



**Stand 13433 Kingfisher Road, Portion 7
Remainder of Harlingen Farm, Mkuze, 3965**

P. O. Box 449, Mkuze, 3965

Tel: 035-573 8600

Fax: 035-573 1094

Email

mngonyama@ukdm.gov.za

29 March 2017

Enquiries: Office of the GM: Corporate Services

**COUNCIL COMMITTEE
RESOLUTION CERTIFICATE
TO WHOM IT MAY CONCERN**

This is to certify that the Full Council of Ukhanyakude District Municipality, in its meeting of 27 March 2017 resolved as follows regarding draft budget for 2017/2018 and budget related policies:

**UDMC 053/17 DRAFT BUDGET FOR 2017/2018 AND BUDGET RELATED
POLICIES**

The Council resolved that:

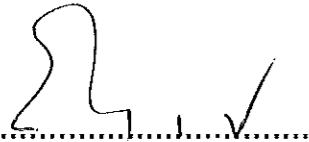
1. The draft budget for 2017/2018 Financial Year be approved. (i.e.)
 - Draft budget A-Schedule
 - Narrative report
2. The following budget related policies be approved:
 - Budget Policy
 - Virement Policy
 - Banking, cash management and investment policy
 - Long term financial planning policy
 - Supply Chain Management policy
 - Credit control policy

- Asset Management Policy
- Indigent Policy
- Tariffs Policy

Proposer: Cllr .S.W.Mzinyane

Seconder: Cllr .T.S.Mkhombo

Approved & Signed by:



.....
MR. M.E.NGONYAMA
ACTING MUNICIPAL MANAGER

MUNICIPAL MANAGER
UMKHANYAKUDE
DISTRICT MUNICIPALITY
P. O. BOX 449
MKUZE 3965

Tel: 035 573 8600 Fax: 035 573 1904 Email: mngonyama@ukdm.gov.za



UMKHANYAKUDE DISTRICT MUNICIPALITY

MAYOR'S REPORT

DRAFT BUDGET 2017-2018

PART 1 – ANNUAL DRAFT BUDGET

1.1 Mayor's Report

UMkhanyakude District Municipality have limited financial resources to satisfy the unlimited needs of the people. Therefore as the municipality we need to use our financial resources wisely by eliminating non-priority items in our budget.

The council of the municipality have the responsibility to eradicate the high volume of the service delivery backlogs particularly in the infrastructure of the water and sanitation in the whole area of UMkhanyakude District. The more attention should be focused on an outdated and aging infrastructure that end up instigating huge losses of water and interrupt the services delivery to the community.

The municipality is faced with challenge of high unemployment rate with the high rate of indigent households, and this affect the debt collection of the municipality. Based on that from the portion of the equitable share the municipality will allocate the funds to free basic services to cater for the poor.

The budget for UMkhanyakude District is more focused on the services delivery strategic priorities that were approved by the council of the municipality, which are as following:

- Sanitation/sewerage
- Water crisis
- Environmental health
- Economic, Social or Community and Skill Development
- Revenue enhancement
- Spatial planning and development
- Communication and information Technology
- Good governance and clean audit
- Poverty eradication and food security

In order for the municipality to ensure the smooth implementation of the above mentioned strategic priority we need to device good communication techniques between the municipality, community and other stakeholders. This should include communicating the IDP, Budget, SDBIP, Performance reports/Annual Reports, setting of targets etc., to ensure that we are all striving for the same achievements.

UMkhanyakude District will ensure that all employees of the municipality are subscribed to Batho Pele principles. The 2017-2018 draft budget will be published and communicated to the community for their inputs for the adoption of the final annual budget by the 27 May 2017.

Cllr T.S Mkhombo

The Mayor: UMkhanyakude District Municipality

The total consolidated operating revenue budget and capital contribution budget for uMkhanyakude District Municipality is R 655 million below is the summary, the consolidated for operating expenditure and capital expenditure is R 654 million.

