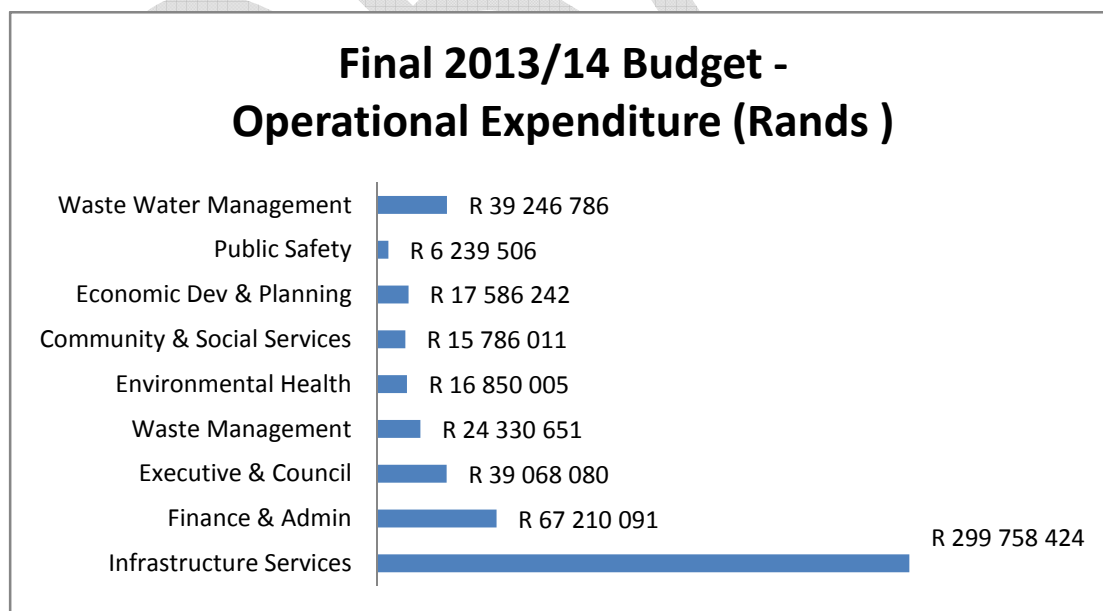
During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. Repairs and maintenance has been budgeted for at R44 million for the 2013/14 financial year. 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 A10 (Basic Service Delivery Measurement) on page 68.

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 2013/14 operational expenditure (Including Operational IDP Projects) by Main Vote



**Figure 5 Operational Expenditure by Vote (Incl. IDP Projects) for the 2013/14 financial year.**

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

Operational Projects	Funding	2013/14	2014/15	2015/16
Community Participation Programme	Surplus	60 000	100 000	-
Implementation of S81 - Amakhosi	Surplus	150 000	150 000	150 000
<b>Board &amp; General</b>		<b>210 000</b>	<b>250 000</b>	<b>150 000</b>
Implementation of MFMA	Grant	24 017	-	-
<b>Finance Interns</b>		<b>24 017</b>	<b>-</b>	<b>-</b>
Gender Equality Programme	Surplus	400 000	-	-
Children's Rights Programmes	Surplus	200 000	-	-
Culture, Arts and Heritage	Surplus	250 000	300 000	300 000
Senior Citizens' Programme	Surplus	200 000	250 000	250 000
Disability Programme	Surplus	200 000	250 000	250 000
Youth Programmes	Surplus	450 000	250 000	250 000
Integrated District Education Programme	Surplus	50 000		
Integrated District Skills Development Programme	Surplus	100 000		
Operation Sukuma Sakhe	Surplus	500 000	250 000	250 000
District HIVAIDS Programme	Surplus	800 000	850 000	900 000
Crime Prevention Programmes	Surplus	150 000	250 000	250 000
District Elimination Games	Surplus	400 000	500 000	500 000
SALGA KZN Games	Surplus	2 000 000	2 000 000	2 000 000
Sport Development	Surplus	550 000	600 000	600 000
Sport Facilities	Grant	253 000	268 000	282 000
<b>Community Services Total</b>		<b>6 503 000</b>	<b>5 768 000</b>	<b>5 832 000</b>
Disaster Management Plan Review	Surplus	-	200 000	200 000
International Day for Disaster Risk reduction	Surplus	60 000	70 000	70 000
Disaster Risk Reduction Programme	Surplus	75 000	140 000	140 000
Establishment of Disaster Management Volunteers Programme	Surplus	80 000	120 000	120 000
District Advisory Forum	Surplus	15 000	15 000	15 000
Disaster Stock Items	Surplus	200 000	150 000	150 000
<b>Disaster Management Total</b>		<b>430 000</b>	<b>695 000</b>	<b>695 000</b>
Asset Care Centre	Grant	311 500	326 900	338 450
Finance Workstudy	Surplus	100 000	-	-
<b>Expenditure Total</b>		<b>411 500</b>	<b>326 900</b>	<b>338 450</b>
Supply chain Management Work Study	Surplus	100 000	-	-
<b>SCM Unit</b>		<b>100 000</b>		
Debtor Database Cleansing & Reporting	Surplus		170 000	-
Water Meter Audit	Surplus	150 000	170 000	170 000
<b>Consumer Billing</b>		<b>150 000</b>	<b>340 000</b>	<b>170 000</b>
Clean Audit 2014 - AFS	Grant	89 000	93 400	96 700
Clean Audit 2014 - Data Cleansing	Surplus	-	1 276 453	-
Clean Audit 2014 - Credit Control	Surplus		1 000 000	
Clean Audit 2014 - MFMA Committees	Grant	178 000	186 800	193 400
Actuarial Valuations	Surplus	45 000	50 000	55 000
Credit Rating	Surplus	100 000	100 000	100 000

<b>Operational Projects</b>	<b>Funding</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Finance Workstudy	Grant	44 500	46 700	48 350
uThungulu Financing Partnership	Surplus	8 359 450	9 529 774	10 863 942
Insurance Claims (Operational)	Surplus	100 000	100 000	100 000
<b>Finance Executive Total</b>		<b>8 915 950</b>	<b>12 383 127</b>	<b>11 457 392</b>
TASK Job Evaluation Implementation (Est. of paycales)	Surplus	2 510 749	600 000	600 000
Employee Assistance Programme	Surplus	400 000	400 000	400 000
Implementation of Occupational Health & Safety Act	Surplus	100 000	100 000	100 000
<b>Management Services HR Total</b>		<b>3 010 749</b>	<b>1 100 000</b>	<b>1 100 000</b>
Publications	Surplus	150 000	-	-
Events	Surplus	100 000	180 000	200 000
Marketing	Surplus	150 000	200 000	200 000
Uthungulu Web-site Development	Surplus	50 000	50 000	100 000
IGFR Policy Development	Grant	44 500	46 700	48 350
Batho Pele Principles	Grant	44 500	46 700	48 350
<b>Municipal Manager Total</b>		<b>539 000</b>	<b>523 400</b>	<b>596 700</b>
IT Security Management	Surplus	600 000	633 000	667 815
<b>IT Total</b>		<b>600 000</b>	<b>633 000</b>	<b>667 815</b>
OPMS Scorecard	Surplus	250 000	250 000	250 000
MTAS Implementation	Grant	89 000	93 400	96 700
Draft Annual & Performance Report	Surplus	150 000	150 000	150 000
District Information Management System	Surplus	200 000	200 000	-
Enterprise Risk Management	Surplus	220 000	220 000	220 000
Performance Management Systems	Surplus	140 000	140 000	140 000
Fraud & Corruption Prevention	Surplus	110 000	100 000	100 000
S57 Individual Performance Management	Surplus	155 000	-	-
Organisational Performance Management	Surplus	195 000	-	-
Risk Management Strategy - King III	Surplus	100 000	100 000	100 000
Review of LED Framework	Surplus	100 000	-	-
LED Forum	Surplus	-	35 000	35 000
LED Development Fund	Surplus	100 000	100 000	100 000
LED Operational Support Programme	Surplus		100 000	-
Tourism Development Implementation	Surplus	255 000	-	-
Implementation of LED Framework	Surplus	100 000	50 000	50 000
Review of Tourism Development Plan	Surplus		350 000	-
Cruise Ship Tourism	Surplus	50 000	75 000	75 000
Urban Cultural Tourism	Surplus	-	20 000	20 000
Domestic Family Tourism	Surplus	-	20 000	20 000
Trade & Investment Marketing	Surplus	100 000	100 000	100 000
Tourism Institutional Development	Surplus		100 000	-
Tourism Institutional Framework implementation	Surplus		100 000	-
uThungulu Tourism development Office	Surplus		100 000	-
Tourism Awareness & Safety	Surplus	-	50 000	50 000
Business retention & Expansion Implementation	Surplus	-	50 000	50 000
Craft Marketing & Development Strategy	Surplus	25 000	150 000	150 000

Operational Projects	Funding	2013/14	2014/15	2015/16
Great Forests of Zululand	Surplus	80 000	100 000	100 000
Tourism Marketing: Shows	Surplus	-	150 000	150 000
Media Marketing & Tools	Surplus	80 000	-	-
Tourism Media Marketing (Media)	Surplus	60 000	180 000	180 000
Community Tourism Info Desk	Surplus	-	65 000	65 000
tourism Intern Programme	Surplus	-	65 000	65 000
Tourism Signage	Surplus	-	50 000	50 000
Review of Agricultural Development Plan	Surplus	-	35 000	35 000
Tourism Marketing tools & Website	Surplus	60 000	150 000	150 000
Agricultural Summit	Surplus	-	120 000	-
Agricultural Development & Implementation	Surplus	150 000	150 000	150 000
Agricultural Institutional Support	Surplus	-	50 000	-
uThungulu FPM Farmer Support	Surplus	350 000	350 000	350 000
uThungulu FPM Pre Market	Surplus	350 000	350 000	350 000
Implementation of SMME Plan	Surplus	50 000	50 000	50 000
SMME Fairs	Surplus	180 000	20 000	20 000
Development Plan for Primary Nodes	Surplus	-	-	250 000
Development Plan for Secondary/New Nodes	Surplus	-	-	250 000
Annual IDP Review	Surplus	100 000	100 000	-
IDP Roadshows - Izimbizo	Surplus	1 200 000	1 200 000	1 200 000
Review of Spatial Development Framework	Surplus	100 000	-	-
Quality of Life Survey	Surplus	200 000	-	-
District Housing Plan	Surplus	50 000	50 000	50 000
District Coastal Working Group	Surplus	50 000	-	-
Strategic Environmental Assessment	Surplus	200 000	50 000	-
Implementation of Coastal Management Programme	Surplus	100 000	100 000	100 000
Film Office	Surplus	200 000	150 000	150 000
Implementation of District FPM	Surplus	2 506 461	3 704 960	3 095 448
<b>Planning Total</b>		<b>8 405 461</b>	<b>9 893 360</b>	<b>8 517 148</b>
Ntambanana Solid Waste	Surplus	6 851 000	7 182 000	7 423 000
<b>Waste Management Total</b>		<b>6 851 000</b>	<b>7 182 000</b>	<b>7 423 000</b>
281-3 - VIP Sanitation Project	Grant	3 030 000	-	-
281-4 - VIP Sanitation Project	Grant	-	8 500 000	1 500 000
286-5 - VIP Sanitation Project	Grant	9 000 000	10 000 000	-
286-6 - VIP Sanitation Project	Grant	-	-	11 000 000
283-3 - VIP Sanitation Project	Grant	5 130 000	-	-
283-4 - VIP Sanitation Project	Grant	-	8 300 000	-
284-5 - VIP Sanitation Project	Grant	-	-	13 300 000
284-6 - VIP Sanitation Project	Grant	20 000 000	7 100 000	-
National Sanitation Week	Surplus	50 000	55 000	55 000
<b>Waste Water Total</b>		<b>37 210 000</b>	<b>33 955 000</b>	<b>25 855 000</b>
Water loss management strategy - Implementation	Surplus	750 000	800 000	800 000
Water / Sanitation Awareness Campaigns	Surplus	100 000	100 000	100 000
Water Events	Surplus	100 000	425 000	425 000



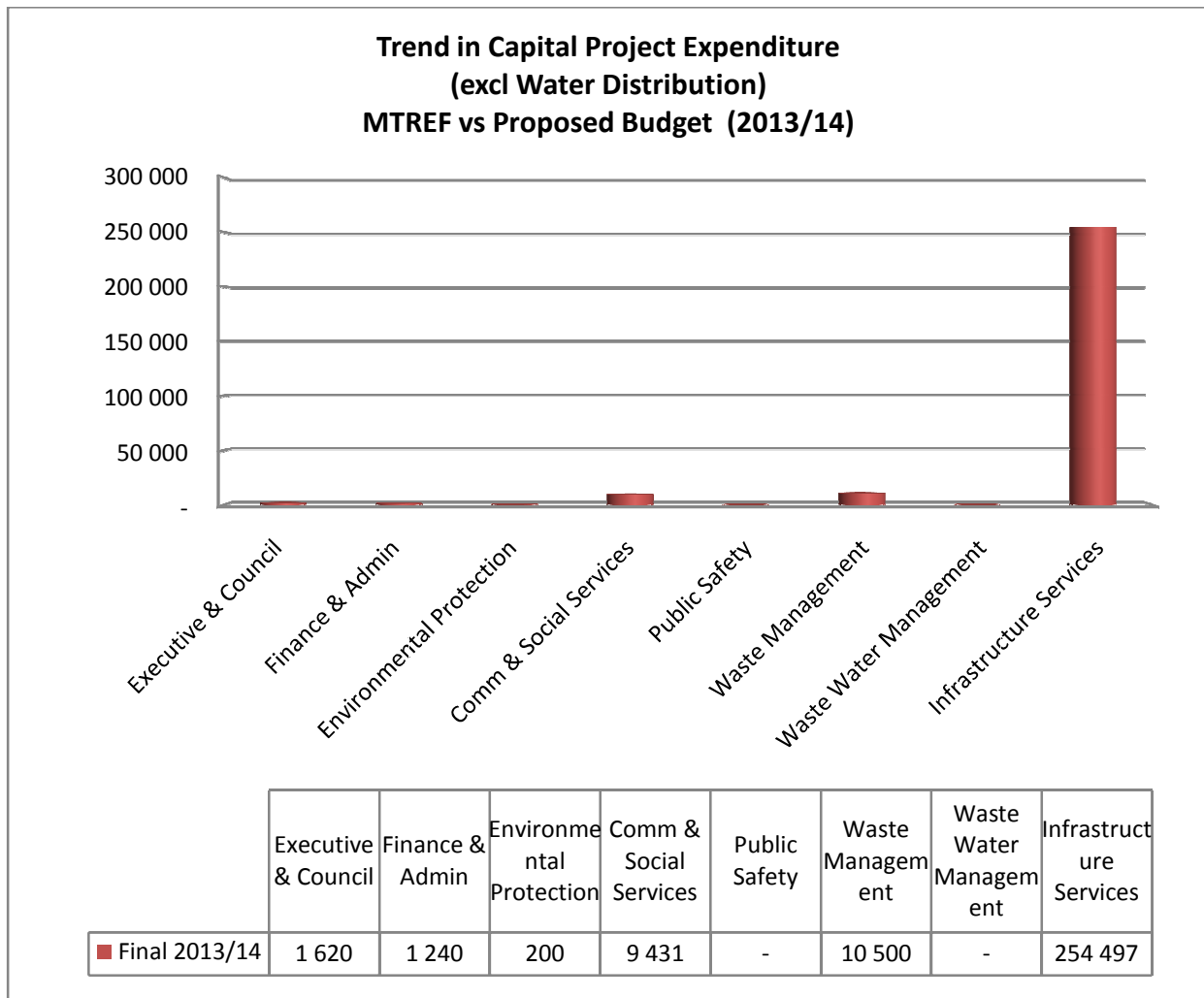
<b>Operational Projects</b>	<b>Funding</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
GIS Operational Budget	Surplus	50 000	50 000	50 000
GIS Development & Training	Surplus	35 000	35 000	35 000
National Arbor Week	Surplus	50 000	50 000	50 000
National Water Week	Surplus	50 000	50 000	50 000
Annual Update of WSDP	Surplus	150 000	250 000	250 000
BPP & Risk Management Plan	Surplus	150 000	200 000	200 000
ACIP Programme	Grant	780 000	-	-
<b>Water Services Authority Total</b>		<b>2 215 000</b>	<b>1 960 000</b>	<b>1 960 000</b>
Energy Master Plan Review	Surplus	-	500 000	-
Rural Transport Services & Infrastructure	Grant	1 746 000	2 305 000	2 365 000
<b>Auxillary Infrastructure Development</b>		<b>1 746 000</b>	<b>2 805 000</b>	<b>2 365 000</b>
MIG Projects Advertisements	Grant	100 000	100 000	100 000
<b>Project Management Unit Total</b>		<b>100 000</b>	<b>100 000</b>	<b>100 000</b>
Renewable Energy - Biogas	Grant	4 700 000	-	-
<b>Municipal Infrastructure Implementation</b>		<b>4 700 000</b>	<b>-</b>	<b>-</b>
Water Treatment Works & Waste Water TW Registration	Surplus	250 000	350 000	400 000
DWAF Water Resource Compliance	Surplus	150 000	180 000	200 000
Water Quality Improvement Interventions	Surplus	300 000	350 000	350 000
Blue/Green Drop compliance	Surplus	250 000	300 000	300 000
Melmoth Water Services Network Upgrade	Surplus	100 000	150 000	150 000
Mtunzini Water Services Network Upgrade	Surplus	100 000	150 000	150 000
Gingindlovu Water Services Network Upgrade	Surplus	100 000	150 000	15 000
Eshowe Water Services Network Upgrade	Surplus	100 000	150 000	150 000
Kwambo Water Services Network Upgrade	Surplus	100 000	150 000	150 000
Nkandla Water Services Network Upgrade	Surplus	100 000	150 000	150 000
Issue Manager	Surplus	-	-	-
Water Services Operating & Transfer Subsidy	Grant	1 624 000	3 874 000	3 500 000
Water Services Operating Subsidy (Grant-in-kind)	Grant	300 000	300 000	300 000
EPWP Incentive Grant	Grant	2 840 000	-	-
Drought Relief	Surplus	30 000 000	30 046 446	30 000 000
<b>Water Services Provider Total</b>		<b>36 314 000</b>	<b>36 300 446</b>	<b>35 815 000</b>
<b>Grand Total</b>		<b>118 435 677</b>	<b>114 215 233</b>	<b>103 042 505</b>

