

FINAL ANNUAL BUDGET OF UTHUKELA DISTRICT MUNICIPALITY



2016/17 TO 2018/19

MEDIUM TERM REVENUE & EXPENDITURE FORECASTS

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- At the reception area of the municipality
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PART 1 – ANNUAL BUDGET

1.1 MAYORS REPORT

**SPEECH BY THE MAYOR OF UTHUKELA DISTRICT MUNICIPALITY
PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF TABLING OF THE 2016/2017 FINAL
BUDGET IN THE COUNCIL
BOARDROOM, LADYSMITH, ON 18 MAY 2016**

VISION

Our vision is an economically sound municipality with effective infrastructure and a municipality that empowers people, protects the environment and demonstrates excellence in leadership.

In this tabled final budget Council has endeavoured to achieve these calls and has tried to provide for this within its limited resources. Given the constraints on the revenue side, tough decisions have been made to ensure a sustainable budget.

JOB CREATION

Council has decided to heed the Government's call for job creation and has partnered with the Department of Public Works to ensure that the EPWP is fully operation in this Municipality. The money for EPWP will increase for 2016/2017 financial year which will assist to ensure that service delivery is instigated accordingly.

INFRASTRUCTURE DEVELOPMENT

The total capital grant allocations for 2016/17 financial year have increased from R 322 million to R347 million.

We will continue to upgrade our infrastructure and embark on new projects improve water distribution and reticulation. Various needs that have been identified by community during the needs analysis will be considered in this budget.

ORGANISATIONAL STRUCTURE

Due to the identified gaps, there had been numerous appointments in the current year, which improved the municipality's overall functional structure and ensured efficiency on service delivery. We are also in the process of reviewing the organogram and conducting a job evaluation.

DEBT MANAGEMENT

Council has written off debts for qualifying indigent debtors throughout 2016, a concerted effort has been made to collect and reduce all outstanding debts. A data cleansing process has also been started which will ensure accuracy in the billing process. In 2017 will also embark on a process of engaging debt collectors in order to improve our collection rate.

ASSET MANAGEMENT

Asset management is prioritised and ensuring that councils assets are managed properly. Asset register is in place and an asset manager has been appointed to work on the assets. We have responsibility of reducing expenditure on non-essential assets and prioritising repairs and mantaince of municipal assets.

THE WAY FORWARD

Using the IDP and budget, this Council will ensure that service delivery is not compromised and financial control measures are tightened, including the implementation of a credit control policy and supply chain management policy.

The Municipality will be undertaking several projects aimed at stimulated LED and job creation within its area of jurisdiction. A portion of the budget has also been dedicated towards various tourism projects.

The municipality will remain dedicated to its core business of providing high quality basic services to the community. All areas of non-performance affecting service delivery will be identified and remedial measures will be employed accordingly.

1.2 COUNCIL RESOLUTIONS:

On 18 May 2016 the Council of UThukela District Local Municipality met in the Council Boardroom of UThukela District Municipality to consider the final annual budget of the municipality for the financial year 2016/17. The Council approved and adopted the following resolutions:

1. The UThukela District Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
 - 1.1.3. Budget Summary as contained in Table A1
 - 1.1.4. Budgeted financial performance (revenue and expenditure) as contained in Table A4
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table A6
 - 1.2.2. Budgeted Cash Flows as contained in Table A7
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8
 - 1.2.4. Asset management as contained in Table A9
 - 1.2.5. Basic service delivery measurement as contained in Table A10
2. The Council of UThukela District Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016:
 - 2.1. That the salaries, wages and allowances of all employees be increased by 8% in accordance with the multiyear SALGBC wage agreement with effect from 01 July 2016.
 - 2.2. That the salaries, wages and allowances of all Section 56 employees and other employees by the same percentage with effect from 01 July 2016.
 - 2.3. The tariffs for water services.
 - 2.4. The tariffs for sanitation services.
 - 2.5. The tariffs for other municipal services.

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.

In the compilation of this budget the municipality has taken note of the Cabinet resolution by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measures. These cost containment measures must be implemented to eliminate waste, reprioritise spending and ensure savings on six focus arrears namely consultancy fees, no credit cards, travel and related costs, advertising, catering and events costs as well as accommodation.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Most of which will benefit the municipality as well as consumers. Consultants have also been engaged in the revenue department to assist with the prior year's qualifying matters

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging 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 electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Escalating water losses
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Affordability of capital projects – R347 million will be received as capital grants

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 MTREF

R thousand	Adjustment budget 2015/16	Budget year 2016/17	Budget year +1 2017/18	Budget year +2 2018/19
Total operating revenue	516 670	556 033	594 540	638 817
Total operating expenditure	570 910	548 356	580 233	614 690
Operating Surplus/(Deficit)	(54 241)	7 677	14 307	24 127
Capital Grant Transfers	237 940	262 691	347 398	299 651
Surplus/(Deficit) for the year	183 700	270 368	361 705	323 778
Total capital expenditure	260 904	265 244	347 398	299 651
Total Budgeted Expenditure	831 814	813 600	927 631	914 341

Operating revenue

Total operating revenue has increased by 7.6% or R39.3 million for the 2016/17 financial year when compared to the 2015/16 adjustments budget due to the general increase in the services charge and increases in the government grant allocations for the 2016/17 financial year. For the outer years, operational revenue will increase by 6% respectively.

Operating Expenditure

Total operating expenditure for the 2016/17 financial year has been appropriated at R548 million and translates into a budget surplus of R7 million. When compared to the 2015/16 Adjustment Budget, operational expenditure has decreased by 3.9% or R22.5 million in the 2016/17 budget and increased by 6% for each of the respective outer years of the MTREF.

It must be noted that operating expenditure for 2016/2017 has been reduced by R22.2 million from the current budget due to our current cash position. This was the only means of ensuring a funded budget. Reference must also be made to the expected surplus of R7 million as opposed to the current deficit of R54 million.

Capital Expenditure

Capital Expenditure for the 2016/17 financial year, R265 million of capital expenditure is funded by grants and R262 million from own revenue by R2.5 million. Capital expenditure as also been reduced to its bare minimum budgeting for only critical assets to be funded from surplus funds

The Municipality could not meet to fund 40 percent of its capital towards renewal of assets however R91 million which is 35% of the budgeted capital expenditure will go towards the renewal of infrastructure.

1.4 OPERATING REVENUE FRAMEWORK

For UThukela 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 continued economic development;
- Efficient revenue management, which aims to achieve a 50.1% annual collection rate for key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

TABLE 1: DC23 UThukela - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	117 287	132 771	126 222	165 107	165 107	165 107	165 107	176 928	187 544	198 797
Investment revenue	9 789	10 761	9 073	8 010	10 011	10 011	10 011	10 671	11 311	11 990
Transfers recognised - operational	308 033	274 934	311 978	318 371	314 628	314 628	314 628	338 199	363 636	394 058
Other own revenue	34 523	35 203	28 709	26 924	26 924	26 924	26 924	30 235	32 049	33 972
Total Revenue (excluding capital transfers and contributions)	469 632	453 669	475 982	518 412	516 670	516 670	516 670	556 033	594 540	638 817
Employee costs	119 806	124 812	150 427	219 377	219 377	219 377	219 377	195 149	206 858	219 269
Remuneration of councillors	4 792	4 775	5 796	5 332	6 146	6 146	6 146	6 552	6 945	7 361
Depreciation & asset impairment	31 838	38 999	45 065	51 431	51 431	51 431	51 431	57 676	61 137	64 805
Finance charges	2 432	2 549	2 465	60	-	-	-	-	-	-
Materials and bulk purchases	17 334	30 990	30 667	65 982	47 140	47 140	47 140	50 407	53 432	56 638
Transfers and grants	108 715	88 727	66 556	13 228	13 228	13 228	13 228	10 512	11 143	11 812
Other expenditure	333 941	166 017	260 521	225 142	233 588	233 588	233 588	228 061	240 719	254 805
Total Expenditure	618 857	456 869	561 497	580 552	570 910	570 910	570 910	548 356	580 233	614 690
Surplus/(Deficit)	(149 225)	(3 200)	(85 515)	(62 140)	(54 241)	(54 241)	(54 241)	7 677	14 307	24 127
Transfers recognised - capital	249 261	344 456	296 017	237 940	237 940	237 940	237 940	262 691	347 398	299 651
Contributions recognised - capital & contributed as	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	100 035	341 256	210 502	175 800	183 699	183 699	183 699	270 368	361 705	323 778
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	100 035	341 256	210 502	175 800	183 699	183 699	183 699	270 368	361 705	323 778
Capital expenditure & funds sources										
Capital expenditure	1 029 394	211 395	308 514	319 070	260 904	260 904	260 904	265 244	347 398	299 651
Transfers recognised - capital	1 028 688	130 237	296 017	237 940	237 940	237 940	237 940	262 691	347 398	299 651
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	706	81 158	12 497	81 130	22 964	22 964	22 964	2 553	-	-
Total sources of capital funds	1 029 394	211 395	308 514	319 070	260 904	260 904	260 904	265 244	347 398	299 651
Financial position										
Total current assets	208 095	268 102	284 886	388 114	404 818	1 079 814	1 079 814	261 851	275 886	299 642
Total non current assets	1 709 898	1 514 564	1 778 013	2 094 885	2 036 719	1 987 486	1 987 486	2 195 054	2 481 316	2 716 162
Total current liabilities	252 618	155 639	233 994	134 300	134 300	217 488	217 488	110 081	116 686	123 687
Total non current liabilities	13 231	15 312	12 494	12 925	12 925	28 819	28 819	28 819	30 548	32 381
Community wealth/Equity	1 652 143	1 611 715	1 816 411	2 335 774	2 294 312	2 820 993	2 820 993	2 318 006	2 604 563	2 848 600
Cash flows										
Net cash from (used) operating	163 444	(169 070)	338 031	189 640	179 138	179 138	179 138	260 307	353 408	314 626
Net cash from (used) investing	(101 466)	150 914	(311 196)	(319 070)	(260 904)	(260 904)	(260 904)	(265 244)	(347 398)	(299 651)
Net cash from (used) financing	(1 609)	(4 062)	(8 302)	413	413	413	413	380	403	427
Cash/cash equivalents at the year end	148 773	126 554	145 088	47 030	63 734	63 735	63 735	59 178	65 591	80 992
Cash backing/surplus reconciliation										
Cash and investments available	148 772	126 554	145 088	47 030	63 734	63 322	63 322	59 178	65 591	80 992
Application of cash and investments	185 766	131 781	19 532	(72 692)	(45 293)	(273 773)	(277 200)	52 179	54 913	57 690
Balance - surplus (shortfall)	(36 994)	(5 227)	125 556	119 722	109 027	337 095	340 522	6 999	10 678	23 302
Asset management										
Asset register summary (WDV)	1 709 898	1 514 564	1 778 013	2 094 885	2 036 719	1 987 486	2 195 054	2 195 054	2 481 316	2 716 162
Depreciation & asset impairment	31 838	38 999	45 065	51 431	51 431	51 431	57 676	57 676	61 137	64 805
Renewal of Existing Assets	-	-	-	52 000	-	2 000	2 000	91 164	152 500	93 000
Repairs and Maintenance	13 477	23 758	25 362	59 605	41 605	41 605	55 937	55 937	59 293	62 851
Free services										
Cost of Free Basic Services provided	108 715	83 732	126 221	13 228	13 228	13 228	2 529	2 529	2 681	2 842
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	30	29	32	33	33	31	28	28	30	31
Sanitation/sew erage:	30	19	22	13	13	13	11	11	12	12
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	30	95	95	99	99	97	98	98	104	111

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is 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. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - III. Internally generated funds is financed from a combination of the current operating surplus.