The summarised consolidated draft budget 2017-2018 for UMkhanyakude District Municipality:

DC27 Umkhanyakude - Table A1 Consolidated Budget Summary

Description R thousands	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Revenue (excluding capital transfers and contributions)	397 091 831	444 617 493	485 810 148
Transfers and subsidies - capital	257 964 500	285 560 550	313 854 850
Total Revenue	655 056 331	730 178 043	799 664 998
Expenditure			
Total operating expenditure	397 091 831	444 617 493	485 810 148
Total capital expenditure	257 964 500	285 560 550	313 854 850
	655 056 331	730 178 043	799 664 998
Surplus/Deficit	-	-	-

The following are the allocation-in-kind for UMkhanyakude as per Division of Revenue Act

Summary of Allocation- in-kind			Draft Budget 2017-2018
Allocations-In-Kind	Project name	Benefiting municipality	
Regional Bulk Infrastructure Grant	Pongolapoort Bulk Water Scheme	Jozini Local Municipality	119 000 000
	Dukuduku Resettlement	Mtubatuba/Big Five Hlabisa LM	1 000 000
			120 000 000
Municipal System Improvement Grant			1 637 000
			121 637 000

Consolidated Operating draft budget 2017-2018

DC27 Umkhanyakude - Table A1 Consolidated Budget Summary			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source			
Service charges - electricity revenue	6 848 851	7 239 235	7 644 633
Service charges - water revenue	27 397 568	28 959 229	30 580 946
Service charges - sanitation revenue	257 805	272 500	287 760
Rental of facilities and equipment	137 346	145 175	153 305
Interest earned - external investments	4 256 000	4 498 592	4 750 513
Transfers and subsidies	346 342 500	390 975 450	429 164 150
Other revenue	11 851 761	12 527 311	13 228 841
Total operating revenue	397 091 831	444 617 493	485 810 148
Expenditure By Type			
Employee related costs	136 793 137	144 559 738	152 625 010
Remuneration of councillors	8 940 305	9 387 320	9 856 686
Debt impairment	13 027 524	13 770 093	14 541 219
Depreciation & asset impairment	30 009 462	31 720 002	33 496 322
Finance charges	2 255 721	2 383 924	2 517 424
Bulk purchases	92 142 392	97 394 508	102 848 601
Other materials	37 251 901	39 375 259	41 580 273
Contracted services	15 050 917	15 908 819	16 799 713
Other expenditure	61 620 472	90 117 829	111 544 900
Total operating expenditure	397 091 831	444 617 493	485 810 148
Surplus/ Deficit	-	-	-

Capital Budget 2017-2018

Capital Grants			
Description	Draft Budget 2017-2018	Draft Budget year+1 2018-2019	Draft Budget years+2 2019-2020
Capital Grants			
M/G (excluding PMU)	207 964 500	220 560 550	233 854 850
Water Services Infrastructure Grant	50 000 000	65 000 000	80 000 000
Total capital grants	257 964 500	285 560 550	313 854 850

1.2 Council Resolution

1.3 EXECUTIVE SUMMARY

1.3.1 Introduction

The draft budget 2017-2018 proposed a total consolidated amount of R653 million which has been developed with an overall planning framework and includes programme and projects to achieve the municipality's strategic objectives. This draft budget is working towards appearing to the reality of the need of water in the community, addressing issues of unemployment, poverty, inequality and ensuring of rendering the sustainable services delivery to UMkhanyakude District.

An amount of R397 million has been allocated to the operational budget and the capital budget for the infrastructure is R 257 million. The projection for the service charges and other income included is R 46 million. The overall budget for UMkhanyakude District Municipality is R655 million.

The entity (UMhlosinga Development) of UMkhanyakude has a budget of R11 million, when consolidating the parent municipality's budget it adds up to R655 million.

The draft Medium-Term Revenue and Expenditure Frame Work is released for the consultation of the community, business, internal and external stakeholders, so they can have the influence in the area of UMkhanyakude. The budget enables the implementation of our goals as set out on the Integrated Development Plan.

1.3.2 Strategic priorities for 2017-2018

The following are the Nine (9) key priority areas of uMkhanyakude District Municipality:

- Water
- Sanitation/Sewerage;
- Environmental Health;
- Economics, Social or Community and Skills Development
- Poverty eradication and Food Security;
- Revenue enhancement;
- Spatial planning and development;
- Communication and Information Technology (IT); and
- Good Governance and Clean Administration.