## 1.6 Capital expenditure

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

Description	2013/14 Medium Term Revenue & Expenditure Framework					
	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
<b>R thousand</b>						
<b>Capital Expenditure per Vote</b>						
Executive & Council	1 620	1%	25	0%	–	0%
Finance & Administration	1 240	0%	1 550	0%	1 500	0%
Environmental Protection	200	0%	–	0%	–	0%
Community & Social	9 431	3%	7 700	2%	7 700	1%
Public Safety	–	0%	1 200	0%	1 000	0%
Waste Management	10 500	4%	–	0%	–	0%
Waste Water Management	–	0%	2 000	0%	2 000	0%
Water Distribution	254 497	92%	391 198	97%	693 519	98%
<b>Total Capital Budget</b>	<b>277 488</b>	<b>100%</b>	<b>403 673</b>	<b>100%</b>	<b>705 719</b>	<b>100%</b>

**Table 7 2013/14 Medium-term capital budget per vote**



**Figure 6 Capital Expenditure by Vote for the 2013/14 financial year.**

For 2013/14 an amount of R254 million has been appropriated for the development of water infrastructure which represents 92 per cent of the total capital budget. In the outer years this amount totals R391 million, 97 per cent and R694 million, 98 per cent respectively for each of the financial years. Infrastructure gets the biggest share of the capital budget followed by Waste management at 4 percent for 2013/14 this amount represents the amount that has been put aside for the rehabilitation of the landfill site. The Regional Cemetery is situated in Empangeni, it is expected that this cemetery will reach its capacity by October 2013, therefore an amount of R9.4m has been budgeted for the expansion of this facility, this is over and above the total amount of R6.9m that has been provided during the 2012/13 budget and adjustment budgets.

In line with the government gazette number 35962 dated 7 December 2012, an amount of R1.6m has been put aside for the purchase of vehicles for the Deputy Mayor and the Speaker.

**Table 8: -- Detailed listing of the Capital Projects for the medium Term**

Capital Projects	Funding Source	2013/14 Final Budget	2014/2015	2015/2016
Insurance Claims (Capital)	Surplus	200 000	200 000	200 000
<b>Executive Division - Finance</b>		<b>200 000</b>	<b>200 000</b>	<b>200 000</b>
Moveable Assets	Surplus	1 600 000	-	-
<b>Board &amp; General</b>		<b>1 600 000</b>		
Establishment of Air Quality Monitoring Network	Surplus	-	2 000 000	2 000 000
<b>Community Services Total</b>		<b>-</b>	<b>2 000 000</b>	<b>2 000 000</b>
Indigent Prepaid Meter Installation	Surplus	-	220 000	-
<b>Consumer Billing Total</b>		<b>-</b>	<b>220 000</b>	<b>-</b>
Mandawe Cemetery	Surplus	1 500 000	-	-
Regional Cemetery Phase 2	Surplus	7 931 000	5 700 000	5 700 000
<b>Cemetery Total</b>		<b>9 431 000</b>	<b>5 700 000</b>	<b>5 700 000</b>
Disaster Multi Purpose truck	Surplus	-	1 000 000	1 000 000
Disaster Management Centre	Surplus	-	200 000	-
<b>Disaster Management</b>		<b>-</b>	<b>1 200 000</b>	<b>1 000 000</b>
Internal Fixed Assets	Grant	40 000	-	-
<b>Finance Interns Total</b>		<b>40 000</b>	<b>-</b>	<b>-</b>
Document Management System	Surplus	150 000	100 000	50 000
ERM System (SAP)	Surplus	300 000	1 000 000	1 000 000
Network refresh	Surplus	300 000	100 000	100 000
New PABX System	Surplus	-	50 000	50 000
DPR System	Surplus	-	50 000	50 000
Collaboration System Software	Surplus	250 000	50 000	50 000
<b>IT Total</b>		<b>1 000 000</b>	<b>1 350 000</b>	<b>1 300 000</b>
Mbonambi Water Phase 2	Grant	7 507 911	15 000 000	30 000 000
Mhlana Somopho Phase 3C	Grant	17 819 140	20 095 446	-
Vutshini Phase 1	Grant	1 000 000	1 000 000	-
Mpungose Phase 1D Reticulation	Grant	12 099 639	10 000 000	4 531 913
Middledrift SSA3	Grant	1 433 868	10 000 000	-
Middledrift SSA5	Grant	29 362 433	15 358 000	-
KwaHlokoHloko SSA 5	Grant	30 000 000	20 000 000	10 000 000
Middledrift Phase 2	Grant	10 000 000	8 019 554	-
Middledrift SSA5 - DWA	Grant	-	50 000 000	100 000 000
Greater Mthonjaneni Phase SSA 4 DWAF	Grant	12 000 000	6 500 000	-
Greater Mthonjaneni Phase SSA2 - MIG	Grant	1 357 497	10 000 000	4 000 000
Greater Mthonjaneni Phase SSA2 - DWA	Grant	-	25 000 000	60 000 000
Greater Mthonjaneni Phase SSA4 - MIG	Grant	-	-	-
Greater Mthonjaneni Phase SSA5 - MIG	Grant	1 000 000	10 000 000	19 375 087
Greater Mthonjaneni Phase SSA5 - DWA	Grant	8 000 000	30 000 000	-
KwaHlokoHloko SSA 1	Grant	5 500 000	-	20 000 000
KwaHlokoHloko SSA 1 (DWAF)	Grant	15 000 000	50 000 000	50 000 000
Eshowe SSA1	Grant	1 000 000	-	25 000 000
Eshowe SSA1 (DWAF)	Grant	-	18 500 000	150 000 000
Nkandla VutshiniSupply Area SSA5	Grant	26 302 512	15 000 000	40 000 000

Capital Projects	Funding Source	2013/14 Final Budget	2014/2015	2015/2016
Gingindlovu Water Supply Intake Relocation	Grant	5 000 000	5 000 000	5 000 000
Tanker Reduction Strategy (MWIG)	Grant	3 500 000	3 500 000	3 700 000
Hlwehlwe Water Treatment Works in Nkandla;	Grant	1 200 000	1 250 000	
Sogedle Water Treatment Works in Nkandla;	Grant	1 200 000		
Mpundumani Water Treatment Works in Nkandla	Grant	1 200 000		
Eshowe SSA1	Grant	-	-	136 700 000
Water Conservation and Water Demand Mngmt	Grant	2 525 000	9 012 000	10 865 000
KDS and Eshowe Water Supply	Grant	42 400 000	35 000 000	-
Bongela River	Grant	-	1 250 000	-
Esibhudleni Clinic	Grant	-	1 250 000	-
Madala Water	Grant	-	1 250 000	-
Malunga Clinic	Grant	-	1 250 000	-
Mandaba 1Water	Grant	-	1 250 000	-
Mbizwe Water	Grant	-	1 250 000	-
Tshotswana Water	Grant	-	-	1 300 000
uMkhalazi Water	Grant	-	-	1 300 000
Mdlelanga Water	Grant	-	-	1 300 000
Mpaphala Water	Grant	-	-	1 300 000
Eyetheni Water	Grant	-	-	1 300 000
Kwa Sabe 2	Grant	-	-	1 300 000
Dolwane	Grant	-	-	1 300 000
<b>Municipal Infrastructure Implementation</b>		<b>236 408 000</b>	<b>375 735 000</b>	<b>678 272 000</b>
Internal Movable Assets	Surplus	20 000	25 000	-
<b>Municipal Managers Dept</b>		<b>20 000</b>	<b>25 000</b>	<b>-</b>
Internal Moveable Assets	Grant	200 000	-	-
<b>Municipal Health</b>		<b>200 000</b>	<b>-</b>	<b>-</b>
Regional Solid Waste - Cell 3	Surplus	500 000	-	-
Regional Solid Waste Rehabilitation - Old landfill	Surplus	10 000 000	-	-
<b>Waste Management Total</b>		<b>10 500 000</b>	<b>-</b>	<b>-</b>
Mtunzini Sewer Plant	Surplus	-	2 000 000	2 000 000
<b>Waste Water Management Total</b>		<b>-</b>	<b>2 000 000</b>	<b>2 000 000</b>
Survival Water Programme (Boreholes)	Surplus	1 000 000	4 000 000	4 000 000
WSOSG - Boreholes	Grant	1 500 000	1 500 000	1 500 000
ACIP Programme	Grant	1 000 000	-	-
<b>Water Services Authority Total</b>		<b>3 500 000</b>	<b>5 500 000</b>	<b>5 500 000</b>
Mtunzini Waste Water Treatment Works	Surplus	4 000 000		
Gingindlovu Waste Water Treatment Works	Surplus	2 500 000		4 000 000
Mtunzini Waste Water Treatment Works	Surplus	-	4 000 000	
Water metre installation	Surplus	2 000 000	2 000 000	2 000 000
Water metre installation (RBM)	Grant	2 000 000	2 000 000	2 000 000
Erosion Protection - Nkandla Bulk	Surplus	4 000 000	-	-
Telemetric Meter Installation - Pilot	Grant	89 000	93 400	96 700
Existing Projects Extensions	Surplus	-	1 650 000	1 650 000
<b>Water Services Provider Total</b>		<b>14 589 000</b>	<b>9 743 400</b>	<b>9 746 700</b>
<b>Grand Total</b>		<b>277 488 000</b>	<b>403 673 400</b>	<b>705 718 700</b>

The figure below indicates the municipality's 2013/14 Capital Budget by Funding Source.