**TABLE 1: DC23 UThukela - Table A4 Budgeted Financial Performance
(revenue and expenditure)**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source										
Service charges - water revenue	104 240	118 572	110 521	147 050	147 050	147 050	147 050	159 378	168 940	179 077
Service charges - sanitation revenue	13 047	14 199	15 701	18 057	18 057	18 057	18 057	17 551	18 604	19 720
Interest earned - external investments	9 789	10 761	9 073	8 010	10 011	10 011	10 011	10 671	11 311	11 990
Interest earned - outstanding debtors	29 447	33 284	19 149	26 568	26 568	26 568	26 568	28 321	30 021	31 822
Transfers recognised - operational	308 033	274 934	311 978	318 371	314 628	314 628	314 628	338 199	363 636	394 058
Other revenue	5 076	1 919	9 561	356	356	356	356	1 914	2 029	2 150
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)	469 632	453 669	475 982	518 412	516 670	516 670	516 670	556 033	594 540	638 817
Expenditure By Type										
Employee related costs	119 806	124 812	150 427	219 377	219 377	219 377	219 377	195 149	206 858	219 269
Remuneration of councillors	4 792	4 775	5 796	5 332	6 146	6 146	6 146	6 552	6 945	7 361
Debt impairment	244 001	16 028	90 109	28 222	28 222	28 222	28 222	36 460	38 647	40 966
Depreciation & asset impairment	31 838	38 999	45 065	51 431	51 431	51 431	51 431	57 676	61 137	64 805
Finance charges	2 432	2 549	2 465	60	-	-	-			
Bulk purchases	3 857	7 232	5 304	6 377	5 535	5 535	5 535	5 901	6 255	6 630
Other materials	13 477	23 758	25 362	59 605	41 605	41 605	41 605	44 506	47 177	50 007
Contracted services	45 290	48 715	27 550	42 261	46 234	46 234	46 234	37 412	39 657	42 036
Transfers and grants	108 715	88 727	66 556	13 228	13 228	13 228	13 228	10 512	11 143	11 812
Other expenditure	42 481	95 853	140 181	154 660	159 133	159 133	159 133	154 189	162 415	171 803
Loss on disposal of PPE	2 168	5 421	2 682							
Total Expenditure	618 857	456 869	561 497	580 552	570 910	570 910	570 910	548 356	580 233	614 690
Surplus/(Deficit)	(149 225)	(3 200)	(85 515)	(62 140)	(54 241)	(54 241)	(54 241)	7 677	14 307	24 127
Transfers recognised - capital	249 261	344 456	296 017	237 940	237 940	237 940	237 940	262 691	347 398	299 651
Surplus/(Deficit) after capital transfers & contributions	100 035	341 256	210 502	175 800	183 699	183 699	183 699	270 368	361 705	323 778
Taxation										
Surplus/(Deficit) after taxation	100 035	341 256	210 502	175 800	183 699	183 699	183 699	270 368	361 705	323 778
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	100 035	341 256	210 502	175 800	183 699	183 699	183 699	270 368	361 705	323 778
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	100 035	341 256	210 502	175 800	183 699	183 699	183 699	270 368	361 705	323 778

Operating Revenue:

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

Revenue generated from water and sanitation services charges forms a significant percentage of the revenue basket for the Municipality. Service charge revenues comprise 32% of the total revenue mix. In the 2016/17 financial year, services charges is expected to total R176.9 million. The increase to service charges is due to the increase in tariffs as well as new connections.

The water and sanitation tariffs have been increased by 6% across the board. Circular 66 of the MFMA stipulates that all tariffs should be cost reflective. These services are failing to break even currently which indicates that the current tariffs are not cost reflective. In the prior year service charges were increased by 9%, the Municipality has opted to utilise a rate of 6% in the current year in light of the need to improve blue drop – green drop qualitative requirements. The municipality will expand a further budget of R8 million in the 2017 financial year in order to meet the qualitative requirements.

The Municipality has appointed a service provider to refurbish and re- instate the treatment plants, the service provider is currently busy with the refurbishment of plants.

The municipality will review these tariffs and gradually phase out the cost reflective tariffs in the next coming years along with the improvement in Blue drop- Green Drop status.

Revenue increases by 6 %in the outer financial years of the MTREF.

Other revenue' which consists of various items such as income received from the sale of tender documents and the issue of clearance certificates will total R1.9 thousand in the 2016/2017 financial year, the estimate is based on current trends.

Operating grants and transfers totals R338 million in the 2016/17. Below is a detailed split of the operating grants

Table 3 Operating Transfers and Grant Receipts

GRANTS	2016/2017	2017/2018	2018/2019
	R'000	R'0010	R'000
EQUITABLE SHARE	332 370	361 841	392 513
EPWP	3 169		
FINANCE MANAGEMENT GRANT	1 460	1 795	1 545
DEVELOPMENT PLANNING AND SHARED SERVICES	1 200		
TOTAL	338 199	363 636	394 058

Operating Expenditure:

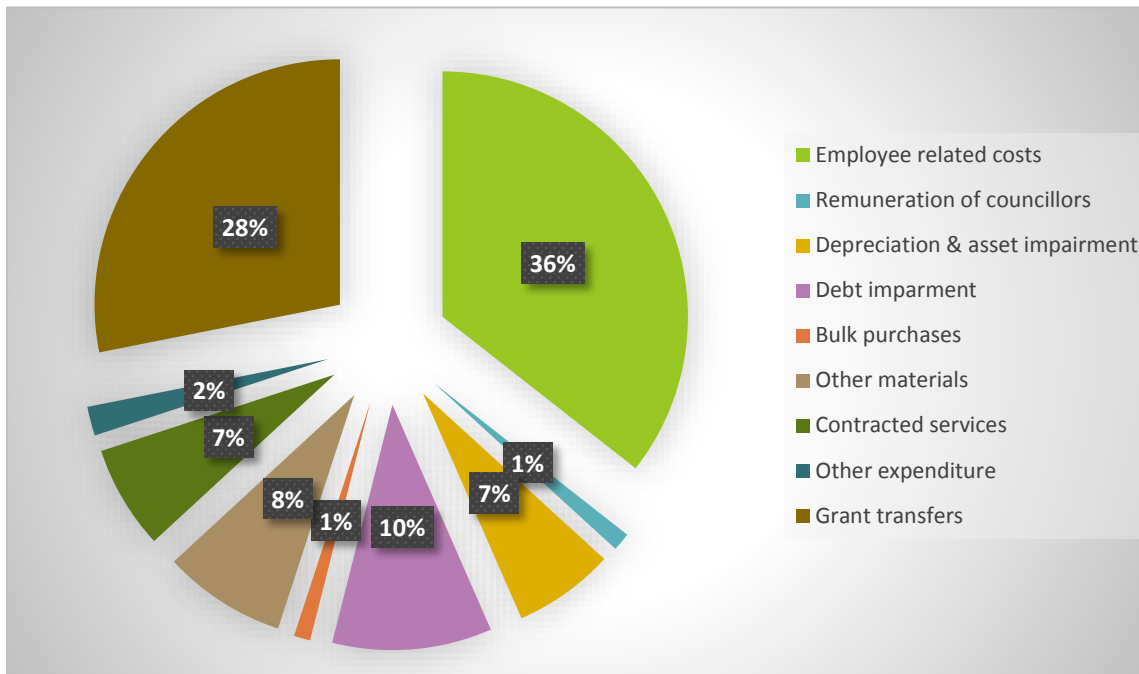


Figure 1 Main operational expenditure categories for the 2016/17 financial year

Employee related costs is expected to be decreased by 11% in 2017 to R195 million.

The municipality has not budgeted for all the vacant posts on the organogram as the 2016 financial year, only critical posts have been included in the budget. Uncritical posts will be filled using the EPWP and job creation.

Due to the rejection of our draft budget by Treasury, the municipality has been forced to reduce overtime by 43% or R10 million. The initial budget had an amount of R23 million for overtime this amount has been since reduced to R13 million.

Absolute commitment from senior managers will be pivotal in ensuring that overtime is cut-down as it is now unfunded.

Further to that the municipality has also removed the performance bonuses of senior managers as recommended by Treasury.

Councillor allowances have increased by 6.6% to R6.5 million.

Bulk purchases are directly informed by the purchase of water from Department of Water Affairs.

Other materials as disclosed in the statement of financial performance comprises of the District's repairs and maintenance expenditure. The Municipality has budgeted R44.5 million

towards repairs and maintenance which is 8 percent of total operating expenditure. The Municipality could not be able to budget for the 8 percent of its asset value towards repairs and maintenance due to financial constraints. But the Municipality is determined to ensure that its budget towards repairs and maintenance increases.

Contracted services include all expenditure items that the Municipality is contracted to such as security. Total expected expenditure for 2017 is R37.4 million, because of the termination of the building rental contract. As well as the removal of water tankers from contracted services to being disclosed as non- cash transfers and grants of R10.5 million.

Other expenditure has decreased **by 3% or R4.9 million**. Treasury has been very strict in reviewing our current cash position which has resulted in numerous general expenditure line items being reduced.

MSCOA:

The municipality has budgeted R2.3 million towards the implementation of MSCOA this expenditure will be funded by the MSIG. The municipality has already spent 1.3M in the current year on implementation and training. The budget for the 2016/17 financial year will be MSCOA compliant.

1.6 CAPITAL EXPENDITURE

TABLE 4: DC23 UThukela - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Single-year expenditure to be appropriated										
105 - MUNICIPAL MANAGER	-	351	-	830	1 471	1 471	1 471	290	-	-
200 - CORPORATE SERVICES	114	19	-	1 350	1 110	1 110	1 110	1 315	-	-
300 - BUDGET AND TREASURY	28	10	195	240	1 439	1 439	1 439	225	-	-
405 - SOCIAL SERVICES	397	3	31 049	28 150	16 985	16 985	16 985	100	-	-
408 - HEALTH & WATER SERVICES AUTH	167	-	718	260	236	236	236	460	-	-
500 - TECHNICAL SERVICES	1 024 841	200 389	255 175	288 090	238 090	238 090	238 090	262 744	347 398	299 651
510 - WATER AND SANITATION SERVICES	3 847	10 623	21 377	150	1 573	1 573	1 573	110	-	-
Capital single-year expenditure sub-total	1 029 394	211 395	308 514	319 070	260 904	260 904	260 904	265 244	347 398	299 651
Total Capital Expenditure - Vote	1 029 394	211 395	308 514	319 070	260 904	260 904	260 904	265 244	347 398	299 651
Capital Expenditure - Standard										
Governance and administration	142	359	195	2 420	4 020	4 020	4 020	1 830	-	-
Executive and council		330		830	1 471	1 471	1 471	290		
Budget and treasury office	28	10	195	240	1 439	1 439	1 439	225		
Corporate services	114	19		1 350	1 110	1 110	1 110	1 315		
Community and public safety	564	-	718	28 410	17 221	17 221	17 221	560	-	-
Community and social services	564			28 150	16 985	16 985	16 985	100		
Health			718	260	236	236	236	460		
Economic and environmental services	-	2 002	31 049	2 311	2 311	2 311	2 311	2 378	2 531	2 672
Planning and development		3	31 049							
Road transport		1 999		2 311	2 311	2 311	2 311	2 378	2 531	2 672
Environmental protection										
Trading services	1 028 688	209 033	276 553	285 929	237 352	237 352	237 352	260 476	344 867	296 979
Electricity										
Water	1 028 688	209 033	255 175	285 929	237 352	237 352	237 352	260 476	344 867	296 979
Waste water management										
Waste management			21 377							
Total Capital Expenditure - Standard	1 029 394	211 395	308 514	319 070	260 904	260 904	260 904	265 244	347 398	299 651
Funded by:										
National Government	1 028 688	130 237	296 017	237 940	237 940	237 940	237 940	262 691	347 398	299 651
Transfers recognised - capital	1 028 688	130 237	296 017	237 940	237 940	237 940	237 940	262 691	347 398	299 651
Internally generated funds	706	81 158	12 497	81 130	22 964	22 964	22 964	2 553	-	-
Total Capital Funding	1 029 394	211 395	308 514	319 070	260 904	260 904	260 904	265 244	347 398	299 651

The above table reflect the total capital expenditure per department.

The Municipality could not meet to fund 40 percent of its capital towards renewal of assets however R91 million which is 35% of the budgeted capital expenditure will go towards the renewal of infrastructure.

A total of R262 million will be allocated towards water infrastructure as per the following grant allocations.

Table 5 Capital Transfers and Grant Receipts

CAPITAL GRANTS	2016/2017	2017/2018	2018/2019
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	178 506 000	192 367 000	203 979 000
RURAL ROAD ASSET MANAGEMENT GRANT (RRAM)	2 378 000	2 531 000	2 672 000
MUNICIPAL WATER INFRASTRUCTURE GRANT (MWIG)	81 807 000	152 500 000	93 000 000
	347 398 000	347 398 000	299 651 000

The municipality will receive grants of R262 million in 2016 for capital infrastructure. Other grants that are expected to be received but have been excluded from the budget as prescribed by treasury are:

REGIONAL BULK INFRASTRUCTURE GRANT	80 000 000
RURAL HOUSEHOLD INFRASTRUCTURE GRANT (RHIG)	4 500 000
	<u>84 500 000</u>

Table 6 Capital Projects 2016/2017

<u>PROJECT DESCRIPTION</u>	
Bhekuzulu Epangweni Community Water Supply	87 000 000
Ntabamhlophe CWSS	36 000 000
Moyeni/Zwelisha WTW Mechanical & Electrical upgrading	9 000 000
Kwanobamba-Ezitendeni (Weenen) Water Supply Project	44 000 000
Weenen Ezitendeni Sanitation Project	36 000 000
Bergville: Sanitation Project	18 000 000
Fitty Park Umhlumayo Extensions	20 000 000
Sanitation Ward 07-Imbabazane	4 500 000
Ezakheni WCD	67 000 000
Mimosdale	18 000 000
Indaka Boreholes	6 500 000
Wembezi WCD	5 500 000
Indaka stage 2	18 000 000
<u>TOTAL</u>	<u>369 500 000</u>

1.7 ANNUAL BUDGET TABLES PARENT MUNICIPALITY

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council.