The municipality has identified all of the above priorities and also the municipality's objectives and strategies that need to be addressed:

OBJECTIVES AND STRATEGIES FOR 2017/2018 FINANCIAL YEAR

KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

OBJECTIVES

To ensure effective Organizational Performance Management System (PMS) ...

To ensure effective integrated development planning (IDP)

To provide effective and efficient human resource management aimed at achieving a skilled workforce that is responsive to service delivery and change

To provide effective and efficient human resource management aimed at achieving a skilled workforce that is responsive to service delivery and change

To provide an effective and efficient system of managing records for preservation of institutional memory

Adherence to evolving technology

To ensure adherence to Occupational Health and Safety Act

To ensure effective and efficient administrative services

To ensure effective and efficient legal services

STRATEGIES

Council adoption of PMS

Council adoption of IDP

Council adoption of Human Resources Development Strategy

Council Adoption of Workplace Skills Plan

Council adoption of Employment Equity Plan

Conducting assessment on effectiveness of Records Management System

Conduct an assessment on effectiveness of provision of ICT services

Conduct Health and Safety Risk assessments

Conduct an assessment on provision of administrative support services

Conduct an assessment on provision of legal services

KPA 2: BASIC SERVICE DELIVERY

OBJECTIVE

To provide high quality infrastructure network to support improved quality of life and economic growth

STRATEGIES

Implementation of projects for all households to access basic water services supported by high quality infrastructure

Implementation of projects for all households to access basic sanitation services supported by high quality infrastructure

Ensure functional electricity services for Ingwavuma and KwaMsane areas

Planning and implementation of support programmes aimed at Improving coverage and quality of infrastructure within the District

KPA 3: LOCAL ECONOMIC DEVELOPMENT

OBJECTIVE

To expand district economic output and increase quantity and quality of employment opportunities

STRATEGIES

Conduct an assessment on the role of agricultural and forestry sector in district economic growth and employment creation

Conduct an assessment on the role of conservation and a diversified tourism sector in District economic growth

Increase in business skills levels of the district labour force

Conduct an assessment on improved quality of employment opportunities and income levels of employed population

Monitoring of UMDA's performance as per the Business Plan for operational budget

KPA 4: FINANCIAL VIABILITY AND MANAGEMENT

OBJECTIVE

To Implement Revenue Collection Strategy

To improve expenditure management

To Improve Financial Management

To Effectively Implement Supply Chain Management Regulations

STRATEGIES

Develop and implement cash flow management plans

Develop and implement cash and credit management plans

Develop a credible budget and report in accordance with the provisions of the MFMA

Development of a Procurement Plan

Assessment of service providers' performance

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

OBJECTIVES

To improve the quality of life and life expectancy for people living within UMkhanyakude District

To ensure excellence in governance and leadership

STRATEGIES

Implementation of Special Programmes

Implementation of Environmental Health Management Programmes

Functionality assessment of Risk management programmes

Functionality assessment of committees responsible for oversight in the Municipality

Regular public participation in municipal businesses

Functionality assessment of IGR programmes

Functionality assessment of Council committees and structures

KPA 6: CROSS CUTTING INTERVENTIONS

OBJECTIVES

To ensure integrity and quality of physical environment underpinned by a coherent spatial development pattern

To ensure functional and responsive Disaster Management Unit

National Treasury's MFMA Circular No. 85 and 86 was used to guide the compilation of the 2017-2018 draft MTREF.