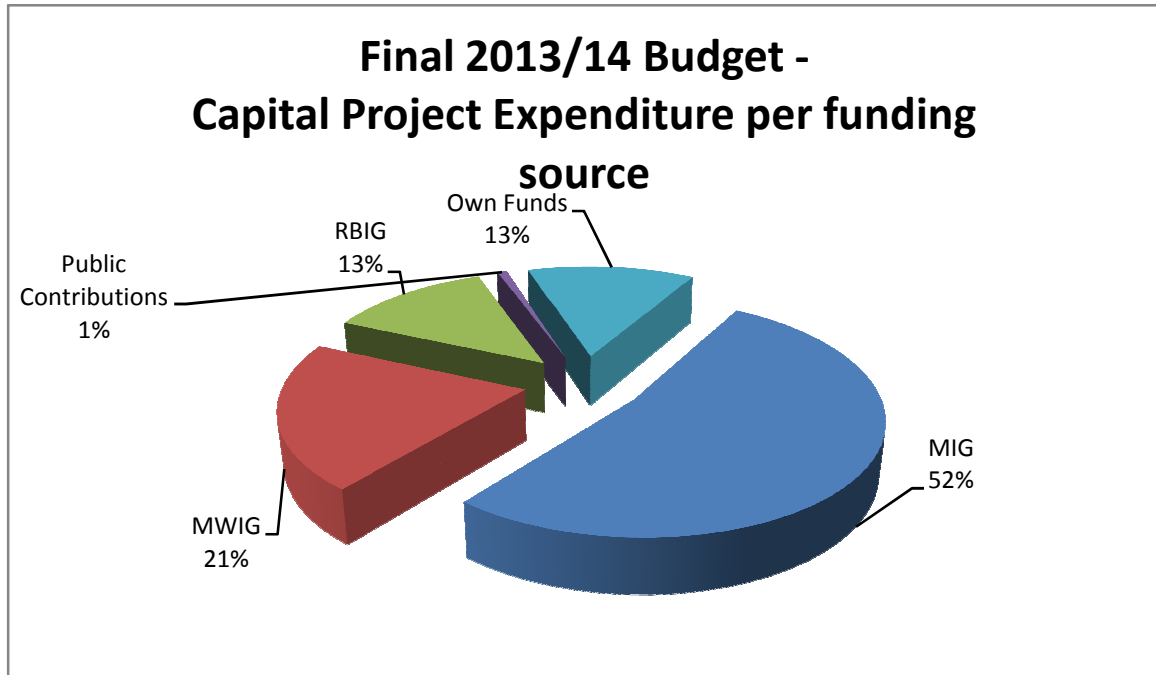


Figure 7 Capital Budget by Funding Source for the 2013/14 financial year

## 1.7 Service Delivery and Budget Implementation Plan

The uThungulu District Municipality's Service Delivery 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>1</b>		<b>MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>										
1.1		Implement effective HR management in preparation of Clean Audit 2014 through the implementation of the Employment Equity Strategy by ensuring that 80% of appointments are made in line with the EEP. Report quarterly statistics to the Corporate Services Portfolio Committee.	Percentage of appointments made in line with EEP	80%	80%		80%		80%		80%	
			Number of black staff employed in the three highest levels of management	10	10		10		10		10	
			Number of women employed by the municipality	102	102		102		102		102	
			Number of youth employed by the municipality	120	120		120		120		120	
			Number of disabled staff employed by the municipality	3	3		3		3		3	
1.2		Ensure the implementation of the 2013/2014 WSP by reporting quarterly on the percentage of budgeted amount spent on training programmes for staff and Councillors.	Rand value of budget spent on WSP	R1 556 000	R134 600		R403 800		R933 600		R1 556 000	
			Percentage of budgeted amount spent on WSP	100%	10%		30%		60%		100%	
			Date of completion of Skills Audit for staff and Councillors	30-Apr-14							30-Apr-14	
			Date of approval of 2014/2014 WSP by Council	30-Jun-14							30-Jun-14	
1.3		Conduct weekly, bi-weekly and monthly meetings, in preparation of Clean Audit 2014, with staff and political leadership to improve information sharing and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.	Number of weekly MANCO meetings held	52	13		13		13		13	
			Percentage of MANCO meetings chaired	80%	80%		80%		80%		80%	
			Number of weekly Mayoral meetings held	52	13		13		13		13	
			Number of bi-weekly Political Leadership meetings	24	6		6		6		6	
			Number of monthly HOD and Political Leadership Liaison meetings	12	3		3		3		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
			Number of monthly EXCO meetings	22	6		4		6		6	
			Number of quarterly portfolio committee meetings per portfolio	12	3		3		3		3	
			Number of Council meetings	6	2		1		2		1	
1.4	1.4.1; 1.4.4; 1.4.5	Ensure the implementation of the Performance Management Framework for 2013/2014 in preparation of Clean Audit 2014 through the measurement and reporting of performance of the S56 Managers	Number of Performance Agreements signed by 31 July 2013	5	5							
			Date of completion of Annual 2012/2013 Performance Assessment	30-Sep-13	30-Sep-13							
			Date of submission of 2012/2013 Assessment Results to PAC	30-Nov-13			30-Nov-13					
			Date of completion of Quarter 1 Performance Assessment	31-Dec-13			31-Dec-13					
			Date of completion of Quarter 2 Performance Assessment	31-Mar-14					31-Mar-14			
			Date of completion of Quarter 3 Performance Assessment	30-Jun-14							30-Jun-14	
			Number of Quarterly Internal Audit Reviews	4	1		1		1		1	
1.5	1.5.1; 1.5.2; 1.5.3	Ensure the implementation of the Performance Management Framework for 2013/2014 through the measurement and reporting of performance of the municipality as an institution. Ensure oversight functionality by conducting quarterly internal audits on performance management in preparation for Clean Audit 2014.	Date of submission of 2012/2013 Annual Performance Report to AG	31-Aug-13	31-Aug-13							
			Number of OPMS Reports to MANCO	3			1		1		1	
			Date of submission of Mid-Year Performance Report to Council	31-Mar-14					31-Mar-14			
			Number of Quarterly Internal Audit Reviews	4	1		1		1		1	
			Date approval of 2013/2014 OPMS Scorecard by Council	28-Jun-14							28-Jun-14	
1.6	1.6.1	Implement the Municipal Turnaround Strategy Action Plan in preparation of Clean Audit 2014 by ensuring that 100% of recommendations passed in the action plan is implemented by 30 June 2014.	Percentage of recommendation passed implemented by 30 June 2014	50%	10%		30%		40%		50%	
			Number of quarterly progress reports to EXCO	4	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
1.7	1.6.3; 1.6.4	Ensure the implement of the Risk Management Strategy and Risk Management Policy in preparation of Clean Audit 2014 by convening one Strategic Enterprise Risk (ERM) Management Committee meeting with HOD's per quarter to give inputs into and evaluate the process and conduct one Annual Risk Assessment by 30 September 2013	Number of Quarterly Strategic ERM Management Committee meetings	4	1		1		1		1	
			Date of completion of Annual Risk Assessment	30-Sep-13	30-Sep-13							
1.8	1.6.3; 1.6.5	Ensure the implementation and maintenance of the Anti-Corruption and Fraud Prevention Strategy in preparation of Clean Audit 2014, by convening one Strategic Anti-Corruption and Fraud Prevention Management Committee meeting with HOD's per quarter to give inputs into and evaluate the process and conduct one Annual Fraud Risk Assessment by 30 September 2013.	Number of Quarterly Strategic Anti-Corruption and Fraud Prevention Management Committee meetings	4	1		1		1		1	
			Date of completion of Annual Fraud Risk Assessment	30-Sep-13	30-Sep-13							
1.9	1.7.1	Prepare and submit for the final 2014/2014 IDP to Council for approval by 28 June 2014.	Date of Draft IDP Process Plan to CoGTA	31-Jul-13	31-Jul-13							
			Date of submission of Final IDP Process Plan to Council	30-Sep-13	30-Sep-13							
			Number of IDP Representative Forums	3			1				2	
			Date of submission of Draft IDP to Council	31-Mar-14					31-Mar-14			
			Date of approval of Final IDP by Council	28-Jun-14							28-Jun-14	
1.10	1.7.2	Conduct 2 rounds of IDP Roadshows per local municipality as part of the public participation and consultation process of the IDP by 30 June 2014.	Number of IDP Roadshows	12			6				6	

	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	
1.1 1	1.2.1; 1.2.4	Ensure the reliability and efficiency of the IT systems and the availability, accuracy and protection of information in preparation of Clean Audit 2014. Report quarterly progress to the Corporate Services Portfolio Committee.	Percentage uptime	90%	90%		90%		90%		90%		
			Percentage of budgeted amount spent	75%	25%		50%		75%				
			Percentage reduction in annual software propriety licensing	20%								20%	
			Number of reports on data recovery	4	1		1		1		1		1
			Number of IT Strategy and MSP workshops	1								1	
<b>2</b>		<b>FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT</b>											
2.1		Ensure financial sustainability and viability of the organisation by maintaining the cost coverage and the outstanding service debtors to revenue quarterly and the debt coverage ratio bi-annually. Submit quarterly financial viability reports to the portfolio committee.	Outstanding debtors to revenue ratio	0.70							0.70		
			Cost coverage ratio	3.00	3.00		3.00		3.00		3.00		
			Debt coverage ratio	15.00			11.00				15.00		
			Number of progress reports to portfolio	4	1		1		1		1		
2.2		Prepare and submit final 2014/2014 budget to Council for approval by 31 May 2014 in terms of section 24 (1) of the MFMA	Date of submission of Budget time schedules to Council	31-Aug-13	31-Aug-13								
			Date of submission of Draft Budget to Council	31-Mar-14				31-Mar-14					
			Date of approval of Final Budget by Council	31-May-14							31-May-14		
2.3		Prepare and submit monthly financial reports, in preparation of Clean Audit 2014, to the Mayor, Provincial and National Treasury in terms of section 71 (1) of the MFMA within 10 working days after month end and the portfolio committee within 30 days after month end.	Number of S71 reports submitted to the Mayor within 10 days after month end	12	3		3		3		3		
			Number of S71 reports submitted to portfolio committee	12	3		3		3		3		
2.4		Complete and formally submit the 2012/2013 financial statements to the Auditor General by 31 August 2013 in terms of section 126 (2) of the MFMA.	Date of submission of AFS to AG	31-Aug-13	31-Aug-13								

	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
2.5		Ensure that invoices are raised monthly to customers and report quarterly to the Finance Portfolio Committee on the rand value of invoices raised versus the rand value of cash collected from customers for the 2013/2014 financial year.	Rand value of cash collected from customers	R39 391 946	R8 959 000		R8 959 000		R10 736 973		R10 736 973	
			Number of quarterly reports	4	1		1		1		1	
2.6		Report quarterly to the Finance Portfolio Committee on the rand value of operating budget versus the rand value of operating expenditure for the 2013/2014 financial year.	Rand value of operating budget	R535 116 000	R124 122 500		124 122 500		143 435 500		R143 345 500	
			Rand value of operating expenditure	R535 116 000	R124 122 500		124 122 500		143 435 500		R143 345 500	
			Number of quarterly reports	4	1		1		1		1	
2.7	2.4.1	Report quarterly to the Finance Portfolio Committee on the rand value of the salaries and wages budget (including benefits) spent for the 2013/2014 financial year.	Rand value of salaries and wages budget	R124 301 000	R33 807 500		R33 807 500		R28 343 000		R28 343 000	
			Number of quarterly reports	4	1		1		1		1	
2.8		Prepare and submit monthly financial reports to the Mayor in terms of section 71 of the MFMA and monthly Grant reports to the relevant Provincial Departments on all DORA grants received within 10 working days after each month end.	Percentage of grants and subsidies spent	100%	25%		50%		75%		100%	
			Number of monthly grant reports	12	3		3		3		3	
<b>3</b>		<b>GOOD GOVERNANCE AND COMMUNITY PARTICIPATION</b>										
3.1	3.1.1	Facilitate the State of the District Address by the Mayor to the community as part of the public relations campaign by 30 June 2014.	Date of State of District Address	30-Jun-14								30-Jun-14

	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		
3.2	3.1.2	Implement the 2014/2014 Budget Marketing Campaign Plan through the radio campaign and local newspaper advertisements to increase community awareness. Submit report to MANCO on the outcome of the campaign by 30 June 2014.	Date of report to MANCO on marketing campaign	30-Jun-14							30-Jun-14			
3.3	3.2.3; 3.2.5	Improve Intergovernmental Relations with all local municipalities in the District by attending Intergovernmental Forums quarterly and regularly updating the uThungulu Website to improve accessibility to information.	Number of Quarterly Municipal Manager's Forums	4	1	1		1		1		1		
			Number of Quarterly Mayor's Forums	4	1	1		1		1		1		
			Number of Ezimtoti Newsletters	12	3	3		3		3		3		
			Number of quarterly website update evidence reports	4	1	1		1		1		1		
3.4	3.4.1	Ensure the compilation of the Annual Batho Pele Booklet by 31 December 2013 and submit to Council by 31 March 2014.	Date of completion of Annual Batho Pele Booklet	31-Dec-13			31-Dec-13							
			Date of submission of Annual Batho Pele Booklet to Council	31-Mar-14				31-Mar-14						
3.5	2.2.1	Ensure 100% compliance with all laws and regulations governing the organisation by 30 June 2014 in preparation for Clean Audit 2014.	Percentage improvement on all drivers of clean audit as per AG Dashboard report	100%					100%					
			Percentage MFMA compliance according to MFMA Checklist	100%								100%		
			Percentage IDP compliance according to IDP Checklist	100%									100%	
			Percentage Performance compliance according to Performance Checklist	100%									100%	
3.6		Conduct monthly Municipal Public Accounts Committee (MPAC) meetings to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality in preparation of Clean Audit 2014.	Number of monthly MPAC meetings	12	3		3		3		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	
3.7		Implement the Audit Charter and Plan for the 2013/2014 financial year, in preparation of Clean Audit 2014, by ensuring response to all written internal and general enquiries within 14 days and ensuring that quarterly Audit Committee meetings are held.	Average number of days to respond	14	14		14		14		14		
			Number of Audit Committee meetings	4	1		1		1		1		
<b>4</b>		<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>											
4.1	5.1.1 - 5.1.28; 5.11.1	Ensure the eradication of backlogs in the district by providing free basic water services. Report quarterly to the Technical Portfolio Committee on the number of households with access to water as well as the new water connections.	Number of households with access to free basic water	74 855	74 255		74 455		74 655		74 855		
			Number of new water connections	800	200		200		200		200		
			Number of progress reports	4	1		1		1		1		
4.2	5.3.1 - 5.3.10	Ensure the eradication of backlogs in the district by providing free basic sanitation services. Report quarterly to the Technical Portfolio Committee on the number of households with access to sanitation as well as the new sanitation connections.	Number of households with access to free basic sanitation	74 376	71 376		72 376		73 376		74 376		
			Number of new sanitation connections	4 000	1 000		1 000		1 000		1 000		
			Number of progress reports	4	1		1		1		1		
4.3		Ensure 100% spending on all budgeted Municipal Infrastructure Grant (MIG) projects by 30 June 2014 and report monthly to the Mayor on progress in terms of Section 71 of the MFMA.	Percentage of budgeted MIG Funding spent	100%	10%		30%		60%		100%		
			Number of monthly reports to the Mayor	12	3		3		3		3		
4.4		Ensure the implementation of action plans in achieving the United Nations' Millennium Development Goals to halve the proportion of people without access to safe drinking water and basic sanitation by 2015. Report annually on progress made in achieving Millennium Goals to Council.	Percentage coverage for access to safe drinking water	90%							90%		
			Percentage of population with access to basic sanitation	63%								63%	
			Date of submission of Annual Progress report to Council	30-Jun-14								30-Jun-14	

	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>5</b>		<b>LOCAL ECONOMIC DEVELOPMENT</b>										
5.1	6.2.2	Ensure the promotion of the creation of 150 jobs for the 2013/2014 financial year through LED projects and the LED Development Fund. Report quarterly progress to the Planning and Development Portfolio Committee.	Number of jobs created	150	150		150		150		150	
			Number of progress reports to portfolio	4	1		1		1		1	
5.2	5.4.14	Ensure the functioning of EPWP Incentive projects within the uThungulu District by creating 150 jobs under projects being implemented for the 2013/2014 financial year. Report quarterly statistics to the portfolio committee.	Number of jobs created	150	150		150		150		150	
			Number of progress reports to portfolio	4	1		1		1		1	
5.3	6.5.3	Ensure the commencement of the implementation of the Fresh Produce Market Agricultural Development Project by 30 June 2014 and report progress to the Community Services Portfolio Committee.	Date of establishment of Pre-Market	31-Dec-13			31-Dec-13					
			Date of establishment of UFPM entity	30-Jun-14							30-Jun-14	
			Percentage of requests for farmer support processed within 30 days of receipt	100%	100%		100%		100%		100%	
			Number of progress reports to portfolio	4	1		1		1		1	
5.4	6.6.6	Ensure SMME Development Training and the establishment of the SMME Mentorship Programme by providing skills support to at least 100 SMME's. Submit quarterly progress reports to the Planning and Development Portfolio Committee.	Number of SMME's assisted	100							100	
			Number of progress reports to portfolio	4	1		1		1		1	
<b>6</b>		<b>SPATIAL PLANNING AND SPATIAL DEVELOPMENT FRAMEWORKS</b>										
6.1	7.1.1	Ensure the review of the Spatial Development Framework by 30 June 2014. Report quarterly progress to the Planning and Development Portfolio committee.	Date of review of SDF	30-Jun-14							30-Jun-14	
			Number of District Planners Forum reports to portfolio	4	1		1		1		1	
			Number of progress reports to portfolio	4	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>7</b>		<b>SOCIAL DEVELOPMENT SERVICES</b>										
7.1	10.13.1	Ensure the implementation of the District HIV/AIDS Programme through the facilitation of 3 HIV/AIDS Awareness Interventions and quarterly District AIDS Council meetings by 30 June 2014. Report quarterly progress to the Community Services Portfolio Committee.	Number of HIV/AIDS Awareness Interventions	3							3	
			Number of Quarterly District AIDS Council meetings	4	1		1		1		1	
			Number of progress reports to portfolio	4	1		1		1		1	
7.2	10.13.18	Ensure the implementation of Operation Sukuma Sakhe within the District through the implementation of recommendations processed within 30 days as received by the Operation Sukuma Sakhe Task Team. Report quarterly progress to the Community Services Portfolio Committee.	Number of warrooms established	6							6	
			Percentage of recommendations received processed within 30 days	100%	100%		100%		100%		100%	
			Number of progress reports to portfolio	4	1		1		1		1	
7.3		Facilitate farmer development by providing training on food security to farmers participating in the Fresh Produce Market programme by 30 June 2014. Report quarterly on training progress to the Community Services Portfolio Committee.	Number of training sessions	6							6	
			Number of progress reports to portfolio	4	1		1		1		1	