TABLE 7: DC23 UThukela - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard									
Municipal governance and administration	351 630	279 462	298 872	320 930	322 187	322 187	344 815	375 280	406 401
Executive and council	285 910	37 743	41 140	48 867	48 867	48 867	53 055	57 125	62 170
<i>Mayor and Council</i>	285 910	37 743	41 140	48 867	48 867	48 867	53 055	57 125	62 170
<i>Municipal Manager</i>									
Budget and treasury office	33 032	241 719	257 732	272 063	273 320	273 320	291 760	318 155	344 231
Corporate services	32 687	-	-	-	-	-	-	-	-
<i>Human Resources</i>									
<i>Other Admin</i>	32 687								
Economic and environmental services	1 007	890	250	250	250	250	1 200	-	-
Planning and development	1 007	890	250	250	250	250	1 200	-	-
<i>Economic</i>	1 007	890	250	250	250	250	1 200	-	-
<i>Town Planning/Building</i>									
<i>Licensing & Regulation</i>									
Trading services	366 255	517 773	472 877	435 172	432 172	432 172	472 709	566 658	532 067
Electricity	-	-	-	-	-	-	-	-	-
<i>Electricity Distribution</i>									
<i>Electricity Generation</i>									
Water	353 209	503 503	456 279	417 115	414 115	414 115	453 460	546 555	510 757
<i>Water Distribution</i>	353 209	503 503	456 279	417 115	414 115	414 115	453 460	546 555	510 757
<i>Water Storage</i>									
Waste water management	13 047	14 270	16 598	18 057	18 057	18 057	19 249	20 103	21 310
<i>Sewerage</i>	13 047	14 270	16 598	18 057	18 057	18 057	19 249	20 103	21 310
<i>Storm Water Management</i>									
<i>Public Toilets</i>									
Markets									
Total Revenue - Standard	718 892	798 125	771 999	756 352	754 610	754 610	818 724	941 938	938 468
Expenditure - Standard									
Municipal governance and administration	100 203	113 648	303 313	232 867	248 298	248 298	254 606	270 130	285 980
Executive and council	39 883	64 054	32 799	50 911	66 334	66 334	54 586	57 862	61 333
<i>Mayor and Council</i>	18 064	50 129	8 096	12 271	14 600	14 600	13 680	14 501	15 371
<i>Municipal Manager</i>	21 819	13 925	24 703	38 641	51 735	51 735	40 906	43 361	45 962
Budget and treasury office	27 645	23 332	237 268	123 532	117 417	117 417	142 601	151 405	160 132
Corporate services	32 675	26 262	33 246	58 423	64 547	64 547	57 418	60 863	64 515
<i>Other Admin</i>	32 675	26 262	33 246	58 423	64 547	64 547	57 418	60 863	64 515
Community and public safety	17 343	11 271	15 625	42 359	27 021	27 021	35 819	37 968	40 246
Health	17 343	11 271	15 625	42 359	27 021	27 021	35 819	37 968	40 246
<i>Clinics</i>									
<i>Ambulance</i>									
<i>Other</i>	17 343	11 271	15 625	42 359	27 021	27 021	35 819	37 968	40 246
Economic and environmental services	40 584	8 760	18 916	27 348	27 685	27 685	41 382	42 593	45 148
Planning and development	40 584	8 760	18 916	27 348	27 685	27 685	41 382	42 593	45 148
<i>Economic</i>	40 584	8 760	18 916	27 348	27 685	27 685	41 382	42 593	45 148
<i>Town Planning/Building</i>									
Trading services	460 727	323 190	223 643	277 978	267 907	267 907	216 550	229 542	243 315
Electricity	-	-	-	-	-	-	-	-	-
<i>Electricity Distribution</i>									
<i>Electricity Generation</i>									
Water	450 266	320 973	221 522	274 731	264 659	264 659	213 886	226 720	240 323
<i>Water Distribution</i>	450 266	320 973	221 522	274 731	264 659	264 659	213 886	226 720	240 323
<i>Water Storage</i>									
Waste water management	10 461	2 217	2 121	3 247	3 247	3 247	2 663	2 823	2 992
<i>Sewerage</i>	10 461	2 217	2 121	3 247	3 247	3 247	2 663	2 823	2 992
Total Expenditure - Standard	618 857	456 869	561 497	580 552	570 910	570 910	548 356	580 233	614 690
Surplus/(Deficit) for the year	100 035	341 256	210 502	175 800	183 699	183 699	270 368	361 705	323 778

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 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. All costs of providing services have been duly included in table A2.

TABLE 8: DC23 UThukela Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue by Vote									
105 - MUNICIPAL MANAGER	285 910	37 743	41 140	48 867	48 867	48 867	53 055	57 125	62 170
200 - CORPORATE SERVICES	32 687	-	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY	33 032	241 719	257 732	272 063	273 320	273 320	291 760	318 155	344 231
405 - SOCIAL SERVICES	1 007	890	250	250	250	250	1 200	-	-
408 - HEALTH & WATER SERVICES AU	-	-	-	-	-	-	-	-	-
500 - TECHNICAL SERVICES	190 900	353 560	296 017	240 324	240 324	240 324	265 860	347 398	299 651
510 - WATER AND SANITATION SERVIC	175 355	164 213	176 860	194 848	191 848	191 848	206 849	219 260	232 416
Total Revenue by Vote	718 892	798 125	771 999	756 352	754 610	754 610	818 724	941 938	938 468
Expenditure by Vote to be appropriated									
105 - MUNICIPAL MANAGER	39 883	64 054	32 799	50 911	66 334	66 334	54 586	57 862	61 333
200 - CORPORATE SERVICES	32 675	26 262	33 246	58 423	64 547	64 547	57 418	60 863	64 515
300 - BUDGET AND TREASURY	27 645	23 332	237 268	123 532	117 417	117 417	142 601	151 405	160 132
405 - SOCIAL SERVICES	40 584	8 760	18 916	27 348	27 685	27 685	41 382	42 593	45 148
408 - HEALTH & WATER SERVICES AU	17 343	11 271	15 625	42 359	27 021	27 021	35 819	37 968	40 246
500 - TECHNICAL SERVICES	4 913	3 456	7 689	7 089	7 634	7 634	8 637	9 155	9 704
510 - WATER AND SANITATION SERVIC	455 814	319 734	215 954	270 889	260 273	260 273	207 913	220 388	233 611
Total Expenditure by Vote	618 857	456 869	561 497	580 552	570 910	570 910	548 356	580 233	614 690
Surplus/(Deficit) for the year	100 035	341 256	210 502	175 800	183 699	183 699	270 368	361 705	323 778

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the water and sanitation trading services.
2. As a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for water services
3. As depicted above water and sanitation services are failing to break even, trading at a deficit of R1 million. (Revenue generated from trading services excluding capital transfers R 206.8 million vs the cost of providing the services R207.9)
As already noted earlier, the municipality will be undertaking a detailed study of this function to explore ways of improving inefficiencies and provide a basis for re-evaluating the function's tariff structure. The aim is to phase out the trading losses and structure a cost reflective tariff without the risk of bad debt.
4. Water losses are also of concern to the municipality. Policies dealing with illegal connections will be reviewed in the 2016/17 financial year the municipality foresees taking firm action against perpetrators of illegal connections.
5. It must also be noted that expenditure relating to the provision of these services is anticipated to increase steadily indicating a good control over costs.
6. Other functions such as council as corporate and social services that show a deficit between revenue and expenditure are being financed from the equitable share and other operating grants.

TABLE 9: DC23 UThukela - Table A7 Budgeted Cash Flows

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges								-	-	-
Service charges	85 376	(106 687)	(88 059)	107 320	-	91 869	91 869	88 641	93 960	99 597
Other revenue	3 153	125 352	263 349	358	91 869			1 914	2 029	2 150
Government - operating	315 072	182 096	278 425	318 371	314 628	314 628	314 628	338 199	363 636	394 058
Government - capital	187 952	344 456	296 017	237 940	237 940	237 940	237 940	262 691	347 398	299 651
Interest	39 237	44 045	28 221	13 324	13 324	13 324	13 324	12 571	11 311	11 990
Payments										
Suppliers and employees	(464 914)	(755 782)	(437 457)	(487 612)	(478 623)	(478 623)	(478 623)	(443 708)	(464 925)	(492 821)
Finance charges	(2 432)	(2 549)	(2 465)	(60)	-	-	-	-	-	-
Transfers and Grants		-		-				-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	163 444	(169 070)	338 031	189 640	179 138	179 138	179 138	260 307	353 408	314 626
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(5 421)	(2 682)					-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Payments										
Capital assets	(101 466)	156 334	(308 514)	(319 070)	(260 904)	(260 904)	(260 904)	(265 244)	(347 398)	(299 651)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(101 466)	150 914	(311 196)	(319 070)	(260 904)	(260 904)	(260 904)	(265 244)	(347 398)	(299 651)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Borrowing long term/refinancing	770							-	-	-
Increase (decrease) in consumer deposits		631	1 084	413	413	413	413	380	403	427
Payments										
Repayment of borrowing	(2 380)	(4 693)	(9 386)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 609)	(4 062)	(8 302)	413	413	413	413	380	403	427
NET INCREASE/ (DECREASE) IN CASH HELD	60 369	(22 219)	18 533	(129 017)	(81 353)	(81 353)	(81 353)	(4 557)	6 413	15 402
Cash/cash equivalents at the year begin:	88 404	148 773	126 554	176 047	145 088	145 088	145 088	63 735	59 178	65 591
Cash/cash equivalents at the year end:	148 773	126 554	145 088	47 030	63 734	63 735	63 735	59 178	65 591	80 992

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. Total cash expected at the end of 2016/017 is R59 million.
4. It is anticipated that at least 50.1 % of the billed revenue will be collected in the 2014/15 financial, the municipality has chosen to be conservative in estimating its forecasted revenue inflows as our current collection rate is 50.1%, in order to achieve a realistic budget, as emphasised by treasury. Where else in the 2015/2016 budget a rate of 65% was employed.

In addition the Municipality will undertake an extensive debt collection drive in the 2016/17 financial resulting in cash receipts on arrear debtors which will improve the cash position

4. The anticipated net decrease in cash held is R4.5 million. There is evident strain on cash flows.
5. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

TABLE 10: DC23 UThukela - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available										
Cash/cash equivalents at the year end	148 773	126 554	145 088	47 030	63 734	63 735	63 735	59 178	65 591	80 992
Other current investments > 90 days	(1)	(0)	(0)	(0)	(0)	(413)	(413)	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	148 772	126 554	145 088	47 030	63 734	63 322	63 322	59 178	65 591	80 992
Application of cash and investments										
Unspent conditional transfers	133 390	41 560	6 999	-	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	24 885	24 885	24 885
Other working capital requirements	52 376	90 221	12 533	(76 121)	(48 722)	(277 202)	(277 200)	12 502	15 236	18 013
Other provisions	-	-	-	3 429	3 429	3 429	-	14 792	14 792	14 792
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investment	185 766	131 781	19 532	(72 692)	(45 293)	(273 773)	(277 200)	52 179	54 913	57 690
Surplus(shortfall)	(36 994)	(5 227)	125 556	119 722	109 027	337 095	340 522	6 999	10 678	23 302

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2016/17 the surplus is expected to be R6.9 million.

6. Other working capital requirements, statutory requirements and provisions are realistic considering the audited outcomes of prior years. (Other working capital includes outstanding creditors).
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF is funded with a nil surplus.