STRATEGIES

Conduct an assessment of environmental integrity of the District and its resources

Implement a functionally structured spatial development pattern guided by identified nodes and corridors through an effective land use management system

Conduct an assessment on effectiveness of prevention, mitigation and response to Disasters within the District

1.3.3 Challenges

The main challenges experienced during the compilation of the 2017-2018 draft MTREF can be summarised as follows:

- Aging and poorly maintained water, roads and electricity 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 on-going difficulties in the national and local economy;
- The high rate of unemployment within UMkhanyakude
- The high rate of indigent within UMkhanyakude

The increased cost of bulk water and electricity (due to tariff increases from Water and 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;

Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and

Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2017-2018 MTREF process

1.3.4 Budget principles and guidelines that directly informed the compilation of the 2017-2018 draft MTREF

The 2016-2017 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 2017-2018 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;

The following table is a consolidated overview of the proposed 2017-2018 Medium-term Revenue and Expenditure Framework:

Table 1: Consolidated Overview of the 2017-2018 MTREF

DC27 Umkhanyakude - Consolidated Budgeted Financial Performance (revenue and expenditure)				
Description	Adjusted Budget	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year	Budget Year +1	Budget Year +2
R thousand	2016/17	2017/18	2018/19	2019/20
Total Revenue (excluding capital transfers and contributions)	379 104	397 092	444 617	485 810
Total Expenditure	379 104	397 092	444 617	485 810
Surplus/ Deficit	-	-	-	-

The consolidated operating revenue for both parent municipality and the entity of the municipality is R397 million, 4.7 per cent compared to adjustment budget for 2016-2017. For the two outer years, operational revenue will increase by 11 per cent and 9 per cent respectively, equating to a total revenue growth of R 32 million and R44 respectively over the MTREF consolidated.

Total consolidated operating expenditure for the 2017-2018 financial year has been appropriated at 1 per cent increase when compared to the 2016/17 Adjustments Budget and by 9 per cent and 9 per cent for each of the respective outer years of the MTREF.

The capital budget decrease with R26 million in the compared to adjustment budget 2016/17 financial year, then increased in 2017/18 with R 27 million and 2018/19 increased with R28 million

1.4 Operating Revenue Framework

In order for UMkhanyakude District Municipality to continue improving the quality of services provided to the 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
- 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 consolidated summary of the 2017-2018 MTREF (classified by main revenue source):

Table 2: Summary of revenue classified by main revenue source

DC27 Umkhanyakude - Table A1 Consolidated Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	43 573	25 978	23 334	36 668	32 429	32 429	32 429	34 504	36 471	38 513
Investment revenue	6 709	1 428	12 612	3 772	4 000	4 000	4 000	4 255	4 499	4 751
Transfers recognised - operational	281 011	237 422	299 771	307 981	305 465	305 465	305 465	346 343	390 975	429 164
Other own revenue	6 605	13 951	34 597	32 369	37 211	37 211	37 211	11 989	12 672	13 382
Total Revenue (excluding capital transfers and contributions)	337 898	278 778	370 314	380 789	379 104	379 104	379 104	397 092	444 617	485 810

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 services charges forms a significant percentage of the revenue basket for the municipality. Service charge revenues comprise of 8.7 per cent of the consolidated total revenue mix 2017/18. In the 2016/17 financial year, revenue

from services charges totalled R32 million after the adjustment budget. In 2017/18 consolidated budget for service charges will increase to R35 million, R36 million and R38 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from services charges which increases with 8 per cent in 2016/17 after the adjustment budget that was because during the adjustment budget the municipality calculated the adjustment figure based on the actual during that period. Now the municipality has increased its actual revenue and conventional revenue budget increased with 8 per cent of the total revenue. The outer year's percentage is 8 per cent in 2018/19. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

Operating grants and transfers total R346 million in the 2017-2018 financial year gazetted for UMkhanyakude District municipality, including the Provincial Grants of the entity (UMhlosinga Development Agency). Note that the year-on-year growth for the 2018/19 financial year is R44 million and then R33 million 2018/19 years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term as gazetted in Division of Revenue Act bill:

Table 3: Operating Transfers and Grant Receipts

UMKHANYAKUDE DISTRICT MUNICIPALITY DRAFT BUDGET 2017-2018			
<i>Operating grants</i>			
<i>Description</i>	<i>Draft Budget 2017-2018</i>	<i>Draft Budget year+1 2018-2019</i>	<i>Draft Budget year+2 2019-2020</i>
Equitable share	295 575 000	330 645 000	363 751 000
RCS Levies Replacement	34 445 000	45 009 000	48 978 000
	330 020 000	375 654 000	412 729 000
FMG	1 250 000	1 000 000	1 260 000
Expanded Public Works Programme	1 008 000	-	-
PMU	10 945 500	11 608 450	12 308 150
Rural Road Assets Management System Grant	2 619 000	2 713 000	2 867 000
Ingondini Study Grant	500 000	-	-
Total operating grants	346 342 500	390 975 450	429 164 150

Tariffs

Tariff-setting is an essential and strategic part of the compilation of any budget. When charges will be revised, local economic conditions, input costs and the affordability of services will be taken into account to ensure the financial sustainability of the UMkhanyakude. The municipality is under the review of current tariffs, based on that only the tariffs for commercial as well as departments will increase with 10 per cent rates.