## DEPARTMENT OF THE DEPUTY MUNICIPAL MANAGER: PLANNING AND ECONOMIC DEVELOPMENT

## 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>1</b>		<b>PLANNING AND DEVELOPMENT</b>										
1.1		Keep the Planning and Development expenditure on OPEX within the approved budget for the 2013/2014 financial year and report quarterly to the Performance Evaluation Panel on actual expenditure.	Percentage of budgeted amount spent	100%	25%		50%		75%		100%	
1.2.1	1.6.3; 1.6.4	Implement the Risk Management Strategy and Risk Management Policy by convening one Strategic Enterprise Risk (ERM) Management Committee meeting with HOD's per quarter to give inputs into and evaluate the process and conduct one Annual Risk Assessment by 30 September 2013	Number of Quarterly Strategic ERM Management Committee meetings	4	1		1		1		1	
			Date of completion of Annual Risk Assessment	30-Sep-13	30-Sep-13							
1.2.2	1.6.3; 1.6.5	Ensure the implementation and maintenance of the Anti-Corruption and Fraud Prevention Strategy in preparation of Clean Audit 2014, by convening one Strategic Anti-Corruption and Fraud Prevention Management Committee meeting with HOD's per quarter to give inputs into and evaluate the process and conduct one Annual Fraud Risk Assessment by 30 September 2013.	Number of Quarterly Strategic Anti-Corruption and Fraud Prevention Management Committee meetings	4	1		1		1		1	
			Date of completion of Annual Fraud Risk Assessment	30-Sep-13	30-Sep-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
1.3	1.5.1; 1.5.2; 1.5.3	Ensure the implementation of the Performance Management Framework for 2013/2014 through the measurement and reporting of performance of the municipality as an institution.	Date of submission of 2012/2013 Annual Performance Report to AG	31-Aug-13	31-Aug-13							
			Number of OPMS Reports to MANCO	3		1		1		1		
			Date of submission of Mid-Year Performance Report to Council	31-Mar-14					31-Mar-14			
			Number of Quarterly Internal Audit Reviews	4	1		1		1		1	
			Date approval of 2013/2014 OPMS Scorecard by Council	28-Jun-14								28-Jun-14
1.4	1.4.1; 1.4.4; 1.4.5	Ensure the implementation of the Performance Management Framework for 2013/2014 through the measurement and reporting of performance of the S56 Managers	Number of Performance Agreements signed by 31 July 2013	5	5							
			Date of completion of Annual 2012/2013 Performance Assessment	30-Sep-13	30-Sep-13							
			Date of submission of 2012/2013 Assessment Results to PAC	30-Nov-13				30-Nov-13				
			Date of completion of Quarter 1 Performance Assessment	31-Dec-13				31-Dec-13				
			Date of completion of Quarter 2 Performance Assessment	31-Mar-14					31-Mar-14			
			Date of completion of Quarter 3 Performance Assessment	30-Jun-14								30-Jun-14
			Number of Quarterly Internal Audit Reviews	4	1		1		1		1	
1.5		Respond to all written internal audit enquiries and general enquiries within 14 days of report date unless there are reasons why implementation is not possible.	Average number of days to respond	14	14		14		14		14	
1.6	1.1.1	Facilitate the implementation of the job evaluations as conducted by the KZN Region 4 Job Evaluation Unit by 30 June 2014.	Percentage of JD's reviewed	25%							25%	

	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>2</b>		<b>DEVELOPMENT PLANNING AND ENVIRONMENT</b>										
2.1		Keep the Development Planning and Environment expenditure on OPEX within the approved budget for the 2013/2014 financial year and report quarterly to the Performance Evaluation Panel on actual expenditure.	Percentage of budgeted amount spent	100%	25%		50%		75%		100%	
2.2.1	6.1.2; 6.2.1	Implement the LED Framework Plan for a Green Economy by facilitating quarterly LED Forum meetings and submit quarterly progress reports to the Planning and Development Portfolio Committee.	Number of Quarterly LED Forum meetings	4	1		1		1		1	
			Number of progress reports to portfolio	4	1		1		1		1	
2.2.2	6.2.2	Ensure the promotion of the creation of 150 jobs for the 2013/2014 financial year through LED projects and the LED Development Fund. Report quarterly progress to the Planning and Development Portfolio Committee.	Number of jobs created	150	150		150		150		150	
			Number of progress reports to portfolio	4	1		1		1		1	
2.2.3		Ensure uThungulu's continued participation in the Provincial Corridor Development Initiative by implementing and reporting quarterly progress on the following projects to the Planning and Development Portfolio Committee: 1. KwaBulawayo Tourism 2. uThungulu Film Office 3. Route 66 Heritage Route 4. Fresh Produce Market	Number of progress reports to portfolio	4	1		1		1		1	
			Number of Monthly progress reports to KZN CoGTA	12	3		3		3		3	
2.3.1	6.4.18	Implement the Tourism Institutional Framework through the facilitation of quarterly District Tourism Forum/Association meetings	Number of Quarterly District Tourism Forum meetings	4	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	
2.3.2	6.4.2; 6.4.3	Implement the Tourism Master Development Plan, inclusive of the Rural Tourism Development Strategy by 30 June 2014 and report quarterly to the Planning and Development Portfolio Committee	Percentage of year 1 business plan objectives implemented	100%							100%		
			Number of progress reports to portfolio	4	1	1	1	1	1	1			
2.3.3		Market the District as a Tourism Destination by participating in Tourism shows, conducting media marketing and via the use of marketing tools for the 2013/2014 financial year. Report quarterly on the following marketing initiatives to the Planning and Development Portfolio Committee: 1. Design and build-up of Tourism Indaba stand 2. Cruise Ship Tourism	Date of appointment of service provider for Toursim Indaba Stand	28-Feb-14					28-Feb-14				
			Percentage of budgeted amount spent on Cruise Ship Tourism	100%								100%	
			Number of progress reports to portfolio	4	1	1	1	1	1	1			
2.4.2	6.6.6	Ensure SMME Development Training and the establishment of the SMME Mentorship Programme by providing skills support to at least 100 SMME's. Submit quarterly progress reports to the Planning and Development Portfolio Committee.	Number of SMME's assisted	100							100		
			Number of progress reports to portfolio	4	1	1	1	1	1	1			
2.5	6.5.3	Ensure the commencement of the implementation of the Fresh Produce Market Agricultural Development Project by 30 June 2014 and report progress to the Community Services Portfolio Committee.	Date of establishment of Pre-Market	31-Dec-13			31-Dec-13						
			Date of establishment of UFPM entity	30-Jun-14								30-Jun-14	
			Percentage of requests for farmer support processed within 30 days of receipt	100%	100%	100%	100%	100%	100%	100%	100%		
			Number of progress reports to portfolio	4	1	1	1	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	
2.6.1	1.7.2	Conduct 2 rounds of IDP Roadshows per local municipality as part of the public participation and consultation process of the IDP by 30 June 2014.	Number of IDP Roadshows	12			6				6		
2.6.2	1.7.1	Prepare and submit for the final 2014/2014 IDP to Council for approval by 27 June 2014.	Date of Draft IDP Process Plan to CoGTA	31-Jul-13	31-Jul-13								
			Date of submission of Final IDP Process Plan to Council	30-Sep-13	30-Sep-13								
			Number of IDP Representative Forums	3		1					2		
			Date of submission of Draft IDP to Council	31-Mar-14				31-Mar-14					
			Date of approval of Final IDP by Council	27-Jun-14							27-Jun-14		
2.7.1	7.1.1	Ensure the review of the Spatial Development Framework by 30 June 2014. Report quarterly progress to the Planning and Development Portfolio committee.	Date of review of SDF	30-Jun-14							30-Jun-14		
			Number of District Planners Forum reports to portfolio	4	1	1		1		1		1	
			Number of progress reports to portfolio	4	1	1		1		1		1	
2.7.2		Provide Strategic Town Planning and Land Use Management Support and report quarterly on the statistics on applications received and the compliance with legislation in statutory and development planning to the Planning and Development Portfolio Committee	Number of progress reports to portfolio	4	1	1		1		1			
<b>3</b>		<b>PLANNING SHARED SERVICES</b>											
3.1		Keep the Planning Shared Services expenditure on OPEX within the approved budget for the 2013/2014 financial year and report quarterly to the Performance Evaluation Panel on actual expenditure.	Percentage of budgeted amount spent	100%	25%	50%	75%	100%					

	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
3.2.1		Provide a Development Planning Shared Service to the uThungulu family of municipalities on a district level for year 4 of the 5 year agreement and submit quarterly progress reports to the Planning and Development Portfolio Committee.	Number of progress reports to portfolio	4	1		1		1		1	
3.2.2		Provide a Development Planning Shared Service to the uThungulu family of municipalities on a local municipal level for year 4 of the 5 year agreement and submit quarterly progress reports to the Planning and Development Portfolio Committee.	Number of progress reports to portfolio	4	1		1		1		1	

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**DEPARTMENT OF THE DEPUTY MUNICIPAL MANAGER: FINANCIAL 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>1</b>		<b>BUDGETING AND REPORTING</b>										
1.1		Prepare and submit final 2014/2014 budget to Council for approval by 31 May 2014 in terms of section 24 (1) of the MFMA	Date of submission of Budget time schedules to Council	31-Aug-13	31-Aug-13							
			Date of submission of Draft Budget to Council	31-Mar-14					31-Mar-14			
			Date of approval of Final Budget by Council	31-May-14							31-May-14	
1.2		Prepare and submit the Mid-Year Financial Review of the 2013/2014 budget to the mayor by 25 January 2014 in terms of section 72 (1) of the MFMA and Provincial and National Treasury within 10 working days after the submission to the Mayor as per budget regulation section 24 (3) of Government Gazette No 32141.	Date of submission of S72 report to Mayor	25-Jan-14						25-Jan-14		
			Date of submission of S72 report to NT and PT	08-Feb-14							08-Feb-14	
1.3		Prepare and submit the adjustments budget, if required, to Council by 28 February 2014 as per section 24 (3) of the MFMA and Provincial and National Treasury within 10 working days after the submission to the Mayor as per budget regulation section 24 (3) of Government Gazette No 32141.	Date of submission of adjustments budget to Mayor	28-Feb-14						28-Feb-14		
			Date of submission of adjustments budget to NT and PT	14-Mar-14							14-Mar-14	

	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
1.4		Prepare and submit monthly financial reports, in preparation of Clean Audit 2014, to the Mayor, Provincial and National Treasury in terms of section 71 (1) of the MFMA within 10 working days after month end and the portfolio committee within 30 days after month end.	Number of S71 reports submitted to the Mayor within 10 days after month end	12	3		3		3		3	
			Number of S71 reports submitted to portfolio committee	12	3		3		3		3	
1.5		Ensure the review of the Budget, Borrowing and Virement policies and submit to Council for approval by 30 June 2014.	Number of policies reviewed	3							3	
<b>2</b>	<b>REVENUE ENHANCEMENT</b>											
2.1		Ensure that 80% of defaulters on non-payment in urban areas (Gingingdlovu, Mtunzini, Eshowe, Kwambonambi, Melmoth and Nkandla) receive notifications and submit quarterly reports to the Financial Services Portfolio Committee.	Percentage of defaulters receiving notifications	80%	80%		80%		80%		80%	
			Number of reports to portfolio committee	4	1		1		1		1	
2.2	2.3.3	Implement the Revenue Enhancement Plan by conducting 3 revenue workshops per quarter with the community to promote revenue policies which benefit the poor and to further enhance revenue collection.	Number of revenue workshops	12	3		3		3		3	
			Number of reports to portfolio committee	4	1		1		1		1	
2.3		Prepare and submit quarterly report to Financial Services Portfolio Committee, within 2 months after the quarter end, on the Financial Viability of uThungulu DM and the achievement of debtors collection ratio target and credit control progress.	Percentage debt collection	80%	80%		80%		80%		80%	
			Number of reports to portfolio committee	4	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
2.4		Submit monthly Grant reports to the relevant Provincial Departments on all DORA grants received due within 10 working days after month end in terms of section 71 (5) of the MFMA.	Number of grant reports submitted	12	3		3		3		3	
2.5		Ensure the drafting and implementation of the MSIG Project Business Plan and report quarterly progress to the Finance Portfolio Committee	Date of approval of MSIG Business Plan by Council	31-Aug-13	31-Aug-13							
			Number of reports to portfolio committee	4	1		1		1		1	
2.6		Ensure the review of the Credit and Debt Control, Tariff, Incentive and Indigent policies and submit to Council for approval by 30 June 2014.	Number of policies reviewed	4							4	
<b>3</b>		<b>SUPPLY CHAIN MANAGEMENT</b>										
3.1		Submit the annual review report on the Supply Chain Management policy to Financial Services Portfolio Committee by 30 June 2014.	Date of approval of the Supply Chain Policy review	30-Jun-14								30-Jun-14
3.2		Prepare and submit annual report on the implementation of the Supply Chain Management policy for the 2012/2013 financial year to the Finance Portfolio Committee within 2 months after the financial year end.	Date of submission of Annual 11/12 SCM report to portfolio	31-Aug-13	31-Aug-13							
3.3		Control and monitor stores with quarterly stock counts and report on the results / variances annually within 2 months after the financial year end to the Financial Services Portfolio Committee	Date of submission of Annual Variance report to portfolio	31-Aug-13	31-Aug-13							
			Number of stock counts	4	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>4</b>		<b>EXPENDITURE CONTROL AND ASSET MANAGEMENT</b>										
4.1		Ensure that 98% of payroll payments are completed within 7 days after month end as per the 2013/2014 Municipal Turnaround Strategy tabled for uThungulu DM.	Percentage payments made within 7 days after month end	98%	98%		98%		98%		98%	
4.2		Manage creditors related payments by ensuring that all payments are made within 30 days of invoice or statement receipt (unless prescribed otherwise as per certain categories of expenditure)	Percentage of creditors paid within 30 days	100%	100%		100%		100%		100%	
			Number of reports on creditors age analysis and creditors payment	4	1		1		1		1	
4.3		Ensure the review of the Asset policy by 30 June 2014 and maintain the Asset Register through quarterly maintenance reports to the Finance Portfolio Committee.	Date of approval of Asset Policy by Council	30-Jun-14							30-Jun-14	
			Number of reports to portfolio committee	4	1		1		1		1	
<b>5</b>		<b>MANAGEMENT ACCOUNTS</b>										
5.1		Complete and formally submit the 2012/2013 financial statements to the Auditor General by 31 August 2013 in terms of section 126 (2) of the MFMA.	Date of submission of AFS to AG	31-Aug-13	31-Aug-13							
5.2		Submit the Financial Audit Report of the 2012/2013 financial year to Council by 31 January 2014 in terms of S121 (1) of the MFMA.	Date of submission to Council	31-Jan-14					31-Jan-14			
5.3		Prepare the District's credit rating report on an annual basis based on the 2013/2014 financials and submit to Council by 30 June 2014.	Date of submission to Council	30-Jun-14							30-Jun-14	
5.4		Submit quarterly reports details of all loans as part of the quarterly financial report to the Finance portfolio within 2 months after the quarter.	Number of reports to portfolio committee	4	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
5.5		Submit quarterly reports of the investment register with details of investment, period, interest rate and term as part of the quarterly financial report to the Financial Services Portfolio Committee within 2 months after the quarter.	Number of reports to portfolio committee	4	1		1		1		1	
5.6		Prepare and submit the quarterly SDBIP for 2013/2014 to the Finance Portfolio Committee within 2 months after quarter end.	Number of SDBIP reports to portfolio	4	1		1		1		1	
<b>6</b>		<b>DEPARTMENTAL MANAGEMENT</b>										
6.1		Respond to all written finance internal audit enquiries and general enquiries within 14 days of report date unless there are reasons why implementation is not possible.	Average number of days to respond	14	14		14		14		14	
6.2		Draft reports and submit quarterly to the Financial Services Portfolio Committee on the Performance of Contractors under the control of the CFO Department. To be reported within 2 months after quarter end. The report should highlight actions taken to address undue performance.	Number of reports to portfolio committee	4	1		1		1		1	
6.3		Hold monthly meetings, except for December and January, with Finance Managers and keep record of minutes of meetings to ensure that staff is utilised	Number of monthly meetings	10	3		2		2		3	