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. The Municipality has committed to the renewal and repairs and maintenance of existing capital assets. The cost saving that will be gained from maintaining existing assets will be employed in future capital projects

TABLE 11: DC23 UThukela - Table A9 Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	1 029 394	211 395	308 514	267 070	260 904	258 904	174 080	194 898	206 651
Infrastructure - Road transport	-	-	1 158	2 311	2 311	2 311	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	1 024 841	128 781	217 646	158 898	208 898	208 898	171 460	194 898	206 651
Infrastructure - Sanitation	-	65 000	36 372	72 499	22 499	22 499	-	-	-
Infrastructure - Other	-	-	-	4 382	4 382	4 382	-	-	-
Infrastructure	1 024 841	193 781	255 175	238 090	238 090	238 090	171 460	194 898	206 651
Other assets	4 553	17 614	53 339	28 980	22 814	20 814	2 620	-	-
Total Renewal of Existing Assets	-	-	-	52 000	-	2 000	91 164	152 500	93 000
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	50 000	-	-	91 164	152 500	93 000
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	50 000	-	-	91 164	152 500	93 000
Community	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	2 000	-	2 000	-	-	-
Total Capital Expenditure	-	-	-	52 000	-	2 000	91 164	152 500	93 000
Infrastructure - Road transport	-	-	1 158	2 311	2 311	2 311	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	1 024 841	128 781	217 646	208 898	208 898	208 898	262 624	347 398	299 651
Infrastructure - Sanitation	-	65 000	36 372	72 499	22 499	22 499	-	-	-
Infrastructure - Other	-	-	-	4 382	4 382	4 382	-	-	-
Infrastructure	1 024 841	193 781	255 175	288 090	238 090	238 090	262 624	347 398	299 651
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	4 553	17 614	53 339	30 980	22 814	22 814	2 620	-	-
TOTAL CAPITAL EXPENDITURE - Assets	1 029 394	211 395	308 514	319 070	260 904	260 904	265 244	347 398	299 651
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport				4 473	4 473	4 473	3 673	3 753	5 673
Infrastructure - Electricity				-	-	-	-	-	-
Infrastructure - Water	1 499 686	1 095 756	738 669	1 551 739	1 509 573	1 460 205	1 666 153	1 952 120	2 185 032
Infrastructure - Sanitation	187 548	110 149		192 200	192 200	192 200	192 000	192 200	192 200
Infrastructure - Other	5 697	2 554	542 744	2 554	2 554	2 554	2 554	2 554	2 554
Infrastructure	1 692 931	1 208 459	1 281 413	1 750 966	1 708 800	1 659 432	1 864 380	2 150 627	2 385 459
Other assets	16 919	305 996	496 362	343 816	327 816	327 816	330 436	330 436	330 435
Intangibles	47	109	238	103	103	238	238	252	267
TOTAL ASSET REGISTER SUMMARY	1 709 898	1 514 564	1 778 013	2 094 885	2 036 719	1 987 486	2 195 054	2 481 316	2 716 162
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	31 838	38 999	45 065	51 431	51 431	51 431	57 676	61 137	64 805
Repairs and Maintenance by Asset	13 477	23 758	25 362	59 605	41 605	41 605	55 937	59 293	62 851
Infrastructure - Road transport	-	1 500	-	1 670	1 670	1 670	1 774	1 881	1 994
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	9 528	13 750	16 296	21 798	18 798	18 798	27 582	29 236	30 991
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	1 676	5 185	25 000	10 000	10 000	8 000	8 480	8 989
Infrastructure	9 528	16 926	21 481	48 468	30 468	30 468	37 356	39 597	41 973
Other assets	3 949	6 832	3 881	11 137	11 137	11 137	18 581	19 696	20 878
TOTAL EXPENDITURE OTHER ITEMS	45 315	62 757	70 427	111 036	93 036	93 036	113 613	120 430	127 656
Renewal of Existing Assets as % of PPE	0,0%	0,0%	0,0%	16,3%	0,0%	0,8%	34,4%	43,9%	31,0%
Renewal of Existing Assets as % of Total PPE	0,0%	0,0%	0,0%	101,1%	0,0%	3,9%	158,1%	249,4%	143,5%
R&M as a % of PPE	0,8%	1,6%	1,4%	2,8%	2,0%	2,1%	2,5%	2,4%	2,3%
Renewal and R&M as a % of PPE	1,0%	2,0%	1,0%	5,0%	2,0%	2,0%	7,0%	9,0%	6,0%

**TABLE 12: DC23 UThukela - DC23 UThukela –
Table A6 Budgeted Financial Position**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
ASSETS										
Current assets										
Cash	692	24 226	41 701	25 389	42 093	63 322	63 322	59 178	65 591	80 992
Call investment deposits	152 608	102 328	103 386	21 641	21 641	-	-	-	-	-
Consumer debtors	41 660	126 138	124 088	320 315	320 315	1 010 720	1 010 720	196 901	204 176	212 164
Other debtors	7 282	10 821	10 494	12 503	12 503	556	556	556	589	625
Current portion of long-term receivables										
Inventory	5 853	4 589	5 217	8 266	8 266	5 217	5 217	5 217	5 530	5 862
Total current assets	208 095	268 102	284 886	388 114	404 818	1 079 814	1 079 814	261 851	275 886	299 642
Non current assets										
Long-term receivables										
Investments										
Investment property										
Investment in Associate										
Property, plant and equipment	1 709 850	1 514 455	1 777 775	2 094 782	2 036 616	1 987 248	1 987 248	2 194 816	2 481 063	2 715 894
Agricultural										
Biological										
Intangible	47	109	238	103	103	238	238	238	252	267
Other non-current assets										
Total non current assets	1 709 898	1 514 564	1 778 013	2 094 885	2 036 719	1 987 486	1 987 486	2 195 054	2 481 316	2 716 162
TOTAL ASSETS	1 917 992	1 782 666	2 062 899	2 482 999	2 441 537	3 067 300	3 067 300	2 456 906	2 757 202	3 015 804
LIABILITIES										
Current liabilities										
Bank overdraft	4 527									
Borrowing	5 176	4 974	-	-	-	-	-	-	-	-
Consumer deposits	8 759	9 390	10 474	9 954	9 954	10 887	10 887	11 267	11 943	12 660
Trade and other payables	233 989	140 337	198 681	110 500	110 500	206 601	206 601	98 814	104 743	111 027
Provisions	167	938	24 839	13 846	13 846	-	-	-	-	-
Total current liabilities	252 618	155 639	233 994	134 300	134 300	217 488	217 488	110 081	116 686	123 687
Non current liabilities										
Borrowing	9 538	5 046	-	-	-	14 027	14 027	14 027	14 869	15 761
Provisions	3 693	10 266	12 494	12 925	12 925	14 792	14 792	14 792	15 680	16 620
Total non current liabilities	13 231	15 312	12 494	12 925	12 925	28 819	28 819	28 819	30 548	32 381
TOTAL LIABILITIES	265 849	170 951	246 488	147 225	147 225	246 307	246 307	138 900	147 234	156 068
NET ASSETS	1 652 143	1 611 715	1 816 411	2 335 774	2 294 312	2 820 993	2 820 993	2 318 006	2 609 968	2 859 736
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	1 652 143	1 611 715	1 816 411	2 335 774	2 294 312	2 820 993	2 820 993	2 318 006	2 609 968	2 859 736
Reserves	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	1 652 143	1 611 715	1 816 411	2 335 774	2 294 312	2 820 993	2 820 993	2 318 006	2 609 968	2 859 736

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillors 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

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

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

PART 2 – SUPPORTING DOCUMENTATION

2.1. OVER VIEW OF THE BUDGETPROCESS

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

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

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

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of the 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.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 27 August 2015. Key dates applicable to the process were as follows:

Key dates applicable to the process were as follows:

Activity No.	Action/ Task for IDP and Budget	Timeframe for Task Completion
July 2015 & August 2015	<ul style="list-style-type: none"> ▪ Finalising of the IDP Framework and process plan ▪ Alignment of IDP Review and budget process plans ▪ Submission of the FINAL Framework and Process Plan to COGTA for comments ▪ Advertisement of the IDP Framework and process plan • 1st IDP Supporting Structure Committee Meeting • Planning Indaba • Adoption of IDP Framework and Process Plan by full council • Submission of the adopted IDP Framework and Process plan to COGTA 	<p>15 July 2015 24 July 2015</p> <p>31 July 2015 14 August 2015 25 August 2015 25 September 2015</p> <p>30 September 2015</p> <p>September 2015</p>
Sept 2015	<p>□ 1st IDP Steering Committee Meeting to:</p> <ul style="list-style-type: none"> ▪ Review Municipal Vision ▪ Develop Objectives and Strategies ▪ Identify outstanding Sector Plans ▪ Integrate sector plans. ▪ IDP input into provincial adjustment budgets ▪ Provincial planners Forum 	<p>September 2015</p> <p>September 2015</p> <p>September 2015</p> <p>September 2015</p> <p>September 2015</p> <p>September 2015</p>
Oct 2015	<ul style="list-style-type: none"> ▪ Review Spatial Development Framework ▪ Projects identifications and prioritization □ IDP Representative Forum Meeting □ IDP Steering Committee Meeting to: ▪ Develop KPI's targets, timeframes etc. where impacted upon by reprioritization. ▪ Align with FINAL budget estimates 	<p>08 October 2015</p> <p>16 October 2015</p> <p>23 October 2015</p> <p>27 October 2015</p> <p>30 October 2015</p>
Nov 2015	<ul style="list-style-type: none"> ▪ World Planning Day ▪ Municipal alignment session ▪ Alignment meeting between DM & Province to revised 3 year MTEF ▪ Alignment meeting with family of municipalities ▪ SDF Alignment between the bordering district municipalities 	<p>06 November 2015</p> <p>11 November 2015</p> <p>18 November 2015</p> <p>20 November 2015</p> <p>27 November 2015</p>

Dec 2015	□ IDP best practice conference	03 December 2015
Jan 2016	<ul style="list-style-type: none"> ▪ IDP Steering committee meeting ▪ IDP Representative Forum meeting ▪ IDP Roadshows(needs collection) 	15 January 2016 22 January 2016 28 January 2016
Feb 2016	<ul style="list-style-type: none"> ▪ Meeting COGTA and municipalities on IDP Review assessment ▪ Updating of municipal CIP and MTEF based on FINAL DORA allocations ▪ IDP Coordinating committee meeting(IDP Managers) ▪ IDP Representative Forum meeting 	12 February 2016 19 February 2016 25 February 2016 29 February 2016
March 2016	▪ Submission of the FINAL 2015/2016 IDP to COGTA	25 March 2016
April 2016	▪ Decentralized IDP assessment forums	22 April 2016
April 2016	▪ IDP/Budget road shows	April 2016
May 2016	<ul style="list-style-type: none"> ▪ IDP Assessment Feedback Session ▪ Amend IDP in accordance with the outcome of the assessment 	6 May 2016 11 May 2016
May 2016	▪ Advertise for public comments and incorporate comments	May 2016
May 2016	<ul style="list-style-type: none"> ▪ EXCO approval, recommend to Council ▪ Council approval of IDP 	16 May 2016 27 May 2016
June 2016	<ul style="list-style-type: none"> ▪ Submission of the adopted IDP to the MEC ▪ Advertise the Adopted IDP in the local newspaper 	10 June 2016 13 June 2016

2.1.2 IDP and Service Delivery and Budget Implementation Plan

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

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 201/16 MTREF, Mid-year Review and adjustments budget. The

business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. Inflation, drought, household debt)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

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

2.1.3 Community Consultation

The draft 2016/17 MTREF as tabled before Council on 30 March 2016 is compiled after an extensive needs analysis which was conducted in the prior month. The municipality has also consulted with the community extensively after the approval of the draft budget by council, community concerns have been taken into account in the compilation of this budget.

This final budget will be published on the municipality's website and hard copies will be made available at the municipal offices for public comment.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

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

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

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

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

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

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

Table 13 SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Good Governance	285 910	37 743	41 140	48 867	48 867	48 867	53 055	57 125	62 170
Safe, Healthy and Secure Environment	1 007	890	250	250	250	250	1 200		
Financial Viability and Sustainability	4 411	241 637	255 352	272 063	272 063	272 063	291 760	318 155	344 231
Quality Living Environment	116 996	157 293	179 240	197 232	195 489	195 489	206 849	219 260	232 416
Operations and Support Services	32 688						3 169		
Total Revenue (excluding ca	441 011	437 563	475 982	518 412	516 670	516 670	556 033	594 540	638 817

Table 14 SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Good Governance	39 883	64 054	32 799	50 912	66 335	66 335	54 586	57 862	61 333
Safe, Healthy and Secure Environment	57 928	20 031	34 541	69 707	54 704	54 704	35 819	37 968	40 246
Financial Viability and Sustainability	27 645	23 332	237 268	123 532	117 417	117 417	142 601	151 405	160 132
Quality Living Environment	460 727	323 190	223 643	277 978	267 907	267 907	216 550	229 542	243 315
Operations and Support Services	32 674	26 262	33 246	58 424	64 547	64 547	98 800	103 456	109 663
Total Expenditure	618 857	456 869	561 497	580 552	570 910	570 910	548 356	580 233	614 690

2.3 OVER VIEW OF BUDGET RELATED POLICIES

- 3.3.1. Budget Policy
- 3.3.2. Credit Control and Debt Collection Policy
- 3.3.3. Indigent support Policy
- 3.3.4. Supply Chain Management policy
- 3.3.5. Virements policy

2.3.1 Budget Policy

The objective of this policy is to set out the budgeting principles which the Municipality will follow in preparing each annual budget, as well as the responsibilities of the Chief Financial Officer in compiling such budget.

2.3.2 Credit Control and Debt Collection Policy

- The Council of the municipality, in adopting this policy on credit control and debt collection, recognises its constitutional obligations to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfil these constitutional obligations unless it exacts payment for the services which it provides and for the taxes which it legitimately levies – in full from those residents who can afford to pay, and in accordance with its indigency relief measures for those who have registered as indigents in terms of the Council's approved indigent management policy.

2.3.3 Indigent Support Policy

- Indigents, whose level of income is less than the amount determined by Council as qualifying for indigent support, may apply in writing to the Council for such support.
- Owners or occupiers who apply for such support shall be required to apply annually, in writing, for such support on the prescribed form.
- Only registered residential consumers of services delivered by Municipality qualify for support.
- No consumer conducting a business on a residential property, with or without special consent from the Council, shall qualify for assistance.
- Support in terms of this policy only be provided to owners or residents who occupy the premises.
- Applications for support must be made during March of each year and will apply from the first of the month following the month application and will continue for 12 months. Should further support be required a new application must be lodged.

2.3.4 Supply Chain Management Policy

The principal objective of the policy is to provide, promote and implement, theoretical guidelines, governing processes and procedures within the supply chain management when

- 1) Procuring goods or services;
- 2) Disposal of goods, assets and immovable property no longer needed;
- 3) Selecting contractors to provide assistance in the provision of municipal services other than that where Chapter 8 of the Municipal Systems Act applies.