National Treasury continues to encourage municipalities to keep increases in tariffs and other charges as low as possible.

It must also be appreciated that the consumer price index, as measured by CPI, is a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

Table 4: Proposed Water Tariffs

PROPOSED CHARGES AND TARIFFS 2017-2018

ANNEXURE B: Consumptions charges and tariffs				
UMkhanyakude District Municipality				
Water Tariffs for 2017/18				
2016/2017		Proposed 2017/2018		
Area	Description	Rate	Description	10% increase
	Water		Water	
All area in DC27	Residential		Residential	
	0-6	Free	0-6	Free
	0-20	6.69	0-20	7.36
	21-30	10.37	21-30	11.41
	31-40	12.55	31-40	13.81
	40-50	15.38	40-50	16.2
	50>	19.87	50>	21.86
	Commercial		Commercial	
	0-20	13.1	0-20	14.41
	0-30	15.94	21-30	17.54
	0-40	16.89	31-40	18.59
	0-50	18.76	41-50	20.64
	51>	22.51	51>	24.76
	Government		Government	
	0-20	13.1	0-20	14.41
	0-30	15.94	21-30	17.54
	0-40	16.89	31-40	18.59
	0-50	18.76	41-50	20.64
	51>	22.51	51>	24.76
	Bulk			11.86
Consumer deposit		Domestic 2x ave consumption minimum		R 650.00
		Commercial 2x Ave consumption minimum		R 1 210.00

1.4.1 Sale of water and impact on tariff increases

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

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;

- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2017. Better maintenance of infrastructure will ensure that the supply challenges are managed in future to ensure sustainability. A tariff increase of 10 per cent from 1 July 2017 for water is proposed for the commercials. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

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

1.4.2 Sale of electricity and impact on tariff increases

NERSA has announced the revised bulk electricity pricing structure. A 2.2 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

It should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

1.4.2 Sanitation and impact on tariff increases

A tariff increase of 6.6 per cent for sanitation from 1 July 2017 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than 10 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- The total revenue expected to be generated from rendering this service amounts to R1.5 million for the 2017-2018 financial year.

The following table compares the current and proposed tariffs:

Table 5: Comparison between current sanitation charges and increases

Sanitation tariffs for 2017/2018			
Area	Description	Rates 2016/2017	Rates 2017/2018
All Area on sewer main	per flat/Dwelling	R1.78/kl consumed	R1.96/kl consumed
	Conservancy tanks where service available	422.19	R 464.41
	Conservancy tanks weekends/PH	R 636.51	R 700.16
Discharges of sewer	Per kl	R 26.01	R 28.61

1.4.5 Overall impact tariff increases on the household

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 6: Comparison between water charges and increases (domestic)

UMkhanyakude District Municipality			
Water Related Tariffs for 2017/2018			
Area	Description	Rates 2016/2017	Rates 2017/2018
water connection up to 25m	Domestic	0	R 1,500
all connection above 25mm	Domestic	actual cost + 10%	actual cost + 10%
water connection up to 25m	Commercial/other	R 2 000.00	R 2 200.00
special meter reading		R 225.00	R 247.50
prepaid meter		cost of meter + 10%	cost of meter + 10%
final reading disconnection		R 23.45	R 25.80
testing of a meter		R 508.91	R 559.80
tampering fee		R 1 407.12	R 1 547.82
Water Tanker service		Refer to commercial rates	R18/kl + cost per km
Water tanker cost per km		R 19.45	R 21.40
Reconnection for non- payment		R193.48	R 121.83
water in unmetered area	per household	R 35.76	R 39.34
all other work			cost + 10%
administration costs			cost+10%
dishonored cheques			R 126.50