## DEPARTMENT OF THE DEPUTY MUNICIPAL MANAGER: TECHNICAL SERVICES

## 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>1</b>		<b>TECHNICAL EXECUTIVE</b>										
1.1		Ensure 80% commitment on CAPEX, OPEX and MIG annual expenditure programmes with no over-expenditure by 30 June 2014 and report quarterly progress to the Technical Services Portfolio Committee	Percentage of budgeted amount spent on OPEX	80%	10%		30%		60%		80%	
			Percentage of budgeted amount spent on CAPEX	80%	10%		30%		60%		80%	
			Percentage of budgeted amount committed on MIG	100%	10%		30%		60%		100%	
			Number of reports to portfolio	4	1		1		1		1	
1.2.1		Prepare and submit the quarterly SDBIP report to the Technical Services Portfolio Committee.	Number of SDBIP reports to portfolio	4	1		1		1		1	
1.2.2		Draft reports and submit quarterly to the Technical Services Portfolio Committee on the Performance of Contractors under the control of the Technical Department. To be reported within 2 months after quarter end. The report should highlight actions taken to address undue performance.	Number of reports to portfolio committee	4	1		1		1		1	
1.3		Respond to all written internal audit enquiries and general enquiries within 14 days of report date unless there are reasons why implementation is not possible.	Average number of days to respond	14	14		14		14		14	
<b>2</b>		<b>MUNICIPAL INFRASTRUCTURE IMPLEMENTATION</b>										
2.1		Ensure the development of the Water Conservation and Water Demand Management Strategy and submit to Council for approval by 30 June 2014.	Date of approval by Council	30-Jun-14							30-Jun-14	

	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
2.2	5.1.1 - 5.1.28; 5.11.1	Ensure the eradication of backlogs in the district by providing free basic water services. Report quarterly to the Technical Portfolio Committee on the number of households with access to water as well as the new water connections.	Number of households with access to free basic water	74 855	74 255		74 455		74 655		74 855	
			Number of new water connections	800	200		200		200		200	
			Percentage water loss in towns	5%	5%		5%		5%		5%	
			Number of progress reports	4	1		1		1		1	
2.3	5.3.1 - 5.3.10	Ensure the eradication of backlogs in the district by providing free basic sanitation services. Report quarterly to the Technical Portfolio Committee on the number of households with access to sanitation as well as the new sanitation connections.	Number of households with access to free basic sanitation	74 376	71 376		72 376		73 376		74 376	
			Number of new sanitation connections	4 000	1 000		1 000		1 000		1 000	
			Number of progress reports	4	1		1		1		1	
2.4		Maintain the Regional Solid Waste Site as well as the transfer station in order to ensure effective operation of the sites. Ensure that instances of violation of permit conditions are minimised. Conduct monthly meetings with the plant service providers. Submit quarterly progress report to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter	Number of meetings held with Millenium Waste	8	2		2		2		2	
			Number of progress reports	4	1		1		1		1	
2.5	5.4.13; 5.4.16; 5.5.2	Implement the Tanker Reduction Strategy by implementing 10 projects for drought intervention and tanker reduction by 30 June 2014. Report quarterly progress to the Technical Services Portfolio Committee.	Number of projects implemented	10	2		2		2		4	
			Number of kilometres travelled	1620000	405000		405000		405000		405000	
			Number of reports to portfolio	4	1		1		1		1	
<b>3</b>		<b>WATER SERVICES AUTHORITY</b>										
3.1		Ensure the development of the Water Loss Management Strategy and submit to Council for approval by 30 June 2014.	Date of approval by Council	30-Jun-14							30-Jun-14	

	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		
3.2		Ensure the review of the Water Services Delivery Plan and submit to Council for approval by 30 June 2014.	Date of approval by Council	30-Jun-14							30-Jun-14			
3.3		Ensure the facilitation of at least 16 community awareness events, including Water Week, Sanitation Week and Project Introductions by 30 June 2014. Report quarterly progress to the Technical Services Portfolio Committee.	Number of Awareness Events	16	4		4		4		4			
			Number of progress reports	4	1		1		1		1			
<b>4</b>		<b>WATER SERVICES PROVIDER</b>												
4.1		Conduct assessments and provide improvements to at least 4 waste water plants as part of Green Drop compliance by 30 June 2014. Submit report quarterly on progress to the Technical Services Portfolio Committee.	Number of waste water plants improved	4								4		
			Percentage Green Drop Compliance	60%									60%	
			Number of reports to portfolio	4	1		1		1		1		1	
4.2	5.4.14	Ensure the functioning of EPWP Incentive projects within the uThungulu District by creating 150 jobs under projects being implemented for the 2013/2014 financial year. Report quarterly statistics to the portfolio committee.	Number of jobs created	150	150		150		150		150			
			Number of progress reports to portfolio	4	1		1		1		1			
4.3		Ensure the installation of 100 water meters and 30 telemetric meters by 30 June 2014 and report quarterly progress to the portfolio committee	Number of water meters installed	100	25		25							
			Number of telemetric meters installed	30										
			Number of progress reports to portfolio	4										
4.3		Ensure improved health and safety conditions by considering recommendations made by the Occupational Health and Safety Committee and implementing recommendations within budget.	Percentage of recommendations received processed quarterly	100%	100%		100%		100%		100%			
			Number of reports to Health and Safety	4	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>5</b>		<b>REGIONAL CEMETERIES</b>										
5.1	4.3.1	Ensure commencement of Phase II (C) (Infrastructure Development) of the Regional Cemetery by 30 June 2014. Report quarterly progress to the Technical Services Portfolio Committee.	Percentage completion of Phase II C	100%	10%		30%		60%		100%	
			Number of reports to portfolio	4	1		1		1		1	
5.2	4.3.2	Conduct feasibility study for Mandawe Cemetery (near Eshowe) by 30 June 2014. Submit quarterly progress report to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter	Date of submission to Council	30-Jun-14							30-Jun-13	
			Number of reports to portfolio	4	1		1		1		1	
<b>6</b>		<b>AUXILLARY INFRASTRUCTURE DEVELOPMENT</b>										
6.1		Facilitate the Renewable Energy - Biogas Programme through the construction of 5 digestors by 30 June 2014. Report quarterly progress to the portfolio committee	Number of digestors constructed	5							5	
			Number of reports to portfolio	4	1		1		1		1	
6.2		Implement the Rural Transport Services and Infrastructure strategy by assessing 4000km of road surfaces by 30 June 2014. Report quarterly progress to the portfolio committee.	Number of km of roads surfaces assessed	4000	1000		1000		1000		1000	
			Number of reports to portfolio	4	1		1		1		1	

## DEPARTMENT OF THE DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES

## 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>1</b>		<b>ADMINISTRATIVE SERVICES</b>											
1.1		Schedule at least two EXCO meeting per month except for December and one Council meeting bi-monthly and distribute and submit agendas and minutes in accordance with council's Standing Rules of Order.	Number of EXCO meetings	22	6		4		6		6		
			Number of Council meetings	6	2		1		2		1		
1.2		Submit item quarterly to Exco on Bids awarded, as per Council's Standing Rules of Order.	Number of reports to EXCO	4	1		1		1		1		
1.3		Ensure the implementation of a viable electronic document system by 30 June 2014 by reporting quarterly progress to the Corporate Services Portfolio Committee.	Number of reports to portfolio	4	1		1		1		1		
<b>2</b>		<b>INFORMATION TECHNOLOGY</b>											
2.1	1.2.4	Ensure the reliability and efficiency of the IT systems and the availability, accuracy and protection of information in preparation of Clean Audit 2014. Report quarterly progress to the Corporate Services Portfolio Committee.	Percentage uptime	90%	90%		90%		90%		90%		
			Percentage of budgeted amount spent	75%	25%		50%		75%				
			Percentage reduction in annual software propriety licensing	20%								20%	
			Number of reports on data recovery	4	1		1		1		1		1
			Number of IT Strategy and MSP workshops	1									1
2.2		Ensure the delivery of friendly and efficient help desk services and report quarterly on the portfolio committee on the number of calls resolved against the number of calls logged.	Percentage of calls resolved within 30 days of receipt	100%	100%		100%		100%		100%		
			Number of reports to portfolio	4	1		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	
2.3		Ensure quarterly IT Steering Committee meetings to ensure the implementation of recommendations passed in terms of the 2012 King III Gap Analysis Report	Number of IT Steering Committee meetings	4	1		1		1		1		
<b>3</b>		<b>MANAGEMENT SERVICES</b>											
3.1		Ensure the implementation of the 2013/2014 WSP by reporting quarterly on the percentage of budgeted amount spent on training programmes for staff and Councillors.	Rand value of budget spent on WSP	R1 346 000	R134 600		R403 800		R807 600		R1 346 000		
			Percentage of budgeted amount spent on WSP	100%	10%		30%		60%		100%		
			Date of completion of Skills Audit for staff and Councillors	30-Apr-14								30-Apr-14	
			Date of approval of 2014/2014 WSP by Council	30-Jun-14								30-Jun-14	
3.3	1.1.2	Ensure the development of an Employee Assistance Programme through the approval of the Employee Assistance Policy by Council by 30 June 2014. Report quarterly progress to the Corporate Services Portfolio Committee.	Date of establishment of Planning Workshop and Framework	31-Mar-14					31-Mar-14				
			Date of approval of policy by Council	30-Jun-14							30-Jun-14		
			Number of awareness/ intervention activities	4	1		1		1		1		
			Number of reports to portfolio	4	1		1		1		1		
3.4		Ensure that at least four Central Health and Safety Committee meetings are conducted during the year and maintain minutes of the meetings for inspection.	Number of Central Health and Safety Committee meetings	4	1		1		1		1		
3.5		Organize medical examinations for staff in water and sewerage plants as per legislation as well as exit medicals for technical staff leaving the organisation and submit report on examination results to the user department within 30 days after they become available from the medical practitioner.	Date of medical examinations for sewerage staff	31-Jul-12 & 30-Nov-12	31-Jul-13		30-Nov-13						
			Date of medical examinations for water and cemetery staff	30-Nov-13			30-Nov-13						
			Average number of days to submit results to user departments	30 days	30		30						



	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>4</b>		<b>COMMUNITY AND SOCIAL SERVICES</b>										
4.1	8.1.1	Ensure the implementation of the Integrated District Education Programme through the approval of the implementation plan by 31 December 2013 and the implementation thereof by 30 June 2014.	Date of approval of implementation plan by Council	31-Dec-13			31-Dec-13					
			Number of youth assisted	12							12	
4.2	8.2.1	Ensure the implementation of the Integrated Skills Development Programme through the approval of the implementation plan by 31 December 2013 and the implementation thereof by 30 June 2014.	Date of approval of implementation plan by Council	31-Dec-13			31-Dec-13					
			Number of youth assisted	10							10	
4.3	10.2.1	Develop an Air Quality Management Plan by ensuring the appointment of a service provider by 30 June 2014. Report quarterly progress to the Community Services Portfolio Committee.	Date of appointment of service provider	30-Jun-14							30-Jun-14	
			Number of reports to portfolio	4	1		1		1		1	
4.4	10.3.1	Contribute towards the Crime Prevention Programme through the facilitation of a safety and security awareness campaign by 30 June 2014.	Number of Safety and Security Awareness Campaigns	1							1	
4.5	10.5.1; 10.5.2	Ensure the participation and contribution towards the District Elimination Games and SALGA Games by 31 December 2013 and report quarterly progress to the Community Services Portfolio Committee.	Percentage of budgeted amount spent	100%	25%		75%		100%			
			Date of District Elimination Games	31-Oct-13			31-Oct-13					
			Number of athletes participating in SALGA Games	300			300					
			Number of reports to portfolio	3	1		1		1			
4.6	10.6.5; 10.6.6	Ensure the implementation of the Disaster Risk Reduction Programme through the facilitation of 12 awareness campaigns by 30 June 2014.	Percentage of budgeted amount spent	100%	25%		50%		75%		100%	
			Number of Disaster Awareness Campaigns	12			4		4		4	

	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
4.7	10.13.1	Ensure the implementation of the District HIV/AIDS Programme through the facilitation of 3 HIV/AIDS Awareness Interventions and quarterly District AIDS Council meetings by 30 June 2014. Report quarterly progress to the Community Services Portfolio Committee.	Number of HIV/AIDS Awareness Interventions	3							3	
			Number of Quarterly District AIDS Council meetings	4	1		1		1		1	
			Number of progress reports to portfolio	4	1		1		1		1	
4.8	10.13.18	Ensure the implementation of Operation Sukuma Sakhe within the District through the implementation of recommendations processed within 30 days as received by the Operation Sukuma Sakhe Task Team. Report quarterly progress to the Community Services Portfolio Committee.	Number of warrooms established	6							6	
			Percentage of recommendations received processed within 30 days	100%	100%		100%		100%		100%	
			Number of progress reports to portfolio	4	1		1		1		1	
4.9	10.14.2	Contribute financially toward cultural events such as the Zulu Dance Competition and report quarterly to the Community Services Portfolio Committee on budgeted amount spent.	Percentage of budgeted amount spent	100%	25%		50%		75%		100%	
			Number of progress reports to portfolio	4	1		1		1		1	
<b>5</b>		<b>DEPARTMENTAL MANAGEMENT</b>										
5.1		Respond to all written internal audit enquiries and general enquiries within 14 days of report date	Average number of days to respond	14	14		14		14		14	