2.3.5. Virements Policy

This policy applies only to transfers between line items within votes of the Municipality's operating budget.

Section 28(2) (d) read together with section 69 of the MFMA provides that *"An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote."* Transfers between votes may therefore be authorised only by the Council of the Municipality.

For ease of reference, the definition of "vote" as contained in Section 1 of the MFMA is set out hereunder:

"Vote means –

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

This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy.

Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the Council through an adjustment budget.

All policies highlighted above have been attached to the budget for further reference.

2.4 OVER VIEW OF BUDGET ASSUMPTIONS

2.4.1 External factors

The 2017 Budget review notes that while 22 years of democracy have brought enduring achievements for South Africa there is room for complacency to overcome apartheid's spatial legacy the provision of housing and social infrastructure needs to improved and planning frame works across government strengthened. The budget policy framework for the next three years is designed to manage risk in a constrained fiscal environment, while building a foundation for economic growth is supported by the implementation of the national development plan (NDP). Although South Africa's economy has expanded over the past years the rate of growth has averaged 2.7 % between 1993 and 2015. It is however anticipated to decrease to 2.5 in 2016.

The trend reflects a confluence of unfavourable global and domestic circumstances which impact all spheres of government. Aware of these risks government is maintaining its expenditure ceiling and no additional funds will added to total expenditure announced in last year's budget. Inflation and nominal spending ceiling will put real budgets under pressure over the medium term requiring all spheres of government to work efficiently.

2.4.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets
- The general inflationary outlook and the impact on Municipality's residents and businesses
- The impact of municipal cost drivers
- The increase in prices for bulk water and electricity
- The increase in the cost of remuneration. Employee related costs comprise 33 % of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.4.3 Interest rates for investment of funds

In accordance with the MFMA and the municipal policy UThukela District Municipality engages in a number of investment arrangements to maximise its interest income. However, for simplicity the 2016/17 MTREF is based on the assumption that all investment are made using fixed interest rates for all investments that the municipality has. As noted under the discussion of anticipated capital expenditure a material amount will be taken from the municipality's' investments to fund the capital budget in the 2016/17 financial year. This has been noted and taken into account when forecasting interest income for the 2016/17 MTREF.

2.4.4 Growth or decline in the value of the municipality

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

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

2.4.5 Salary increases

Circular 79 from national treasury recommends: "salary and wage increases of CPI plus 1%, as indicated in the Salary and Wage Collective Agreement". As we await the multiyear SALGBC wage agreement with effect from 01 July 2015, we have budgeted for a 7% increase of all employees across the board.

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs,

provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs
- Enhancing education and skill development
- Improving Health services
- Rural development and agriculture and
- Fighting poverty

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

2.5 OVERVIEW OF BUDGET FUNDING

2.5.1 Medium-term outlook: operating revenue

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

Table 15 Breakdown of the operating revenue over the medium-term

Description	2016/17 Medium Term Revenue & Expenditure Framework								
	R thousand	Adjusted Budget		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
Revenue By Source									
Service charges - water revenue	147 050	28,46%	159 378	28,66%	168 940	28,46%	179 077	28,46%	
Service charges - sanitation revenue	18 057	3,49%	17 551	3,16%	18 604	3,49%	19 720	3,49%	
Interest earned - external investments	10 011	5,14%	10 671	5,09%	11 311	5,14%	11 990	5,14%	
Interest earned - outstanding debtors	26 568	5,14%	28 321	5,09%	30 021	5,14%	31 822	5,14%	
Transfers recognised - operational	314 628	60,90%	338 199	60,82%	363 636	60,90%	394 058	60,90%	
Other revenue	356	0,07%	1 914	0,34%	2 029	0,07%	2 150	0,07%	
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)	516 670		556 033		594 540		638 817		

The table shows that more than 60% of the municipality's revenue is generated from government grants this trend is evident throughout the MTREF. Thus making the municipality grant- dependant.

The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.

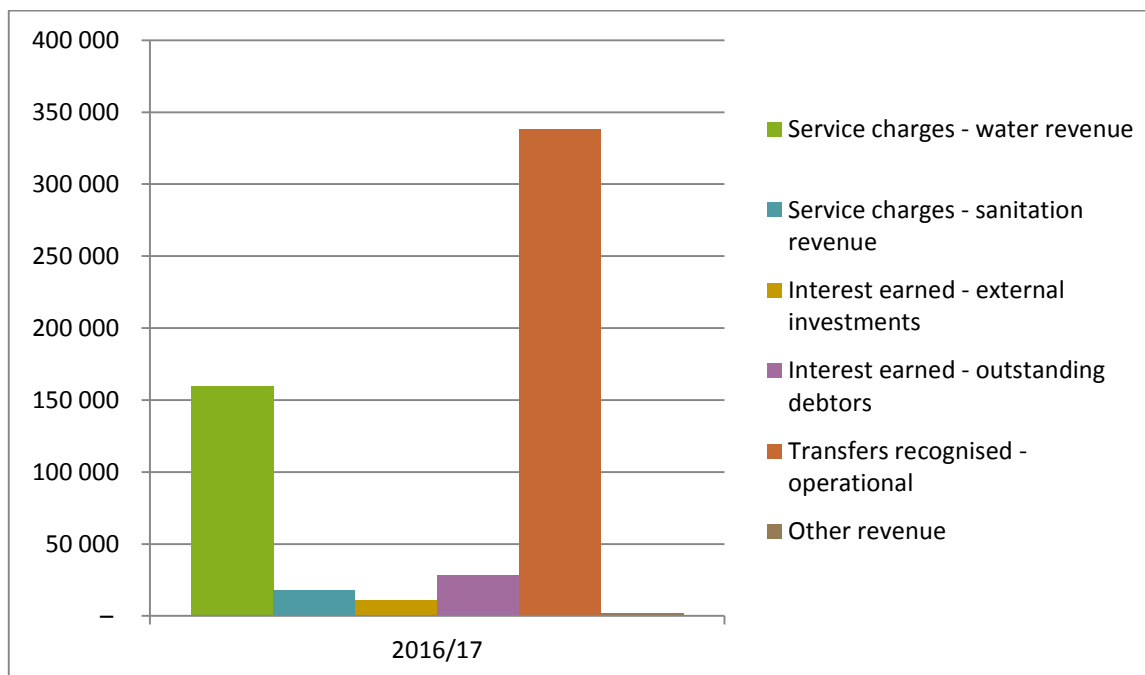


Figure 2 Breakdown of operating revenue over the 2015/16 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives 32% of its operational revenue from the provision of and services such as water and sanitation.

The above graph demonstrates that the major part of the municipality revenue is derived from operating grants making up 61% of the revenue basket.

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

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of a 50.1% annual collection rate for consumer revenue
- National Treasury guidelines
- Water tariff increases by DWA
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- And the ability to extend new services and obtain cost recovery levels

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

Revenue relating to water and sanitation will total R159 and R17 million respectively for the 2016/17 financial year with water service charges increasing to R179 million by 2018/19. These constitute 32 % of the total budget.

Operational grants and subsidies amount to R338 million in the 2016/17 financial year being 61% of the total budgeted revenue. It needs to be noted that in real terms the grants receipts from national government are growing steadily over the MTREF.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of between R10 million to R11 million for the respective three financial years of the 2016/17 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

2.5.2 Capital revenue

The capital expenditure budget will be funded from the infrastructure grants to the value of R262 million. The balance of the capital budget of R2.5 million will be funded from surplus funds.

2.6 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

TABLE 16: DC23 UThukela - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	263 156	268 021	313 272	318 121	314 378	318 121	336 999	363 636	394 058
Local Government Equitable Share	253 183	220 192	260 862	261 605	260 862	261 605	279 315	304 716	330 343
RSC Levy Replacement		37 710	44 198	44 198	44 198	44 198	47 937	51 710	56 441
Municipal Systems Improvement	1 007	890	627	940	940	940			
EPWP Incentive	454	3 200	1 589	2 384	2 384	2 384	3 169		
Water Services Operating Subsidy	7 193	4 448	2 000	3 000	-	3 000			
Finance Management	1 319	1 581	883	1 325	1 325	1 325	1 460	1 795	1 545
special support councillor remuneration			3 113	4 669	4 669	4 669	5 118	5 415	5 729
Provincial Government:	-	-	-	250	250	250	1 200	-	-
Shared Services Grant				250	250	250	1 200		
Other grant providers:	5 817	-	-	-	-	-	-	-	-
<i>Data leasing, council training, KZN projects</i>	5 817								
Total operating expenditure of Transfers and Grant	268 973	268 021	313 272	318 371	314 628	318 371	338 199	363 636	394 058
Capital expenditure of Transfers and Grants									
National Government:	216 573	192 785	290 915	235 629	235 629	235 629	260 313	344 867	296 979
Municipal Infrastructure Grant (MIG)	187 952	174 260	199 089	181 247	181 247	181 247	178 506	192 367	203 979
Rural Households Infrastructure		4 000	6 689	4 382	4 382	4 382	-		
Regional Bulk Infrastructure	28 621	14 525	85 137						
Water Services infrastructure Grant				50 000	50 000	50 000	81 807	152 500	93 000
Provincial Government:	-	1 999	2 315	2 311	2 311	2 311	2 378	2 531	2 672
Rural Asset management grant		1 999	2 315	2 311	2 311	2 311	2 378	2 531	2 672
Total capital expenditure of Transfers and G	216 573	194 784	293 230	237 940	237 940	237 940	262 691	347 398	299 651
TOTAL EXPENDITURE OF TRANSFERS AND	485 546	462 805	606 502	556 311	552 568	556 311	600 890	711 034	693 709

2.7 COUNCILLOR AND EMPLOYEE BENEFITS

TABLE 17: DC23 UThukela - Table SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	4 792	4 702	4 127	3 832	4 228	4 228	4 506	4 777	5 063
Pension and UIF Contributions		1							
Medical Aid Contributions									
Motor Vehicle Allowance			1 294	1 056	1 474	1 474	1 571	1 666	1 766
Cellphone Allowance			375	444	444	444	471	499	529
Housing Allowances									
Other benefits and allowances							3	3	4
Sub Total - Councillors	4 792	4 703	5 796	5 332	6 146	6 146	6 552	6 945	7 361
% increase		(1,9%)	23,2%	(8,0%)	15,3%	-	6,6%	6,0%	6,0%
Senior Managers of the Municipality									
Basic Salaries and Wages	3 282	4 296	8 959	7 955	7 955	7 801	8 347	8 847	9 378
Pension and UIF Contributions		69							
Medical Aid Contributions									
Overtime									
Performance Bonus				696	696	696			
Motor Vehicle Allowance	336	747							
Cellphone Allowance									
Housing Allowances	32	127							
Other benefits and allowances	79	140							
Payments in lieu of leave		50							
Sub Total - Senior Managers of Municipality	3 729	5 429	8 959	8 651	8 651	8 497	8 347	8 847	9 378
% increase		45,6%	65,0%	(3,4%)	-	(1,8%)	(1,8%)	6,0%	6,0%
Other Municipal Staff									
Basic Salaries and Wages	98 924	76 474	94 309	151 329	140 995	141 149	129 546	136 877	145 090
Pension and UIF Contributions	9 948	11 439	813	19 338	19 338	19 338	18 181	19 272	20 428
Medical Aid Contributions	3 088	3 341	3 748	4 592	4 592	4 592	5 629	5 966	6 324
Overtime		15 997	18 038	11 146	21 480	21 480	13 233	24 627	26 104
Performance Bonus	3 292		6 736						
Motor Vehicle Allowance		4 907	3 897	9 436	9 436	9 436	7 519	7 970	8 448
Cellphone Allowance									
Housing Allowances		445	746	1 709	1 709	1 709	530	562	596
Other benefits and allowances	938	12 183	11 952	11 388	11 388	11 388	10 946	11 603	12 299
Payments in lieu of leave	2 633	(334)	1 229	1 789	1 789	1 789	1 220	1 294	1 371
Long service awards									
Post-retirement benefit obligations									
Sub Total - Other Municipal Staff	118 823	124 452	141 468	210 727	210 727	210 881	186 803	208 170	220 660
% increase		4,7%	13,7%	49,0%	-	0,1%	(11,4%)	11,4%	6,0%
Total Parent Municipality	127 344	134 584	156 223	224 710	225 524	225 524	201 701	223 962	237 400
		5,7%	16,1%	43,8%	0,4%	-	(10,6%)	11,0%	6,0%
TOTAL SALARY, ALLOWANCES & BENEFITS	127 344	134 584	156 223	224 710	225 524	225 524	201 701	223 962	237 400
% increase		5,7%	16,1%	43,8%	0,4%	-	(10,6%)	11,0%	6,0%
TOTAL MANAGERS AND STAFF	122 552	129 881	150 427	219 378	219 378	219 378	195 149	217 017	230 038