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2017-2018 budget and MTREF is informed by the following:

- The asset replacement strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset management strategy
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high level summary of the 2017-2018 budget and MTREF (classified per main type of operating expenditure):

Table 7: Summary of operating expenditure by standard classification item

DC27 Umkhanyakude - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year #1 2018/19	Budget Year #2 2019/20
Expenditure By Type											
Employee related costs	2	109 915	124 331	132 792	127 745	128 032	128 032	128 032	136 793	144 560	152 625
Remuneration of councillors		6 953	6 721	6 446	7 459	7 459	7 459	7 459	8 940	9 387	9 857
Debt impairment	3	36 477	17 396	12 209	29 209	12 244	12 244	12 244	13 028	13 770	14 541
Depreciation & asset impairment	2	28 109	28 160	36 515	28 204	28 204	28 204	28 204	30 009	31 720	33 496
Finance charges		978	1 135	2 352	1 049	2 120	2 120	2 120	2 255	2 384	2 517
Bulk purchases	2	77 569	69 403	73 601	64 692	81 830	81 830	81 830	92 142	97 395	102 849
Other materials	8	36 270	34 991	33 222	35 614	57 025	57 025	57 025	37 252	39 375	41 580
Contracted services		34 359	38 497	31 036	13 859	19 146	19 146	19 146	15 052	15 909	16 800
Transfers and subsidies		-	365	-	5 558	-	-	-	-	-	-
Other expenditure	4, 5	139 618	80 440	118 413	61 409	43 045	43 045	43 045	61 620	90 118	111 545
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		470 258	401 440	446 584	374 803	379 105	379 105	379 105	397 092	444 618	465 810

The budgeted allocation for employee related costs for the 2017-2018 financial year totals R136 million, which equals 34 per cent of the total operating expenditure the parent municipality. Based on MFMA circular number 86 guidelines the parent municipality increased the employees related cost with CPI rate plus 1 per cent. The total consolidated of employees related costs is R134 million for the parent and the entity of the municipality which is equal to 34 per cent of the consolidated operational expenditure budget. As part of the UMkhanyakude cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the

Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998) published in December 2016. The most recent proclamation in this regard has been taken into account in compiling the UMkhanyakude District budget.

The provision of debt impairment was determined based on the actual collection on monthly basis for the municipality and on the billing of debtors. The R13 million is set of against the billing provision on our revenue from receivables. The 7 per cent increase for outer years is based on the assumption of the increase of the receivables between

comparative prior years. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R30 million for the 2017-2018 financial and equates to 8 per cent of the total operating expenditure. It is 8 per cent of the increase of the comparative prior years assets increase. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). The municipality was in a process of settling the long-term loan in 2016-2017 and is not intending to have a long-term borrowing in 2017-2018, but since it is not finalised an amount of R2 million has been provided for interest charges and interest on bank accounts for the municipality.