## 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 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

### Table 9 MBRR Table A1 - Budget Summary

DC28 uThungulu - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	32 875	41 193	48 017	41 519	43 769	43 769	50 798	55 541	61 175
Investment revenue	26 468	24 150	26 998	24 206	26 884	26 884	27 033	28 655	30 374
Transfers recognised - operational	282 877	282 180	349 642	372 457	375 926	375 926	409 252	429 329	444 647
Other own revenue	12 439	13 592	8 776	48 328	153 970	153 970	37 073	11 387	29 989
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>354 659</b>	<b>361 115</b>	<b>433 433</b>	<b>486 510</b>	<b>600 549</b>	<b>600 549</b>	<b>524 156</b>	<b>524 912</b>	<b>566 185</b>
Employee costs	67 271	81 131	80 215	127 085	115 492	115 492	138 704	153 153	163 790
Remuneration of councillors	5 415	5 492	7 870	8 145	8 809	8 809	9 277	10 270	10 983
Depreciation & asset impairment	30 116	40 061	36 543	42 318	42 318	42 318	45 827	48 872	52 920
Finance charges	9 244	12 699	11 901	14 180	14 180	14 180	11 460	11 471	11 484
Materials and bulk purchases	18 357	24 470	29 204	23 888	28 888	28 888	25 381	26 777	42 062
Transfers and grants	3 476	6 031	9 244	10 786	10 786	10 786	11 857	7 340	7 590
Other expenditure	262 970	195 999	226 174	270 088	314 774	314 774	283 571	283 790	298 210
<b>Total Expenditure</b>	<b>396 849</b>	<b>365 883</b>	<b>401 150</b>	<b>496 490</b>	<b>535 247</b>	<b>535 247</b>	<b>526 077</b>	<b>541 674</b>	<b>587 039</b>
<b>Surplus/(Deficit)</b>	<b>(42 190)</b>	<b>(4 768)</b>	<b>32 283</b>	<b>(9 980)</b>	<b>65 302</b>	<b>65 302</b>	<b>(1 921)</b>	<b>(16 762)</b>	<b>(20 854)</b>
Transfers recognised - capital	124 626	103 908	183 592	204 906	209 601	209 601	238 908	377 235	679 772
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>82 436</b>	<b>99 140</b>	<b>215 876</b>	<b>194 926</b>	<b>274 903</b>	<b>274 903</b>	<b>236 987</b>	<b>360 473</b>	<b>658 918</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>82 436</b>	<b>99 140</b>	<b>215 876</b>	<b>194 926</b>	<b>274 903</b>	<b>274 903</b>	<b>236 987</b>	<b>360 473</b>	<b>658 918</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>152 136</b>	<b>116 979</b>	<b>201 929</b>	<b>236 926</b>	<b>316 904</b>	<b>316 904</b>	<b>277 488</b>	<b>403 673</b>	<b>705 719</b>
Transfers recognised - capital	135 388	103 519	186 187	204 906	216 687	216 687	239 237	377 328	679 869
Public contributions & donations	-	-	-	-	2 000	2 000	2 000	2 000	2 000
Borrowing	16 748	2 842	956	-	16 641	16 641	-	-	-
Internally generated funds	-	10 618	14 786	32 020	81 576	81 576	36 251	24 345	23 850
<b>Total sources of capital funds</b>	<b>152 136</b>	<b>116 979</b>	<b>201 929</b>	<b>236 926</b>	<b>316 904</b>	<b>316 904</b>	<b>277 488</b>	<b>403 673</b>	<b>705 719</b>
<b>Financial position</b>									
Total current assets	302 814	402 526	420 899	386 323	386 323	386 323	394 537	423 088	431 835
Total non current assets	845 076	913 354	1 098 588	1 287 296	1 379 085	1 379 085	1 592 395	1 948 841	2 603 372
Total current liabilities	163 237	223 735	218 797	149 209	149 209	149 209	89 084	103 226	134 649
Total non current liabilities	181 417	186 607	187 423	203 845	203 845	203 845	160 076	156 545	150 456
Community wealth/Equity	803 236	905 538	1 113 268	1 320 565	1 412 354	1 412 354	1 737 771	2 112 158	2 750 102
<b>Cash flows</b>									
Net cash from (used) operating	86 592	194 303	212 887	209 689	285 826	285 826	281 379	412 827	701 008
Net cash from (used) investing	(156 170)	(89 545)	(209 249)	(236 943)	(328 672)	(328 672)	(259 136)	(405 317)	(707 453)
Net cash from (used) financing	45 033	(1 481)	(2 279)	(7 476)	(7 476)	(7 476)	(4 536)	(6 505)	(9 073)
<b>Cash/cash equivalents at the year end</b>	<b>262 082</b>	<b>365 359</b>	<b>366 718</b>	<b>331 988</b>	<b>316 396</b>	<b>316 396</b>	<b>330 458</b>	<b>331 462</b>	<b>315 943</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	305 726	391 078	412 924	395 016	395 016	395 016	382 867	410 775	418 842
Application of cash and investments	305 726	391 079	412 924	395 016	395 016	395 016	382 867	410 775	418 842
<b>Balance - surplus (shortfall)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
<b>Asset management</b>									
Asset register summary (WDV)	152 199	118 751	203 246	236 926	316 904	316 904	277 488	403 673	705 719
Depreciation & asset impairment	30 116	40 061	36 543	42 318	42 318	42 318	45 827	48 872	52 920
Renewal of Existing Assets	-	-	-	37 650	47 133	47 133	194 903	288 416	320 354
Repairs and Maintenance	32 885	34 703	34 926	40 607	40 027	40 027	43 797	40 879	53 888

## Explanatory notes to MBRR Table A1 - Budget Summary

1. 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).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Capital transfers and contributions) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds 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.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not providing for cash backed provisions on the Accumulated Depreciation 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, However, the municipality has taken a prudent approach and provided for 10% of current year's depreciation to be cash backed, this will continue over the medium term provided the municipality's revenue does not change.
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 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

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

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue - Standard</b>	1									
<b>Governance and administration</b>		349 915	301 175	420 639	487 048	573 283	573 283	502 042	628 329	964 374
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		349 915	301 175	420 639	487 048	573 283	573 283	502 042	628 329	964 374
Corporate services		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		808	316	217	19 690	16 161	16 161	17 335	18 459	19 476
Community and social services		808	316	217	219	219	219	285	301	319
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	19 472	15 943	15 943	17 050	18 158	19 157
<b>Economic and environmental services</b>		-	13 780	14 389	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	13 780	14 389	-	-	-	-	-	-
<b>Trading services</b>		128 564	149 752	181 781	184 678	220 705	220 705	243 686	255 359	262 107
Electricity		156	-	-	-	-	-	-	-	-
Water		120 045	139 000	169 596	171 419	173 219	173 219	188 067	200 003	211 262
Waste water management		3 295	3 513	3 740	3 203	37 431	37 431	41 919	38 916	31 117
Waste management		5 068	7 239	8 445	10 055	10 055	10 055	13 700	16 440	19 728
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	479 287	465 023	617 026	691 416	810 150	810 150	763 064	902 147	1 245 957
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		67 378	67 653	80 195	96 039	107 752	107 752	106 278	113 626	118 818
Executive and council		25 810	17 360	35 235	17 638	22 314	22 314	20 186	21 484	22 815
Budget and treasury office		16 081	22 902	18 355	35 352	35 723	35 723	38 427	43 666	44 688
Corporate services		25 487	27 391	26 605	43 049	49 714	49 714	47 665	48 476	51 315
<b>Community and public safety</b>		19 497	19 286	21 416	39 859	31 418	31 418	38 876	40 741	42 901
Community and social services		6 598	9 309	8 937	13 922	14 958	14 958	15 786	15 692	16 441
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		8 573	5 526	6 799	6 585	7 011	7 011	6 240	6 891	7 303
Housing		-	-	-	-	-	-	-	-	-
Health		4 326	4 451	5 680	19 352	9 449	9 449	16 850	18 158	19 157
<b>Economic and environmental services</b>		70 863	8 665	8 881	16 284	26 507	26 507	17 586	19 731	19 013
Planning and development		70 863	8 665	8 881	16 284	26 507	26 507	17 586	19 731	19 013
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		244 525	275 771	298 530	344 307	369 569	369 569	363 336	367 576	406 307
Electricity		245	-	-	-	-	-	-	-	-
Water		217 546	241 975	225 988	282 582	285 655	285 655	299 758	306 037	351 687
Waste water management		17 135	15 181	42 811	36 025	49 255	49 255	39 247	36 082	28 077
Waste management		9 599	18 615	29 731	25 700	34 659	34 659	24 331	25 458	26 542
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	402 264	371 375	409 021	496 490	535 246	535 246	526 076	541 674	587 038
<b>Surplus/(Deficit) for the year</b>		77 023	93 648	208 005	194 926	274 904	274 904	236 988	360 473	658 919

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 R267m, taking the total Operational Budget on Water Services of R300m less the amount of R32m expected to be collected for water sales.
4. The Cemetery function also shows a deficit between revenue and expenditure and is being financed from the Equitable Share.

**Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

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

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 2 - Economic Development, Planning & Environment		-	-	-	-	-	-	-	-	-
Vote 3 - Community & Social Services		808	316	217	219	219	219	285	301	319
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 5 - Environmental Health		-	13 780	14 389	19 472	15 943	15 943	17 050	18 158	19 157
Vote 6 - Finance & Administration		349 915	301 801	420 639	487 048	573 283	573 283	502 042	628 329	964 374
Vote 7 - Infrastructure Services		120 045	138 375	169 596	171 419	173 219	173 219	188 067	200 003	211 262
Vote 8 - Waste Management		5 068	7 239	8 445	10 055	10 055	10 055	13 700	16 440	19 728
Vote 9 - Waste Water Management		3 295	3 513	3 740	3 203	37 431	37 431	41 919	38 916	31 117
Vote 10 - Electricity		156	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>479 287</b>	<b>465 024</b>	<b>617 026</b>	<b>691 415</b>	<b>810 150</b>	<b>810 150</b>	<b>763 064</b>	<b>902 147</b>	<b>1 245 957</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive & Council		25 810	28 450	35 235	35 757	39 640	39 640	39 068	41 750	44 496
Vote 2 - Economic Development, Planning & Environment		70 863	8 603	8 881	16 284	26 507	26 507	17 586	19 731	19 013
Vote 3 - Community & Social Services		6 598	9 242	8 936	13 922	14 958	14 958	15 786	15 692	16 441
Vote 4 - Public Safety		8 573	5 496	6 799	6 585	7 011	7 011	6 240	6 891	7 303
Vote 5 - Environmental Health		4 326	4 444	5 680	19 352	9 449	9 449	16 850	18 158	19 157
Vote 6 - Finance & Administration		41 568	40 530	44 960	60 281	68 112	68 112	67 210	71 876	74 322
Vote 7 - Infrastructure Services		217 547	240 843	225 988	282 582	285 654	285 654	299 758	306 037	351 687
Vote 8 - Waste Management		9 599	18 609	29 731	25 700	34 659	34 659	24 331	25 458	26 542
Vote 9 - Waste Water Management		17 135	15 157	42 811	36 025	49 255	49 255	39 247	36 082	28 077
Vote 10 - Electricity		245	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>402 264</b>	<b>371 375</b>	<b>409 021</b>	<b>496 489</b>	<b>535 246</b>	<b>535 246</b>	<b>526 076</b>	<b>541 674</b>	<b>587 038</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>77 023</b>	<b>93 650</b>	<b>208 005</b>	<b>194 926</b>	<b>274 904</b>	<b>274 904</b>	<b>236 988</b>	<b>360 473</b>	<b>658 919</b>

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

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

## Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

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

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>	1									
<b>Revenue By Source</b>										
Property rates	2	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges										
Service charges - electricity revenue	2	156	-	-	-	-	-	-	-	-
Service charges - water revenue	2	23 944	30 125	35 616	28 042	29 842	29 842	32 053	33 784	35 811
Service charges - sanitation revenue	2	3 295	3 513	3 740	3 203	3 653	3 653	4 759	5 016	5 317
Service charges - refuse revenue	2	5 068	7 239	8 445	10 055	10 055	10 055	13 700	16 440	19 728
Service charges - other		412	316	217	219	219	219	285	301	319
Rental of facilities and equipment		47	38	34						
Interest earned - external investments		26 468	24 150	26 998	24 206	26 884	26 884	27 033	28 655	30 374
Interest earned - outstanding debtors		78	56	40	227	227	227	246	260	276
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers recognised - operational		282 877	282 180	349 642	372 457	375 926	375 926	409 252	429 329	444 647
Other revenue	2	12 314	12 897	8 703	48 100	153 742	153 742	36 827	11 127	29 713
Gains on disposal of PPE		-	601	(419)	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>354 659</b>	<b>361 115</b>	<b>433 014</b>	<b>486 510</b>	<b>600 549</b>	<b>600 549</b>	<b>524 156</b>	<b>524 912</b>	<b>566 185</b>
<b>Expenditure By Type</b>										
Employee related costs	2	72 686	86 623	88 085	127 085	115 492	115 492	138 704	153 153	163 790
Remuneration of councillors		5 415	5 492	7 870	8 145	8 809	8 809	9 277	10 270	10 983
Debt impairment	3	3 154	6 436	8 024	3 379	3 379	3 379	8 096	8 541	9 011
Depreciation & asset impairment	2	30 116	40 061	36 543	42 318	42 318	42 318	45 827	48 872	52 920
Finance charges		9 244	12 699	11 901	14 180	14 180	14 180	11 460	11 471	11 484
Bulk purchases	2	18 357	24 470	29 204	23 775	28 775	28 775	25 082	26 462	41 733
Other materials	8	-	-	-	113	113	113	299	315	329
Contracted services		68 077	60 161	63 005	74 921	75 181	75 181	80 721	85 657	95 531
Transfers and grants		3 476	6 031	9 244	10 786	10 786	10 786	11 857	7 340	7 590
Other expenditure	4, 5	191 740	129 401	154 726	191 789	236 214	236 214	194 755	189 593	193 668
Loss on disposal of PPE		-	-	419	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>402 264</b>	<b>371 375</b>	<b>409 020</b>	<b>496 490</b>	<b>535 247</b>	<b>535 247</b>	<b>526 077</b>	<b>541 674</b>	<b>587 039</b>
<b>Surplus/(Deficit)</b>		<b>(47 605)</b>	<b>(10 260)</b>	<b>23 994</b>	<b>(9 980)</b>	<b>65 302</b>	<b>65 302</b>	<b>(1 921)</b>	<b>(16 762)</b>	<b>(20 854)</b>
Transfers recognised - capital		124 626	103 908	183 592	204 906	209 601	209 601	238 908	377 235	679 772
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>77 021</b>	<b>93 648</b>	<b>207 586</b>	<b>194 926</b>	<b>274 903</b>	<b>274 903</b>	<b>236 987</b>	<b>360 473</b>	<b>658 918</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>77 021</b>	<b>93 648</b>	<b>207 586</b>	<b>194 926</b>	<b>274 903</b>	<b>274 903</b>	<b>236 987</b>	<b>360 473</b>	<b>658 918</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>77 021</b>	<b>93 648</b>	<b>207 586</b>	<b>194 926</b>	<b>274 903</b>	<b>274 903</b>	<b>236 987</b>	<b>360 473</b>	<b>658 918</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>77 021</b>	<b>93 648</b>	<b>207 586</b>	<b>194 926</b>	<b>274 903</b>	<b>274 903</b>	<b>236 987</b>	<b>360 473</b>	<b>658 918</b>

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

1. Total revenue is R524.2 million in 2013/14 and escalates to R566.2 million by 2015/16. This represents an increase of 8% over the medium term.
2. Service charges relating to water, sanitation and refuse constitutes the biggest component of the revenue basket of the Municipality totalling R50.8 million for the 2013/14 financial year and increasing to R61.2 million by 2015/16. For the 2013/14 financial year services charges amount to 10% of the total revenue base and grows by 1% 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 25% and 40% for the two outer years. To be noted that although the Equitable Share is up from the 2012/13 allocation, it is less by R1.1m than the forecasted amount which was contained in the 2012 DORA as an indication for the outer years, this is as a result of the review of the Equitable Share formula which was finalised in October 2012, as well as the new population information from the 2011 Census. The percentage share of this revenue source increases sharply over the Medium Term due to the increase in the Regional Bulk Infrastructure Grant as well as the Municipal Water Infrastructure Grant.
4. Employee related costs have increased by 9% from the 2012/13 budget, this is due to the inflationary increase of 6.95% on salaries in line with the three year collective Wage Agreement as well as guidance from the National Treasury as per circulars 66 and 67, added to this is the new positions that have been approved to be included in the budget amounting to R4.4m.
5. Depreciation has been budgeted for at R45.8m for the 2013/14 financial year and increasing to R52.9m 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 R34.4 million over the MTREF. To be noted the R21m acquired for the Solid Waste site has been repaid in full in the 2012/13 financial year and 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 R25 million in 2013/14 to R42 million in the 2015/16 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 the anticipated completion of schemes under the Greater Mthonjaneni and Middledrift water projects.
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.
9. The provision for debt impairment was determined based on an annual collection rate of 90 per cent and the Credit and Debt Collection Policy of the Municipality. For 2013/14 this amount equates to R8 million and escalates to R9 million by 2015/16.



**Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

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

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure - Vote</b>	1									
<b>Multi-year expenditure - to be appropriated</b>	2									
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 2 - Economic Development, Planning & Environment		-	-	-	2 000	6 500	6 500	-	-	-
Vote 3 - Community & Social Services		-	-	-	-	-	-	9 431	5 700	5 700
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 5 - Environmental Health		-	-	-	-	-	-	-	-	-
Vote 6 - Finance & Administration		31 591	1 150	2 423	-	-	-	-	-	-
Vote 7 - Infrastructure Services		42 626	28 723	76 862	222 346	239 905	239 905	185 472	280 716	312 654
Vote 8 - Waste Management		42 944	85 155	121 267	7 600	18 070	18 070	-	-	-
Vote 9 - Waste Water Management		3 789	647	194	-	4 000	4 000	-	2 000	2 000
Vote 10 - Electricity		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	120 950	115 675	200 746	231 946	268 474	268 474	194 903	288 416	320 354
<b>Single-year expenditure - to be appropriated</b>	2									
Vote 1 - Executive & Council		-	-	-	270	283	283	1 620	25	-
Vote 2 - Economic Development, Planning & Environment		-	-	-	-	484	484	-	-	-
Vote 3 - Community & Social Services		-	-	-	-	680	680	-	2 000	2 000
Vote 4 - Public Safety		-	-	-	-	896	896	-	1 200	1 000
Vote 5 - Environmental Health		-	-	-	120	120	120	200	-	-
Vote 6 - Finance & Administration		679	1 304	1 183	740	12 012	12 012	1 240	1 550	1 500
Vote 7 - Infrastructure Services		30 506	-	-	3 850	29 394	29 394	69 025	110 482	380 865
Vote 8 - Waste Management		-	-	-	-	-	-	10 500	-	-
Vote 9 - Waste Water Management		-	-	-	-	4 562	4 562	-	-	-
Vote 10 - Electricity		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		31 185	1 304	1 183	4 980	48 429	48 429	82 585	115 257	385 365
<b>Total Capital Expenditure - Vote</b>		152 136	116 979	201 929	236 926	316 903	316 903	277 488	403 673	705 719
<b>Capital Expenditure - Standard</b>										
<b>Governance and administration</b>		11 038	6 047	3 235	1 010	12 294	12 294	2 860	1 575	1 500
Executive and council		631	58	963	-	283	283	1 620	25	-
Budget and treasury office		10 407	5 989	2 272	340	340	340	240	200	200
Corporate services		-	-	-	670	11 672	11 672	1 000	1 350	1 300
<b>Community and public safety</b>		2 418	49	1 162	2 120	8 076	8 076	9 431	8 900	8 700
Community and social services		122	47	1 162	2 120	7 180	7 180	9 431	7 700	7 700
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 296	1	-	-	896	896	-	1 200	1 000
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		267	18	33	-	604	604	200	-	-
Planning and development		267	18	33	-	484	484	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	120	120	200	-	-
<b>Trading services</b>		138 413	110 865	197 499	233 796	295 930	295 930	264 997	393 198	695 519
Electricity		162	-	-	-	-	-	-	-	-
Water		128 907	110 813	197 324	226 196	269 299	269 299	254 497	391 198	693 519
Waste water management		-	60	94	-	8 562	8 562	-	2 000	2 000
Waste management		9 344	(7)	81	7 600	18 070	18 070	10 500	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	152 136	116 979	201 929	236 926	316 904	316 904	277 488	403 673	705 719
<b>Funded by:</b>										
National Government		109 494	103 519	186 187	204 906	203 909	203 909	239 237	377 328	679 869
Provincial Government		-	-	-	-	12 778	12 778	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		25 894	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	135 388	103 519	186 187	204 906	216 687	216 687	239 237	377 328	679 869
<b>Public contributions &amp; donations</b>	5	-	-	-	-	2 000	2 000	2 000	2 000	2 000
<b>Borrowing</b>	6	16 748	2 842	956	-	16 641	16 641	-	-	-
<b>Internally generated funds</b>		-	10 618	14 786	32 020	81 576	81 576	36 251	24 345	23 850
<b>Total Capital Funding</b>	7	152 136	116 979	201 929	236 926	316 904	316 904	277 488	403 673	705 719

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 2013/14, R278 million has been allocated for the capital budget. This allocation escalates to R404 million in 2014/15 and then to R706 million in 2015/16.
3. Single-year capital expenditure has been appropriated at R83 million for the 2012/13 financial year and escalates to R385 million by 2015/16 financial year.
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.
5. The capital programme is funded from national grants and transfers, public contributions, and internally generated funds from current year surpluses. For 2013/14, capital transfers totals R239 million, and escalates to R680 million by 2015/16. Internally generated funding has been provided for at R36 million for 2013/14 and decrease to R24m for the outer two years of the MTREF.

**Table 14 MBRR Table A6 - Budgeted Financial Position**

DC28 uThungulu - Table A6 Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		22 081	45 358	86 717	21 105	21 105	21 105	22 266	23 490	24 782
Call investment deposits	1	240 000	320 000	280 000	325 000	325 000	325 000	330 000	355 000	360 000
Consumer debtors	1	14 540	10 229	12 858	11 870	11 870	11 870	12 523	13 212	13 938
Other debtors		17 569	19 837	35 167	20 536	20 536	20 536	21 665	22 857	24 114
Current portion of long-term receivables		221	33	35	181	181	181	32	36	39
Inventory	2	8 403	7 069	6 122	7 631	7 631	7 631	8 051	8 493	8 961
<b>Total current assets</b>		<b>302 814</b>	<b>402 526</b>	<b>420 899</b>	<b>386 323</b>	<b>386 323</b>	<b>386 323</b>	<b>394 537</b>	<b>423 088</b>	<b>431 835</b>
<b>Non current assets</b>										
Long-term receivables		672	542	496	453	453	453	411	372	330
Investments		43 645	25 720	46 207	48 911	48 911	48 911	30 601	32 284	34 060
Investment property		-	-	-						
Investment in Associate										
Property, plant and equipment	3	800 696	885 116	1 050 408	1 237 932	1 329 721	1 329 721	1 560 906	1 915 278	2 567 976
Agricultural										
Biological										
Intangible		63	1 976	1 477				476	906	1 006
Other non-current assets										
<b>Total non current assets</b>		<b>845 076</b>	<b>913 354</b>	<b>1 098 588</b>	<b>1 287 296</b>	<b>1 379 085</b>	<b>1 379 085</b>	<b>1 592 395</b>	<b>1 948 841</b>	<b>2 603 372</b>
<b>TOTAL ASSETS</b>		<b>1 147 890</b>	<b>1 315 880</b>	<b>1 519 487</b>	<b>1 673 619</b>	<b>1 765 408</b>	<b>1 765 408</b>	<b>1 986 931</b>	<b>2 371 929</b>	<b>3 035 207</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft	1									
Borrowing	4	6 584	7 451	9 327	8 212	8 212	8 212	12 036	13 654	15 531
Consumer deposits		6 243	7 244	8 229	7 458	7 458	7 458	7 868	8 301	8 757
Trade and other payables	4	149 521	207 597	199 731	131 317	131 317	131 317	66 836	78 798	107 751
Provisions		889	1 443	1 510	2 222	2 222	2 222	2 344	2 473	2 609
<b>Total current liabilities</b>		<b>163 237</b>	<b>223 735</b>	<b>218 797</b>	<b>149 209</b>	<b>149 209</b>	<b>149 209</b>	<b>89 084</b>	<b>103 226</b>	<b>134 649</b>
<b>Non current liabilities</b>										
Borrowing		111 087	108 739	104 584	102 257	102 257	102 257	72 487	63 931	52 525
Provisions		70 330	77 868	82 838	101 588	101 588	101 588	87 589	92 614	97 931
<b>Total non current liabilities</b>		<b>181 417</b>	<b>186 607</b>	<b>187 423</b>	<b>203 845</b>	<b>203 845</b>	<b>203 845</b>	<b>160 076</b>	<b>156 545</b>	<b>150 456</b>
<b>TOTAL LIABILITIES</b>		<b>344 654</b>	<b>410 342</b>	<b>406 219</b>	<b>353 054</b>	<b>353 054</b>	<b>353 054</b>	<b>249 160</b>	<b>259 771</b>	<b>285 105</b>
<b>NET ASSETS</b>	5	<b>803 236</b>	<b>905 538</b>	<b>1 113 268</b>	<b>1 320 565</b>	<b>1 412 354</b>	<b>1 412 354</b>	<b>1 737 771</b>	<b>2 112 158</b>	<b>2 750 102</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		538 244	640 546	848 276	1 055 573	1 147 362	1 147 362	1 472 779	1 847 166	2 485 110
Reserves	4	264 992	264 992	264 992	264 992	264 992	264 992	264 992	264 992	264 992
Minorities' interests										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>803 236</b>	<b>905 538</b>	<b>1 113 268</b>	<b>1 320 565</b>	<b>1 412 354</b>	<b>1 412 354</b>	<b>1 737 771</b>	<b>2 112 158</b>	<b>2 750 102</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. 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.
3. The budgeted Community wealth or equity for the MTREF is R1 737 771, R2 112 158 and R2 750 102 for the 13/14, 14/15 and 15/16 years respectively.
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.
5. To note that the municipality has indicated a decrease in long term borrowings which is as a result of the early settlement of an INCA bullet loan of R21m.

**Table 15 MBRR Table A7 - Budgeted Cash Flow Statement**

DC28 uThungulu - Table A7 Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Ratepayers and other		33 430	57 404	40 331	50 843	154 735	154 735	59 240	64 668	71 488
Government - operating	1	224 236	266 936	306 150	372 617	376 086	376 086	409 252	429 329	444 647
Government - capital	1	119 936	130 586	205 088	204 746	209 601	209 601	240 908	379 235	681 772
Interest		26 546	24 205	27 038	24 433	27 111	27 111	27 279	28 915	30 650
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees		(306 197)	(266 099)	(344 574)	(431 869)	(470 626)	(470 626)	(437 139)	(472 545)	(512 833)
Finance charges		(7 883)	(12 699)	(11 901)	(6 336)	(6 336)	(6 336)	(6 304)	(4 312)	(1 721)
Transfers and Grants	1	(3 476)	(6 031)	(9 244)	(4 745)	(4 745)	(4 745)	(11 857)	(12 463)	(12 995)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>86 592</b>	<b>194 303</b>	<b>212 887</b>	<b>209 689</b>	<b>285 826</b>	<b>285 826</b>	<b>281 379</b>	<b>412 827</b>	<b>701 008</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		159	1 319	175				-	-	-
Decrease (Increase) in non-current debtors										
Decrease (increase) other non-current receivables		94	317	44	43	43	43	42	39	42
Decrease (increase) in non-current investments		(3 988)	17 926	(20 487)				18 310	(1 683)	(1 776)
<b>Payments</b>										
Capital assets		(152 435)	(109 107)	(188 981)	(236 986)	(328 715)	(328 715)	(277 488)	(403 673)	(705 719)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(156 170)</b>	<b>(89 545)</b>	<b>(209 249)</b>	<b>(236 943)</b>	<b>(328 672)</b>	<b>(328 672)</b>	<b>(259 136)</b>	<b>(405 317)</b>	<b>(707 453)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing		45 033						-	-	-
Increase (decrease) in consumer deposits					368	368	368	410	433	456
<b>Payments</b>										
Repayment of borrowing			(1 481)	(2 279)	(7 844)	(7 844)	(7 844)	(4 946)	(6 938)	(9 529)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>45 033</b>	<b>(1 481)</b>	<b>(2 279)</b>	<b>(7 476)</b>	<b>(7 476)</b>	<b>(7 476)</b>	<b>(4 536)</b>	<b>(6 505)</b>	<b>(9 073)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>										
Cash/cash equivalents at the year begin:	2	286 628	262 082	365 359	366 718	366 718	366 718	316 396	334 103	335 107
Cash/cash equivalents at the year end:	2	262 082	365 359	366 718	331 988	316 396	316 396	334 103	335 107	319 588

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The budgeted cash/cash equivalents are R334 103 000, R335 107 000 and R319 588 000 for the 2013/2014, 2014/2015 and 2015/2016 respectively.

## Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

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

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1	262 082	365 359	366 718	331 988	316 396	316 396	334 103	335 107	319 588
Other current investments > 90 days		(1)	(0)	(1)	14 117	29 709	29 709	18 163	43 384	65 194
Non current assets - Investments	1	43 645	25 720	46 207	48 911	48 911	48 911	30 601	32 284	34 060
<b>Cash and investments available:</b>		<b>305 726</b>	<b>391 078</b>	<b>412 924</b>	<b>395 016</b>	<b>395 016</b>	<b>395 016</b>	<b>382 867</b>	<b>410 775</b>	<b>418 842</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers		78 027	91 246	74 249	93 216	93 216	93 216	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	47 310	83 923	91 026	19 507	12 388	12 388	43 510	43 587	77 653
Other provisions		70 330	77 868	82 838	101 588	101 588	101 588	87 130	92 342	97 361
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	110 059	138 041	164 811	180 705	187 824	187 824	252 227	274 846	243 828
<b>Total Application of cash and investments:</b>		<b>305 726</b>	<b>391 079</b>	<b>412 924</b>	<b>395 016</b>	<b>395 016</b>	<b>395 016</b>	<b>382 867</b>	<b>410 775</b>	<b>418 842</b>
<b>Surplus(shortfall)</b>		<b>0</b>	<b>(0)</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>