TABLE 18: DC23 UThukela - Table SA24– summary of personnel numbers

Summary of Personnel Numbers Number	2014/15			Current Year 2015/16			Budget Year 2016/17		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	31		31	31		31	31		31
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	6		6	7		7	7		7
Other Managers	7	5	2	17	15	2			
Professionals	133	128	5	203	173	30	158	151	7
<i>Finance</i>	48	47	1	77	61	16	127	121	6
<i>Spatial/town planning</i>									
<i>Information Technology</i>	3	2	1	4	3	1			
<i>Roads</i>							4	3	1
<i>Electricity</i>									
<i>Water</i>	19	19	–	28	27	1			
<i>Sanitation</i>							27	27	
<i>Refuse</i>									
<i>Other</i>	63	60	3	94	82	12			
Technicians	651	647	4	699	693	6	678	376	302
<i>Finance</i>	23	21	2	21	15	6			
<i>Spatial/town planning</i>									
<i>Information Technology</i>									
<i>Roads</i>									
<i>Electricity</i>									
<i>Water</i>	566	566		678	678		678	376	302
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>	62	60	2						
Clerks (Clerical and administrative)	4	4		20	14	6	28	26	2
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators				68	68	–	69	69	
Elementary Occupations									
TOTAL PERSONNEL NUMBERS	832	784	48	1 045	963	82	971	622	349
% increase				25,6%	22,8%	70,8%	(7,1%)	(35,4%)	325,6%
Total municipal employees headcount									
Finance personnel headcount									
Human Resources personnel headcount									

2.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

TABLE 19: DC23 UThukela - Table SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	Budget Year 2016/17												Budget Year +1	Budget Year +2	
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source															
Property rates															
Property rates - penalties & collection charges															
Service charges - electricity revenue	13 281	13 281	13 281	13 281	13 281	13 281	13 281	13 281	13 281	13 281	13 281	13 281	159 378	168 940	179 077
Service charges - water revenue	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	17 551	18 604	19 720
Service charges - sanitation revenue	889	889	889	889	889	889	889	889	889	889	889	889	10 671	11 311	11 990
Interest earned - external investments	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	28 321	30 021	31 822
Interest earned - outstanding debtors	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	4 907	338 199	363 636	394 058
Transfers recognised - operational	159	159	159	159	159	159	159	159	159	159	159	159	1 914	2 029	2 150
Other revenue															
Gains on disposal of PPE															
Total Revenue (excluding capital transfe	23 060	23 060	23 060	23 060	23 060	23 060	23 060	23 060	23 060	23 060	23 060	23 060	556 033	594 540	638 817
Expenditure By Type															
Employee related costs	16 262	16 262	16 262	16 262	16 262	16 262	16 262	16 262	16 262	16 262	16 262	16 262	195 149	206 858	219 269
Remuneration of councillors	546	546	546	546	546	546	546	546	546	546	546	546	6 552	6 945	7 361
Debt impairment	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	36 460	38 647	40 966
Depreciation & asset impairment	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	57 676	61 137	64 805
Finance charges															
Bulk purchases	492	492	492	492	492	492	492	492	492	492	492	492	5 901	6 255	6 630
Other materials	3 709	3 709	3 709	3 709	3 709	3 709	3 709	3 709	3 709	3 709	3 709	3 709	44 506	47 177	50 007
Contracted services	3 118	3 118	3 118	3 118	3 118	3 118	3 118	3 118	3 118	3 118	3 118	3 118	37 412	39 657	42 036
Transfers and grants	876	876	876	876	876	876	876	876	876	876	876	876	10 512	11 143	11 812
Other expenditure	12 849	12 849	12 849	12 849	12 849	12 849	12 849	12 849	12 849	12 849	12 849	12 849	154 189	162 415	171 803
Loss on disposal of PPE															
Total Expenditure	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	548 356	580 233	614 690
Surplus/(Deficit)	(22 637)	(22 637)	(22 637)	(22 637)	(22 637)	(22 637)	(22 637)	(22 637)	(22 637)	(22 637)	(22 637)	(22 637)	7 677	14 307	24 127
Transfers recognised - capital	21 891	21 891	21 891	21 891	21 891	21 891	21 891	21 891	21 891	21 891	21 891	21 891	262 691	347 398	299 651
Surplus/(Deficit) after capital transfers & contributions	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	270 368	361 705	323 778
Surplus/(Deficit)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	270 368	361 705	323 778

TABLE 20: DC23 UThukela - Table SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Revenue by Vote															
105 - MUNICIPAL MANAGER		53 055											53 055	57 125	62 170
200 - CORPORATE SERVICES		91 955	5 458	5 458	5 458	5 458	5 458	5 458	5 458	5 458	5 458	5 458	291 760	318 155	344 231
300 - BUDGET AND TREASURY	5 458	100	100	100	100	100	100	100	100	100	100	100	1 200	-	-
405 - SOCIAL SERVICES															
408 - HEALTH & WATER SERVICES AUTHORITY															
500 - TECHNICAL SERVICES	22 155	22 155	22 155	22 155	22 155	22 155	22 155	22 155	22 155	22 155	22 155	22 155	265 860	347 398	299 651
510 - WATER AND SANITATION SERVICE	17 237	17 237	17 237	17 237	17 237	17 237	17 237	17 237	17 237	17 237	17 237	17 237	206 849	219 260	232 416
Total Revenue by Vote	44 951	184 502	44 951	44 951	44 951	44 951	44 951	44 951	44 951	44 951	44 951	44 951	818 724	941 938	938 468
Expenditure by Vote to be appropriated															
105 - MUNICIPAL MANAGER	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	54 586	57 862	61 333
200 - CORPORATE SERVICES	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	57 418	60 863	64 515
300 - BUDGET AND TREASURY	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	142 601	151 405	160 132
405 - SOCIAL SERVICES	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	41 362	42 593	45 148
408 - HEALTH & WATER SERVICES AUTHORITY	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	35 819	37 968	40 246
500 - TECHNICAL SERVICES	720	720	720	720	720	720	720	720	720	720	720	720	8 637	9 155	9 704
510 - WATER AND SANITATION SERVICE	17 326	17 326	17 326	17 326	17 326	17 326	17 326	17 326	17 326	17 326	17 326	17 326	207 913	220 388	233 611
Total Expenditure by Vote	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	548 336	580 233	614 690
Surplus/(Deficit)	(746)	138 806	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	270 388	361 705	323 778

TABLE 21: DC23 UThukela - Table SA27 -Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
													Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard															
Governance and administration	5 458	145 010	5 458	5 458	5 458	75 340	5 458	5 458	75 340	5 458	5 458	5 458	344 815	375 280	406 401
Executive and council	—	53 055	—	—	—	—	—	—	—	—	—	—	53 055	57 125	62 170
Budget and treasury office	5 458	91 955	5 458	5 458	5 458	75 340	5 458	5 458	75 340	5 458	5 458	5 458	291 760	318 155	344 231
Corporate services															
Economic and environmental services	100	100	100	100	100	100	100	100	100	100	100	100	1 200	—	—
Planning and development	100	100	100	100	100	100	100	100	100	100	100	100	1 200	—	—
Road transport															
Environmental protection															
Trading services	39 392	39 392	39 392	39 392	39 392	39 392	39 392	39 392	39 392	39 392	39 392	39 392	472 709	566 658	532 067
Electricity															
Water	37 788	37 788	37 788	37 788	37 788	37 788	37 788	37 788	37 788	37 788	37 788	37 788	453 460	546 555	510 757
Waste water management	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	19 249	20 103	21 310
Waste management															
Other															
Total Revenue - Standard	44 951	184 502	44 951	44 951	44 951	114 833	44 951	44 951	114 833	44 951	44 951	44 951	818 724	941 938	938 468
Expenditure - Standard															
Governance and administration	21 217	21 217	21 217	21 217	21 217	21 217	21 217	21 217	21 217	21 217	21 217	21 217	254 606	270 130	285 980
Executive and council	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	4 549	54 586	57 862	61 333
Budget and treasury office	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	11 883	142 601	151 405	160 132
Corporate services	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	4 785	60 863	60 863	64 515
Community and public safety	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	35 819	37 968	40 246
Health	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	2 985	35 819	37 968	40 246
Economic and environmental services	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	41 382	42 593	45 148
Planning and development	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	41 382	42 593	45 148
Road transport															
Environmental protection															
Trading services	18 046	18 046	18 046	18 046	18 046	18 046	18 046	18 046	18 046	18 046	18 046	18 046	216 550	229 542	243 315
Water	17 824	17 824	17 824	17 824	17 824	17 824	17 824	17 824	17 824	17 824	17 824	17 824	213 886	226 720	240 323
Waste water management	222	222	222	222	222	222	222	222	222	222	222	222	2 663	2 823	2 992
Other															
Total Expenditure - Standard	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	45 696	548 356	580 233	614 690
Surplus/(Deficit) before assoc.	(746)	138 806	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	270 368	361 705	323 778
Share of surplus/ (deficit) of associate															
Surplus/(Deficit)	(746)	138 806	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	(746)	270 368	361 705	323 778

TABLE 22: DC23 UThukela - Table SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year+1 2017/18	Budget Year+2 2018/19	
Single-year expenditure to be appropriated																
105 - MUNICIPAL MANAGER	100		90				100							290	-	-
200 - CORPORATE SERVICES	300			250		255		255			255			1 315	-	-
300 - BUDGET AND TREASURY	100		100				25							225	-	-
405 - SOCIAL SERVICES	50						50							100	-	-
408 - HEALTH & WATER SERVICES AUT	250				100			100			10			460	-	-
500 - TECHNICAL SERVICES	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 899	262 744	347 398	299 651	
510 - WATER AND SANITATION SERVIC	50				50								110	-	-	
Total Capital Expenditure	22 745	21 895	22 085	22 145	22 045	22 150	22 070	22 250	21 905	22 160	21 895	21 899	265 244	347 398	299 651	

TABLE 23: DC23 UThukela - Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Capital Expenditure - Standard																
Governance and administration																
Executive and council	500	-	190	250	-	255	125	255	-	255	-	-	1 830	-	-	-
Budget and treasury office	100		90				100						290			
Corporate services	100		100				25						225			
Community and public safety																
Community and social services	300	-	-	-	100	-	50	100	-	100	-	-	560	-	-	-
Sport and recreation	50						50						100			
Health	250				100			100					460			
Economic and environmental services																
Planning and development	250	-	-	-	50	-	-	-	10	-	-	2 068	2 378	2 531	2 672	2 672
Road transport	250				50				10			2 068	2 378	2 531	2 672	2 672
Environmental protection																
Trading services																
Electricity	21 695	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	19 831	260 476	344 867	296 979	-
Water	21 695	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	21 895	19 831	260 476	344 867	296 979	-
Total Capital Expenditure - Standard	22 745	21 895	22 085	22 145	22 045	22 150	22 070	22 250	21 905	22 160	21 895	21 899	265 244	347 398	299 651	299 651
Funded by:																
National Government	21 945	21 895	21 895	21 895	21 945	21 895	21 895	21 895	21 905	21 895	21 895	21 736	262 691	347 398	299 651	-
Other transfers and grants																
Transfers recognised - capital	21 945	21 895	21 895	21 895	21 945	21 895	21 895	21 895	21 905	21 895	21 895	21 736	262 691	347 398	299 651	299 651
Public contributions & donations																
Internally generated funds	800	-	190	250	100	255	175	355	-	265	-	163	2 553	-	-	-
Total Capital Funding	22 745	21 895	22 085	22 145	22 045	22 150	22 070	22 250	21 905	22 160	21 895	21 899	265 244	347 398	299 651	299 651