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

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

**Table 17 MBRR Table A9 - Asset Management**  
**DC28 uThungulu - Table A9 Asset Management**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	152 136	116 979	201 929	199 276	269 770	269 770	82 585	115 257	385 365
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		162	-	-	-	-	-	-	-	-
Infrastructure - Water		42 626	28 723	76 862	190 746	233 113	233 113	69 025	110 482	380 865
Infrastructure - Sanitation		3 789	647	194	-	4 562	4 562	-	-	-
Infrastructure - Other		73 288	85 155	121 267	7 600	18 070	18 070	10 500	-	-
Infrastructure		119 866	114 525	198 323	198 346	255 744	255 744	79 525	110 482	380 865
Community		-	-	-	-	896	896	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	32 270	2 250	3 446	930	13 130	13 130	3 060	4 775	4 500
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	204	160	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	37 650	47 133	47 133	194 903	288 416	320 354
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	35 400	35 986	35 986	185 472	280 716	312 654
Infrastructure - Sanitation		-	-	-	-	4 000	4 000	-	2 000	2 000
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	35 400	39 986	39 986	185 472	282 716	314 654
Community		-	-	-	2 000	6 898	6 898	9 431	5 700	5 700
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	250	250	250	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		162	-	-	-	-	-	-	-	-
Infrastructure - Water		42 626	28 723	76 862	226 146	269 099	269 099	254 497	391 198	693 519
Infrastructure - Sanitation		3 789	647	194	-	8 562	8 562	-	2 000	2 000
Infrastructure - Other		73 288	85 155	121 267	7 600	18 070	18 070	10 500	-	-
Infrastructure		119 866	114 525	198 323	233 746	295 730	295 730	264 997	393 198	695 519
Community		-	-	-	2 000	7 794	7 794	9 431	5 700	5 700
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	32 270	2 250	3 446	930	13 130	13 130	3 060	4 775	4 500
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	204	160	250	250	250	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	152 136	116 979	201 929	236 926	316 904	316 904	277 488	403 673	705 719
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	197 011	-	-	-	254 497	391 198	693 519
Infrastructure - Sanitation		-	-	144	7 600	18 070	18 070	-	2 000	2 000
Infrastructure - Other		138 208	110 524	976	228 146	277 860	277 860	10 500	-	-
Infrastructure		138 208	110 524	198 131	235 746	295 930	295 930	264 997	393 198	695 519
Community		-	-	1 160	-	7 180	7 180	9 431	5 700	5 700
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		13 928	6 251	2 479	1 180	13 794	13 794	2 584	3 869	3 494
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		63	1 976	1 477	-	-	-	476	906	1 006
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	152 199	118 751	203 246	236 926	316 904	316 904	277 488	403 673	705 719
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		30 116	40 061	36 543	42 318	42 318	42 318	45 827	48 872	52 920
<b>Repairs and Maintenance by Asset Class</b>	3	32 885	34 703	34 926	40 607	40 027	40 027	43 797	40 879	53 888
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		26 850	28 756	28 940	37 850	37 500	37 500	36 808	33 458	46 059
Infrastructure - Sanitation		38	-	-	-	-	-	-	-	-
Infrastructure - Other		4 322	4 220	4 249	281	298	298	4 922	5 193	5 478
Infrastructure		31 210	32 975	33 189	38 131	37 798	37 798	41 730	38 651	51 537
Community		172	52	52	150	70	70	169	178	188
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,7	1 503	1 676	1 684	2 326	2 159	2 159	1 898	2 049	2 163
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		63 001	74 764	71 468	82 925	82 345	82 345	89 624	89 751	106 809

### 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 uThungulu's internally funded capital for 2013/14 accounts for 13% of the total budget, most of the capital budget is grant funded mainly through MIG, RBIG and MWIG, which is for backlog eradication, and therefore this makes it very difficult to achieve the 40% benchmark as required by the National Treasury. The budget for the repairs and maintenance of assets is currently 2.8% of the net carrying value of assets which is below the National Treasury benchmark of 8%. However, it be noted that as the operating and the maintenance of the water schemes is outsourced to a third party, funds allocated for this purpose are reflected under contract services, if these are taken into account, the total percentage moves to 9% of the net carrying value of the assets.



**Table 18 MBRR Table A10 Basic service delivery measurement**

DC28 uThungulu - Table A10 Basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		20 710	20 820	20 982	20 982	20 982	21 000	21 200	21 800	21 800
Piped water inside yard (but not in dwelling)		18 150	20 170	21 800	21 800	21 800	23 012	25 000	25 200	26 200
Using public tap (at least min.service level)	2	20 659	21 260	22 000	22 000	22 000	22 000	22 300	22 500	22 500
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		59 519	62 250	64 782	64 782	64 782	66 012	68 500	69 500	70 500
Using public tap (< min.service level)	3	5 350	5 480	6 325	6 325	6 325	7 590	8 108	9 930	9 930
Other water supply (< min.service level)	4									
No water supply		50 580	47 316	43 939	43 939	43 939	41 444	38 438	35 616	34 616
<i>Below Minimum Service Level sub-total</i>		55 930	52 796	50 264	50 264	50 264	49 034	46 546	45 546	44 546
<b>Total number of households</b>	5	<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>115 046</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		16 820	16 850	16 980	16 980	16 980	16 980	16 980	16 980	16 980
Flush toilet (with septic tank)		4 190	4 190	4 250	4 250	4 250	4 250	4 250	4 250	4 250
Chemical toilet										
Pit toilet (ventilated)		26 143	42 286	36 126	36 126	36 126	52 286	52 021	62 426	65 426
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		47 153	63 326	57 356	57 356	57 356	73 516	73 251	83 656	86 656
Bucket toilet										
Other toilet provisions (< min.service level)		67 893	51 720	57 950	57 950	57 950	41 530	41 795	31 390	28 390
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		67 893	51 720	57 950	57 950	57 950	41 530	41 795	31 390	28 390
<b>Total number of households</b>	5	<b>115 046</b>	<b>115 046</b>	<b>115 306</b>	<b>115 306</b>	<b>115 306</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>	<b>115 046</b>

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

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

## 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 Deputy Municipal Manager: Finance (CFO) 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 Schedule of Key Deadlines

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 2012 and was then subsequently cascaded to the Financial Services Portfolio Committee, Exco, and Council in August 2012. Key dates applicable to the process were:

- **August 2012** – The Mayor tables the Schedule of Key deadlines to the relevant Council Committees;
- **August 2012** – Strategic session of the Management Committee to chart a way forward and devise plans of implementing the strategic vision of the municipality for the next five years as set out in the IDP.

- **December 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget Office for consolidation and assessment against the financial planning guidelines;
- **January 2013** - Council considers the 2012/13 Mid-year Review in terms of section 72 of the MFMA;
- **February 2013** - Council considers the 2012/13 and Adjustments Budget;
- **March 2013** – Multi-year budget proposals are submitted to the Budget Steering Committee for consideration and further deliberation;
- **19 March 2013** - Tabling in the Financial Services Portfolio Committee of the draft 2013/14 IDP and 2013/14 MTREF for consideration;
- **20 March 2013** - Tabling in the EXCO and Council of the draft 2013/14 IDP and 2013/14 MTREF for public consideration;
- **April/May 2013** – Public consultation, IDP Roadshows;
- **May 2013** – finalisation of the 2013/14 IDP review and 2013/14 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
- **29 May 2013** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

There were minor deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.3 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 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 Acting 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 2012/2013 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:

18 November 2012	-	IDP Workshop with Amakhosi
16 October 2012	-	uMlalazi LM Roadshow
20 October 2012	-	Mfolozi LM Roadshow
30 October 2012	-	Mthonjaneni LM Roadshow
30 November 2012	-	IDP Representative Forum
12 December 2012	-	uMhlathuze LM Roadshow
23 October 2012	-	Ntambanana LM Roadshow
15 February 2013	-	RBIDZ 50 year Master Plan: Consultation Session:

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

Subsequent roadshows after the tabling of the 2013/14 draft multi year budget were held in various local municipalities in the District as follows;

- Mfolozi Municipality - 11 April 2013
- uMhlathuze Municipality - 11 April 2013
- Ntambanana Municipality - 23 April 2013
- uMlalazi Municipality - 25 April 2013
- Amakhosi Roadshow - 26 April 2013
- Mthonjaneni Municipality - 30 April 2013
- Nkandla Municipality - 07 May 2013



*Community Members listening attentively during the April/May 2013 IDP/Budget Roadshows*

## 2.5 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 Supplement 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 Representative Forum meetings
- District LED Forum meetings
- District Mayors' Forum meetings



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

## 2.6 Alignment Of Budget With IDP

The budget was prepared using the following IDP inputs:

- Situational Analysis
- The outputs of the consultations with the various stakeholders.
- 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

The IDP 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:

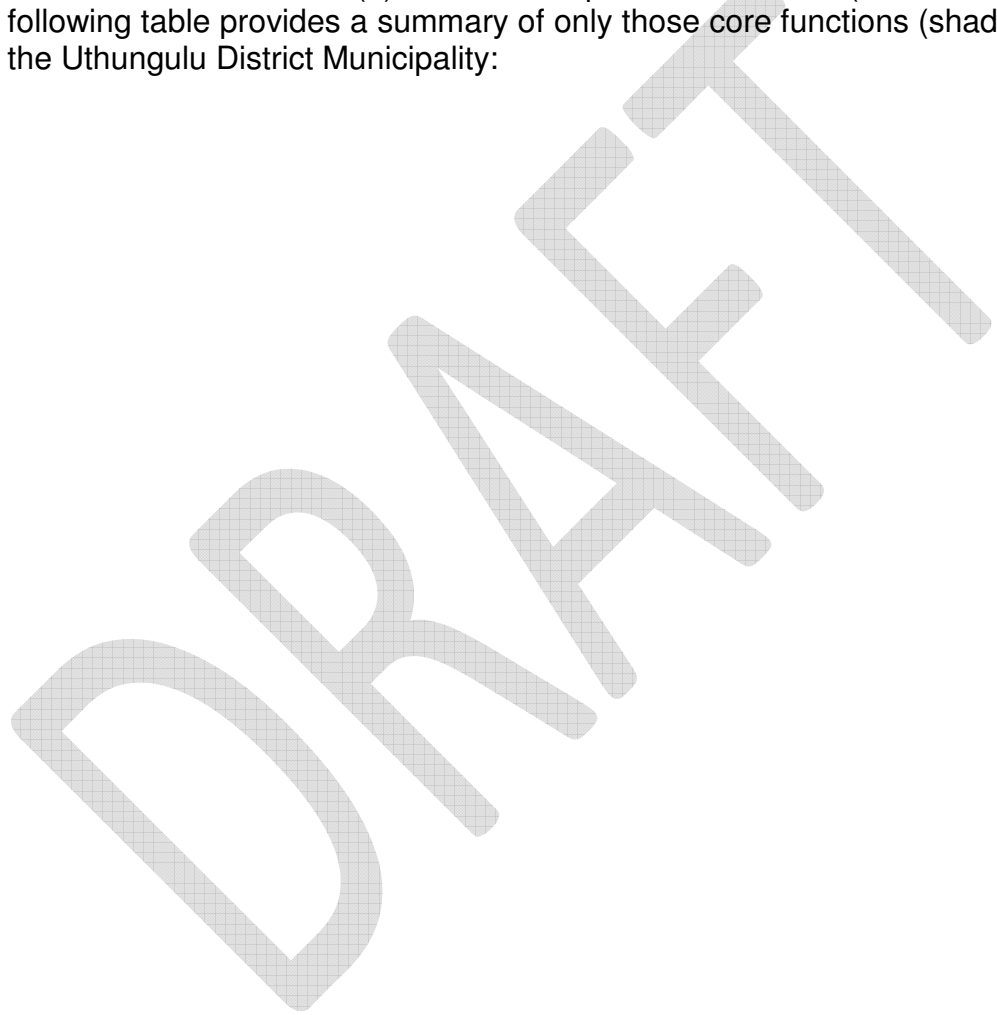
- Provide terms of reference for the various planning activities associated with the IDP;
- Commission research studies as may be required;
- Considers and comments on:
  - Inputs from sub-committee/s, study teams and other;
  - Inputs from provincial sector departments and support providers; and
  - 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 Budget Steering Committee. With the 2012/2013 IDP Review this Forum has been formalized in terms of the Regulations of the MFMA.

**2.7 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.

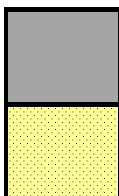
The uThungulu District Municipality also focuses on its core functions as referenced in Section 84(1) of the Municipal Structures Act (No. 117 of 1998). The following table provides a summary of only those core functions (shaded areas) for the Uthungulu District Municipality:



**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



## 2.8 IDP Strategic Objectives

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

<b>STRATEGIC PRIORITIES</b>	<b>PROGRAMMES</b>
<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

<b>STRATEGIC PRIORITIES</b>	<b>PROGRAMMES</b>
<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 2013/2014 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.

## 2.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

### 2.9.1 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 based on the 2011 census data

Municipality	Number of Households	Access to piped water: Number of households:		% Water backlogs
		With water	Without water	
<b>KZN281: Mfolozi</b>	25 584	19 147	6 436	25
<b>KZN283: Ntambanana</b>	12 826	6 122	6 704	52
<b>KZN284: uMlalazi</b>	45 062	27 679	17 383	39
<b>KZN285: Mthonjaneni</b>	10 433	6 491	3 942	38
<b>KZN286: Nkandla</b>	22 463	13 616	8 846	39
<b>TOTAL</b>	<b>116 367</b>	<b>73 055</b>	<b>43 312</b>	<b>37</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 based on 2011 census data:

Municipality	Number of Households	Access to sanitation:		% Sanitation backlogs
		With	Without	
KZN281: Mfolozi	25 584	14 421	11 163	44
KZN283: Ntambanana	12 826	6 974	5 852	46
KZN284: uMlalazi	45 062	28 151	16 911	38
KZN285: Mthonjaneni	10 433	5 112	5 321	51
KZN286: Nkandla	22 463	12 719	9 743	43
<b>TOTAL</b>	<b>116 367</b>	<b>67 376</b>	<b>48 991</b>	<b>57</b>

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.

#### 2.9.2 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 (SSA.) Currently in the year ahead, uThungulu has budgeted R58.3m for the WSP function.

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.

### **2.9.3 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 grown 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 was made available in the 2012/13 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.

### **2.9.4 PERFORMANCE INDICATORS AND BENCHMARKS**

#### *2.9.4.1 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. As alluded to in table A6 above, the municipality has settled an INCA bullet loan early, amounting to R21 m thereby reducing overall borrowings and lowering gearing..

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be monitored to ensure we maintain a healthy gearing ratio.

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.

#### 2.9.4.2 Safety of Capital

The gearing ratio is a measure of the total long term borrowings over funds and reserves. Between 2009/2010 and 2011/12 the gearing ratio steadily decreased from 41.9%% to 39.5%. In the MTREF the ration is budgeted to decrease from 27.4%(13/14) to 19.8%(15/16) and is primarily a result of the early settlement of the INCA bullet loan and no further borrowings.

- *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 2012/13 MTREF the current ratio is 2,6:1 and ranged from 4.4:1 to 3.2:1 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, the ratios being 4:1 to 3.2:1 for the three outer years of the MTREF.

#### 2.9.4.3 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.

#### 2.9.4.3 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.

#### 2.9.4.4 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.



### **2.9.5 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 2013/14 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 10kℓ free 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.

## 2.10 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 will be taken to Council for approval together with the draft 2013/2014 multi year budget on the 20<sup>th</sup> March 2013. These policies are as follows;

- Incentive Policy
- Indigent Policy
- Investment and Banking Policy
- Property, Plant and Equipment
- Tariff Policy
- Credit Control and Debt collection Policy (Bylaws)
- Virement Policy
- Budget policy
- Borrowing Policy
- Supply Chain Management
- Succession and Retention Policy
- Recruitment and Selection Policy
- Employment Equity Policy

## 2.11 Legislation compliance status

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

### 2.11.1 In year reporting

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

### 2.11.2 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 three have resigned to seek other employment opportunities elsewhere, and the municipality is currently busy with the recruitment process to replace the resignations. The remaining two have completed their MFMP training programme through DBSA's Vulindlela Academy. Three new interns have recently been appointed on a two year contract and will be undergoing the MFMP training through a service provider to be sourced.

### 2.11.3 Budget and Treasury Office

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

**2.11.4 Audit Committee and Municipal Public Accounts Committee**

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

**2.11.5 Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalised after approval directly aligned and informed by the 2013/14 MTREF. This documents will be finalised in terms of Section 53(1) of the MFMA

**2.11.6 Annual Report**

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

DRAFT

**2.12 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 \_\_\_\_\_

Municipal Manager of UThungulu District (DC28)

Signature \_\_\_\_\_

Date \_\_\_\_\_

**UTHUNGULU**