TABLE 24: DC23 UThukela - Table SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source																
Service charges - water revenue	6 545	6 545	6 545	6 545	6 545	6 545	6 545	6 545	6 545	6 545	6 545	6 545	7 858	84 639	89 717	
Service charges - sanitation revenue	733	733	733	733	733	733	733	733	733	733	733	733	733	9 321	9 880	
Interest earned - external investments	889	889	889	889	889	889	889	889	889	889	889	889	889	11 311	11 990	
Interest earned - outstanding debtors	158	158	158	158	158	158	158	158	158	158	158	158	158	1 900	394 058	
Transfer receipts - operational	139 551	159	159	159	159	159	159	159	159	159	159	159	159	338 199	2 150	
Other revenue	159	159	159	159	159	159	159	159	159	159	159	159	159	1 914	2 029	
Cash Receipts by Source	148 036	8 484	8 484	8 484	8 484	8 484	8 484	8 484	8 484	8 484	8 484	8 484	9 798	470 935	507 795	
Other Cash Flows by Source																
Transfer receipts - capital	87 564				87 564									262 691	347 398	299 651
Contributions recognised - capital & Contributed assets																
Increase (decrease) in consumer deposits	32	32	32	32	32	32	32	32	32	32	32	32	32	403	427	
Decrease (Increase) in non-current debtors																
Decrease (increase) other non-current receivables																
Decrease (increase) in non-current investments																
Total Cash Receipts by Source	235 631	8 516	8 516	8 516	8 516	209 593	8 516	8 516	8 516	181 214	8 516	8 516	9 830	818 736	807 873	
Cash Payments by Type																
Employee related costs	17 096	17 096	17 096	17 096	17 096	17 096	17 096	17 096	17 096	17 096	17 096	17 096	17 096	206 858	219 269	
Remuneration of councillors	546	546	546	546	546	546	546	546	546	546	546	546	546	6 945	7 361	
Finance charges																
Bulk purchases - Electricity	492	492	492	492	492	492	492	492	492	492	492	492	492	6 255	6 630	
Bulk purchases - Water & Sewer	4 661	4 661	4 661	4 661	4 661	4 661	4 661	4 661	4 661	4 661	4 661	4 661	4 661	47 177	50 007	
Other materials	2 711	2 711	2 711	2 711	2 711	2 711	2 711	2 711	2 711	2 711	2 711	2 711	2 711	34 251	36 306	
Contracted services	13 274	13 274	13 274	13 274	13 274	13 274	13 274	13 274	13 274	13 274	13 274	13 274	13 274	163 440	173 247	
Other expenditure																
Cash Payments by Type	38 780	38 780	38 780	38 780	38 780	38 780	38 780	38 780	38 780	38 780	38 780	38 780	23 901	464 925	492 821	
Other Cash Flows/Payments by Type																
Capital assets	22 195	22 195	22 195	22 195	22 195	22 195	22 195	22 195	22 195	22 195	22 195	22 195	22 195	347 398	299 651	
Total Cash Payments by Type	60 975	60 975	60 975	60 975	60 975	60 975	60 975	60 975	60 975	60 975	60 975	60 975	44 997	812 323	792 472	
NET INCREASE/(DECREASE) IN CASH HELD	174 656	(52 459)	(52 459)	(52 459)	(52 459)	148 618	(52 459)	(52 459)	(52 459)	120 239	(47 798)	(50 351)	(35 167)	6 413	15 402	
Cash/cash equivalents at the monthly year begin:	63 735	238 390	185 931	133 472	81 013	229 631	177 172	124 713	72 254	192 493	144 696	94 345	63 735	59 178	65 591	
Cash/cash equivalents at the monthly year end:	238 390	185 931	133 472	81 013	229 631	177 172	124 713	72 254	192 493	144 696	94 345	59 178	65 591	65 591	80 992	

2.9 LEGISLATION COMPLIANCE STATUS

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

1. In- year reporting

Section S71 Reporting to National Treasury in electronic format was fully complied with on a monthly basis.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 5 interns that have undergone training in various divisions of the Financial Services Department. The contract of the five interns ends December 2017. Since the introduction of the Internship programme the Municipality has successfully employed and trained numerous interns through this programme and a majority of them were appointed either in the Municipality or other municipalities.

2 Budget and Treasury Office

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

3 Audit Committee

An Audit Committee has been established and is fully functional.

4 Service Delivery and Implementation Plan

The detailed SDBIP document will be finalised after approval of the 2016/17 MTREF and will be directly aligned and informed by the 2016/17 MTREF.

5 Annual Report

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

6 Policies

Budget related policies are reviewed on an annual basis.

2.10. OTHER SUPPORTING DOCUMENTS

2.10.1 Water and Sanitation Tariffs

	Description	Tariff
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R66.96/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R85.32./ month
3.	Sewer tariff for restricted usage (un-metered)	R85.32/ month
4.	Servicing sewer conservancy tanks/pits (small)	R150.75/ service
	Servicing sewer conservancy tanks/pits (large)	R323.07/ 5000l/ load
	Discharge of sewage to waste water works by private sewer tankers	R0,13/litre
	Integrated Step Tariff (Domestic Use)	
5.	Water tariff for water usage up to 6kl	Free/ Indigent
	Water tariff for water usage 1 to 30kl	R9.72kl
	Water tariff for water usage 31kl to 100kl	R11.26kl
	Water tariff for water usage 101kl to 999kl	R12.95kl
	Integrated Step Tariff (Industrial Use)	
6.	Water tariff for water usage up to 1000kl	R9.72kl
	Water tariff for water usage 1001kl and above	R5.09kl
7.	Bulk potable water supply to IDC Estate	R5.09kl
	Bulk Raw water supply	R3.11kl
8.	Emergency Services Connection (excluding emergency services)	R22.90kl
9.	All connections, repairs and work required from Council Domestic	Cost + 10%
10.	All connections, repairs and work required from Council other services actual cost + 10 %	Cost + 10%
11.	Trade Effluent	Charge(c/kl)= 68.76c+([COD/1000] x 1.45c) (COD-Chemical Oxygen Demand)
012.	Account Deposits (Subject to credit worthiness)	Every default adjustment of R154.27 to maximum as per following: Residential Max R2 315.74 Business Max R 7715.33 New consumers:- Residential = R 1 338.58 Business = R 3194.29

		Connection Fees =R 154.75
13.	Scrutiny of building plans	R423/ plan
14.	Clearing of grass overgrowth	Actual cost + 12 %
15.	Requested Water Tankering (funerals – if not indigent)	5000l = R460.37 / load
16.	Requested Water Tankering (other events)	5000l = R736.55/ load
17.	Developer's Capital Contribution - Water	R 8370.06
18.	Developer's Capital Contribution - Sanitation	R 9207.13
19.	Disconnection Fee Reconnection fee - Working hours -After hours, Saturdays/Sundays/Public Holidays	R 110.47 R 112.16 R276.16
20.	Clearance certificates	R408.10
21.	Flat rate services (where applicable)	R274.41 per household

Water and Waste Water Analysis		
Determinant	Units	Cost per sample
Alkalinity	mg/l CaCO ₃	R53.30
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	R46.14
Ammonia	mg/l N	R44.44
Chloride	mg/l Cl	R35.57
Chlorine – Free	mg/l Cl ₂	R17.72
Colour	Pt-Co	R26.57
Conductivity	mS/m	R17.72
Fluoride	mg/l F	R44.44
Iron	mg/l Fe	R26.07
Manganese	mg/l Mn	R44.44
Nitrate	mg/l N	R26.57
Nitrite	mg/l N	R26.57
Odour	Descriptive	
pH	pH Units	R17.72
Phosphate - soluble	mg/l P	R26.57
Solids - Settle able	ml/l	R26.57
Sulphate	mg/l SO ₄	R39.01
Sulphide	mg/l H ₂ S	R44.44
Suspended Solids	mg/l	R39.25
Temperature	°C	
Total Dissolved Solids	mg/l	R26.57
Turbidity	NTU	R17.72
Oxygen Absorbed	mg/l O ₂	R53.30
Chemical Oxygen Demand	mg/l O ₂	R62.15
Magnesium/Calcium	mg/l Mg/Ca	R62.02

- Sample bottles can be collected at the Laboratory.
- A volume of at least 1 litre is necessary for analysis.

• Microbiological Analysis		
Faecal coliforms	colonies per 100ml	R53.30
Total coliforms	colonies per 100ml	R53.30
Standard plate count	colonies per ml	R44.43

- Sterile bottles provided by the Laboratory should be used.
- Samples must be delivered to the Laboratory within 6 hours of collection and should be kept cold.
- A volume of 500ml is sufficient for analysis.
 1. Prices listed are for single samples.
 2. Sterile bottles can be supplied free of charge. Bottles broken or not returned will be charged for at a rate of R17.23 per bottle.

FINES FOR ILLEGAL CONNECTIONS AND TEMPERING

First instance	R 2 500
Second instance	R 5 000
Third instance	R 7 500
Forth instance	R10 000

NB: Immediately if the consumer committed a fifth instance, complete disconnection of water supply will apply!

PENALTY FEES

1. Warning letter	R 53.00
2. Final cut-off	
• Additional deposit-business	R 159.00
• Additional deposit-households	R112.36
• Penalty fee	R 86.89

RECONNECTION FEES:

1. Standard fee applies during working office hours R115.71

2. Standard rate applies after office hours R276.17

NEW CONNECTION (PLUMBING WORK) CHARGES

NO	SIZE (MM)	UNIT COST R	DEPOSIT
1	20	2 378.38	212.00
2	25	2378.38	212.00
3	32	2 848.75	530.00
4	40	6 360.00	530.00
5	50	6 755.43	530.00
6	80	9353.48	530.00
7	100	10 774.90	530.00
8	150	11 187.29	530.00

• Other municipal services increase by 6% as per MFMA circular 79.

Tender documents
 Maps GIS
 Clearance certificates

Maps

	A3 PRINTER		A0 PLOTTER		
	A4	A3	A2	A1	A0
Full Colour	23.61	47.16	117.90	159.16	212.22
Grey Scale	23.61	47.16	117.90	144.59	212.22
Topo Maps	17.70	35.38	83.42	117.90	159.16
Line / Hatch	12.51	35.38	58.96	76.64	106.11

GIS tariffs

Tender Documents

Municipal Produced	R176.85
Consultants produced depending on the project	R353.69 and R412.64 respectively

- Clearance certificate R 403.21

TABLE 25: DC23 UThukela - Table SA14 – Household bills

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates										
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy	57,70	62,29	67,90	72,01	72,01	72,01	76,33	80,91	85,77	
Water: Consumption	590,73	805,68	878,19	957,23	957,23	957,23	1 014,66	1 075,54	1 140,07	
Sanitation	73,53	79,41	86,56	91,76	91,76	91,76	97,26	103,10	109,29	
Refuse removal										
Other										
sub-total	721,96	947,38	1 032,64	1 121,00	1 121,00	1 121,00	6,0%	1 188,26	1 259,56	1 335,13
VAT on Services										
Total large household bill:	721,96	947,38	1 032,64	1 121,00	1 121,00	1 121,00	6,0%	1 188,26	1 259,56	1 335,13
% increase/-decrease		31,2%	9,0%	8,6%	-	-	6,0%	6,0%	6,0%	6,0%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates										
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy	57,70	62,29	67,90	72,01	72,01	72,01	76,33	80,91	85,77	
Water: Consumption	92,09	170,15	185,46	202,16	202,16	202,16	214,28	227,14	240,77	
Sanitation	73,53	79,41	86,56	91,76	91,76	91,76	97,26	103,10	109,29	
Refuse removal										
Other										
sub-total	223,32	311,85	339,92	365,93	365,93	365,93	6,0%	387,88	411,16	435,83
VAT on Services										
Total small household bill:	223,32	311,85	339,92	365,93	365,93	365,93	6,0%	387,88	411,16	435,83
% increase/-decrease		39,6%	9,0%	7,7%	-	-	6,0%	6,0%	6,0%	6,0%

The above table reflects cost implications on households of proposed rates and tariff changes. Examples of municipal bills that are generally representative of household bills in the UThukela District area have been used in the compilation of this table.

2.10.2 Service Level Standards

Standard	Description	Service Level
Solid Waste Removal		
	Premise based removal (Residential Frequency)	N/A
	Premise based removal (Business Frequency)	N/A
	Bulk Removal (Frequency)	N/A
	Removal Bags provided(Yes/No)	N/A
	Garden refuse removal Included (Yes/No)	N/A
	Street Cleaning Frequency in CBD	N/A
	Street Cleaning Frequency in areas excluding CBD	N/A
	How soon are public areas cleaned after events (24hours/48hours/longer)	N/A
	Clearing of illegal dumping (24hours/48hours/longer)	N/A
	Recycling or environmentally friendly practices(Yes/No)	N/A
	Licenced landfill site(Yes/No)	N/A
Water Service		
	Water Quality rating (Blue/Green/Brown/N0 drop)	
	Is free water available to all? (All/only to the indigent consumers)	Indigents only
	Frequency of meter reading? (per month, per year)	per month
	Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	three months
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)	4 months
	<i>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</i>	
	One service connection affected (number of hours)	3 Hours
	Up to 5 service connection affected (number of hours)	8 Hours
	Up to 20 service connection affected (number of hours)	day
	Feeder pipe larger than 800mm (number of hours)	4 Hours
	What is the average minimum water flow in your municipality?	
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	Yes
	How long does it take to replace faulty water meters? (days)	2 days
	Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	Yes
Electricity Service		
	What is your electricity availability percentage on average per month?	N/A
	Do your municipality have a ripple control in place that is operational? (Yes/No)	N/A
	How much do you estimate is the cost saving in utilizing the ripple control system?	N/A
	What is the frequency of meters being read? (per month, per year)	N/A
	Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	N/A
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)	N/A
	Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	N/A
	Are accounts normally calculated on actual readings? (Yes/no)	N/A
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	N/A
	How long does it take to replace faulty meters? (days)	N/A
	Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	N/A
	How effective is the action plan in curbing line losses? (Good/Bad)	N/A
	How soon does the municipality provide a quotation to a customer upon a written request? (days)	N/A
	How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	N/A
	How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	N/A

How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	N/A
Sewerage Service	
Are your purification system effective enough to put water back in to the system after purification?	Yes
To what extend do you subsidize your indigent consumers?	Yes
How long does it take to restore sewerage breakages on average	
Severe overflow? (hours)	2 Hours
Sewer blocked pipes: Large pipes? (Hours)	2 Hours
Sewer blocked pipes: Small pipes? (Hours)	2 Hours
Spillage clean-up? (hours)	2 Hours
Replacement of manhole covers? (Hours)	3 Hours
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	N/A
Time taken to repair a single pothole on a minor road? (Hours)	N/A
Time taken to repair a road following an open trench service crossing? (Hours)	N/A
Time taken to repair walkways? (Hours)	N/A
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	N /A
Do you have any special rating properties? (Yes/No)	N /A
Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsources? (Yes/No)	No
Are there Council adopted business process tsructuing the flow and managemet of documentation feeding to Trial Balalnce?	Yes
How long does it take for an Tax/Invoice to be paid from the date it has been received?	within 30 Days
Is there advance planning from SCM unit linking all departmental plans quaterly and annually including for the next two to three years procurement plans?	Yes
Administration	
Reaction time on enquiries and requests?	
Time to respond to a verbal customer enquiry or request?	Immedatilty
Time to respond to a written customer enquiry or request?	2 Days
Time to resolve a customer enquiry or request?	24 Hours
What percentage of calls are not answered?	N/A
How long does it take to respond to voice mails?	N/A
Does the municipality have control over locked enquiries?	No
Is there a reduction in the number of complaints or not?	Yes
How long does in take to open an account to a new customer? (Less than 20 minutes
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	Once Every Week
Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	N/A
How long does it take to renew a vehicle license? (minutes)	N/A
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	N/A
How long does it take to de-register a vehicle? (minutes)	N/A

How long does it take to renew a drivers license? (minutes)	N/A
What is the average reaction time of the fire service to an incident? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	N/A
Economic development	
How many economic development projects does the municipality drive?	14
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	14
What percentage of the projects have created sustainable job security?	
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	Yes
Other Service delivery and communication	
Is a information package handed to the new customer? (Yes/No)	Yes
Does the municipality have training or information sessions to inform the community? (Yes/No)	Yes
Are customers treated in a professional and humanly manner? (Yes/No)	Yes

2.10.3 WATER QUALITY AND WASTE WATER QUALITY MANAGEMENT IMPROVEMENT ACTION PLAN:

NAME OF WATER SERVICES AUTHORITY: UTHUKELA DISRICT MUNICIPALITY

1. BACKGROUND

This water and waste water quality improvement action plan is developed in line with National Treasury, MFMA Circular 51, Section 4.1

Water Services provision is done in - house by UThukela DM (MOU between WSA Department and WSP Department was signed in line with Section 20 of Water Services Act no.108 of 1997).

WSP Department manages the provision of safe water supply and appropriate sanitation (waste water) services.

The budget to support the planned activities is reflected under Blue/Green Line Item in 2016/17 Council adopted budget.

2. LATEST BLUE DROP SYSTEM RATINGS:-

2011 – 55,29%

2012 – 57,39%

2014 – 34.50%

The overall risk raking for UThukela District Municipality was 55% (Medium Risk)

Risk Rating Legend

Critical Risk : 90% - 100%

High Risk : 70% - less than 90%

Medium Risk : 50% - less than 70%

Low Risk : less than 50%

3. BDS IMPROVEMENT ACTION PLAN

3.1. COLENZO WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
ASSET MANAGEMENT	Appoint service provider to conduct annual process audit.	July 2016	WSA	R30 000
O&M Manuals to be reviewed	Appoint Service Provider to review operations and maintenance manuals	September 2016	WSP	R50 000
Design Capacity versus Operational Capacity	Install flow meters in the water supply system	July 2016	WSP	R100 000

No Water Safety Plan in place(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
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3.2. WINTERTON WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016 August 2016 September 2016	WSA WSP WSP	R30 000 R50 000 R100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

3.3 LADYSMITH WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Funding to conduct annual process audit by qualified engineering team O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016	WSA	R30 000
		August 2016	WSP	R50 000
		September 2016	WSP	R100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

3.4. BERGVILLE WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works 	August 2016	WSA	Operational Budget Operational Budget

	<ul style="list-style-type: none"> Development of water treatment works logbooks 			
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register : Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016	WSA	R30 000
		August 2016	WSP	R50 000
		September 2016	WSP	R100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works Development of water treatment works logbooks 	August 2016	WSA	Operational Budget
				Operational Budget

Drinking Water Quality Verification(KPA 3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA 4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016	WSA	R30 000
		August 2016	WSP	R50 000
		September 2016	WSP	R100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

3.5. MOYENI /ZWELISHA WTW

3.6. LANGKLOOF WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity	August 2016	WSP	R100 000

	within Uthukela DM staff			
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016 August 2016 September 2016	WSA WSP WSP	R30 000 R50 000 R100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

3.7. GEORGE CROSS WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget

Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016	WSA	R30 000
		August 2016	WSP	R50 000
		September 2016	WSP	R100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

3.8. WEENEN WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and	July 2016	WSA	R30 000
		August 2016	WSP	R50 000
			WSP	R100 000

	update O & M Manuals Flow meters : Install flow meters	September 2016		
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

3.9. LOSKOP WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016 August 2016 September 2016	WSA WSP WSP	R30 000 R50 000 R100 000

Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000
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3.10.OLIPHANTSKOP WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016 August 2016 September 2016	WSA WSP WSP	R30 000 R50 000 100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

3.11.TUGELA ESTATE WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> • Reclassify process controllers and follow up on the licensing of water treatment works • Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016	WSA	R30 000
		August 2016	WSP	R50 000
		September 2016	WSP	R100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

3.12.EZAKHENI WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> Reclassify process controllers and follow up on the licensing of water treatment works Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016 August 2016 September 2016	WSA WSP WSP	R30 000 R50 000 R100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

3.13.ARCHIE RODEL WTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Water Safety Planning(KPA1)	Develop Water Safety Plan	July 2016	BDS Task Team	Operational Budget
	•			
DWQ Process Management & Control(KPA2)	<ul style="list-style-type: none"> • Reclassify process controllers and follow up on the licensing of water treatment works • Development of water treatment works logbooks 	August 2016	WSA	Operational Budget Operational Budget
Drinking Water Quality Verification(KPA3)	Appoint service provider for technical support and build capacity within Uthukela DM staff	August 2016	WSP	R100 000
Management, Accountability & Local Regulation(KPA4)	Blue Drop compliance to be included in the performance agreements of appropriate municipal officials.	July 2016	All Departments	Operational Budget
Asset Management (KPA 5)	Asset register :Appoint service provider to conduct annual process audit O & M Manuals : Appoint service provider to review and update O & M Manuals Flow meters : Install flow meters	July 2016	WSA	R30 000
		August 2016	WSP	R50 000
		September 2016	WSP	R100 000
Lack of Maintenance Team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

NB: Refurbishment of all old water purification works will continue over the Medium Term Expenditure Framework period.

4. GREEN DROP SYSTEM IMPROVEMENT PLAN

Risk Rating Legend

Critical Risk : 90% - 100%

High Risk : 70% - less than 90%

Medium Risk : 50% - less than 70%

Latest Green Drop Risk Ratings

	2013	2014
Ladysmith WWTW	: 85.2%	86.4%
Estcourt WWTW	: 86.4	90.99%
Colenso WWTW	: 58.8%	88.2%
Ekuvukeni WWTW	: 76.5%	88.2 %
Winterton WWTW	: 76.5%	88.2 %
Ezakheni WWTW	: 77.3%	86.4%
Wembezi WWTW	: 76.5%	94.1%
Weenen WWTW	: 76.5%	94.1%

4.1.LADYSMITH WWTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Process controllers not in line with regulation 813	Employ appropriately qualified process controllers in line with regulation 813 Train existing process controllers	October 2016 and ongoing	WSP	Operational Budget
O & M Manuals not in place	Appoint service provider to review and update O & M Manuals	February 2017	WSP	R50 000
Classification & licensing of waste water treatment works	Reclassify and licence WWTW	July 2016	WSA	R100 000
Flow meters not installed	Install flow meters	August 2016	WSP	R100 000
Chlorinators not functional	Repair and service chlorinators	July 2016 and ongoing	WSP	R100 000
Lack of maintenance team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

4.2.EZAKHENI WWTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Process controllers not in line with regulation 813	Employ appropriately qualified process controllers in line with regulation 813 Train existing process controllers	October 2016 and ongoing	WSP	Operational Budget
O & M Manuals not in place	Appoint service provider to review and update O & M Manuals	February 2017	WSP	R50 000
Classification & licensing of waste water treatment works	Reclassify and licence WWTW	July 2016	WSA	R100 000
Flow meters not installed	Install flow meters	August 2016	WSP	R100 000
Chlorinators not functional	Repair and service chlorinators	July 2016 and ongoing	WSP	R100 000
Lack of maintenance team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

4.3. EKUVUKENI WWTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Process controllers not in line with regulation 813	Employ appropriately qualified process controllers in line with regulation 813 Train existing process controllers	October 2016 and ongoing	WSP	Operational Budget
O & M Manuals not in place	Appoint service provider to review and update O & M Manuals	February 2017	WSP	R50 000
Classification & licensing of waste water treatment works	Reclassify and licence WWTW	July 2016	WSA	R100 000
Flow meters not installed	Install flow meters	August 2016	WSP	R100 000

Chlorinators not functional	Repair and service chlorinators	July 2016 and ongoing	WSP	R100 000
Lack of maintenance team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

4.4.COLENZO WWTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Process controllers not in line with regulation 813	Employ appropriately qualified process controllers in line with regulation 813 Train existing process controllers	October 2016 and ongoing	WSP	Operational Budget
O & M Manuals not in place	Appoint service provider to review and update O & M Manuals	February 2017	WSP	R50 000
Classification & licensing of waste water treatment works	Reclassify and licence WWTW	July 2016	WSA	R100 000
Flow meters not installed	Install flow meters	August 2016	WSP	R100 000
Chlorinators not functional	Repair and service chlorinators	July 2016 and ongoing	WSP	R100 000
Lack of maintenance team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

4.5.WINTERTON WWTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Process controllers not in line with regulation 813	Employ appropriately qualified process controllers in line with regulation 813 Train existing process controllers	October 2016 and ongoing	WSP	Operational Budget
O & M Manuals not in place	Appoint service provider to review and update O & M Manuals	February 2017	WSP	R50 000
Classification & licensing of waste water treatment works	Reclassify and licence WWTW	July 2016	WSA	R100 000
Flow meters not installed	Install flow meters	August 2016	WSP	R100 000
Chlorinators not functional	Repair and service chlorinators	July 2016 and ongoing	WSP	R100 000

Lack of maintenance team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000
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4.6.ESTCOURT WWTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Process controllers not in line with regulation 813	Employ appropriately qualified process controllers in line with regulation 813 Train existing process controllers	October 2016 and ongoing	WSP	Operational Budget
O & M Manuals not in place	Appoint service provider to review and update O & M Manuals	February 2017	WSP	R50 000
Classification & licensing of waste water treatment works	Reclassify and licence WWTW	July 2016	WSA	R100 000
Flow meters not installed	Install flow meters	August 2016	WSP	R100 000
Chlorinators not functional	Repair and service chlorinators	July 2016 and ongoing	WSP	R100 000
Lack of maintenance team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

4.7.WEMBEZI WWTW

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Process controllers not in line with regulation 813	Employ appropriately qualified process controllers in line with regulation 813 Train existing process controllers	October 2016 and ongoing	WSP	Operational Budget
O & M Manuals not in place	Appoint service provider to review and update O & M Manuals	February 2017	WSP	R50 000

Classification & licensing of waste water treatment works	Reclassify and licence WWTW	July 2016	WSA	R50 000
Flow meters not installed	Install flow meters	August 2016	WSP	R50 000
Chlorinators not functional	Repair and service chlorinators	July 2016 and ongoing	WSP	R100 000
Lack of maintenance team	Employ appropriately qualified maintenance team	September 2016	WSP	R100 000

4.8.WEENEN PONDS

SHORTCOMINGS	INTERVENTIONS	TIME FRAME	RESPONSIBILITY	BUDGET 2016/17
Process controllers not in line with regulation 813	Employ appropriately qualified process controllers in line with regulation 813 Train existing process controllers	October 2016 and ongoing	WSP	Operational Budget
O & M Manuals not in place	Appoint service provider to review and update O & M Manuals	February 2017	WSP	R50 000
Classification & licensing of waste water treatment works	Reclassify and licence WWTW	July 2016	WSA	Operational Budget
Flow meters not installed	Install flow meters	August 2016	WSP	R50 000

NB:Refurbishment of all old waste water works will continue over the Medium Term Expenditure Framework period.

2.11 MUNICIPAL MANAGERS QUALITY CERTIFICATE

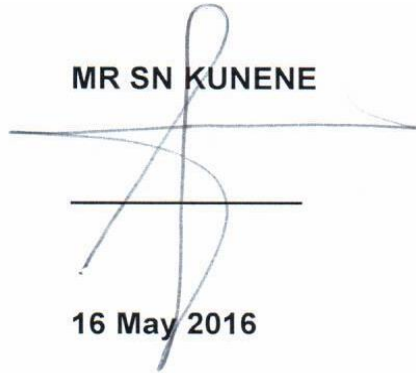


I **Sifiso Nicholas Kunene** Municipal Manager of UThukela District Municipality, hereby certify that this Final Annual Budget for 2016/17 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under this Act.

Print Name

MR SN KUNENE

Signature



Date

16 May 2016