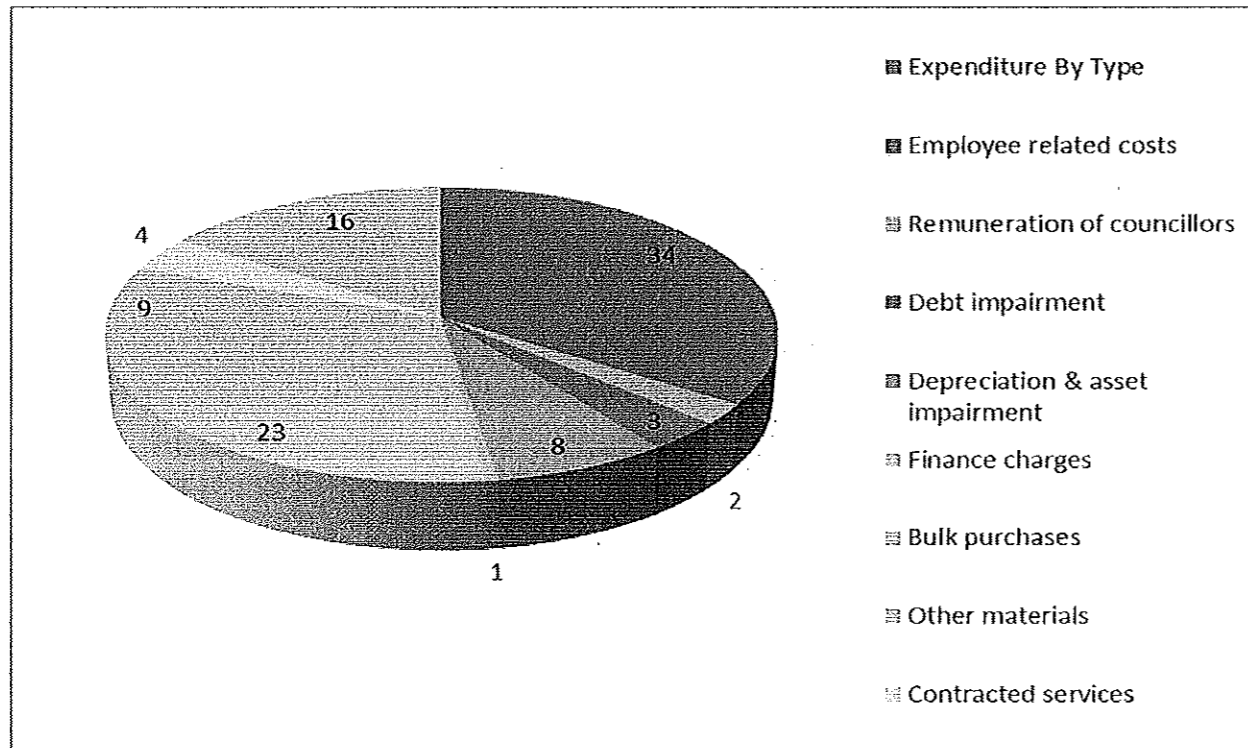
Bulk purchases are directly informed by the purchase of electricity from Eskom and water for water purification and reticulation. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, repairs, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the UMkhanyakude's infrastructure.

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2017-2018 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2017-2018 financial year, this group of expenditure totals R15 million which equates 4 per cent, clearly demonstrating the application of cost efficiencies.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 15 per cent for 2017-2018 including the other expenditure of the entity.

Figure 1: Main operational expenditure categories for the 2017-2018 financial year



1.6 Capital expenditure

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

Table 8: Capital budget per vote

DC27 Umkhanyakude - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-
Vote 2 - BOARD AND GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICES CENTRE		-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 10 - SANITATION DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 11 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-
Vote 2 - BOARD AND GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICES CENTRE		-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-	-	16 925	16 925	16 925	-	-	-
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		-	-	-	216 597	216 597	216 597	216 597	199 821	223 804	248 375
Vote 10 - SANITATION DEPARTMENT		-	-	-	50 920	50 920	50 920	50 920	58 144	61 757	65 479
Vote 11 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Total Capital Expenditure - Vote		-	-	-	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Capital Expenditure - Functional											
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	16 925	16 925	16 925	-	-	-
Planning and development		-	-	-	-	16 925	16 925	16 925	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		261 057	128 373	231 339	267 517	287 517	287 517	287 517	257 965	285 561	313 855
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		255 168	119 099	229 683	216 597	216 597	216 597	216 597	199 821	223 804	248 375
Waste water management		5 889	9 274	1 656	50 920	50 920	50 920	50 920	58 144	61 757	65 479
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	261 057	128 373	231 339	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Funded by:											
National Government		255 168	119 099	231 339	267 517	287 517	287 517	287 517	257 965	265 561	313 855
Provincial Government		-	-	-	-	16 925	16 925	16 925	-	-	-
District/Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		5 889	9 274	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	261 057	128 373	231 339	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	261 057	128 373	231 339	267 517	284 442	284 442	284 442	257 965	285 561	313 855

For 2017-2018 an amount of R257 million has been appropriated for the development of infrastructure which is the total capital budget. In the outer years this amount totals R265 million, and R313 million respectively for each of the financial years. Water receives the highest allocation

1.7 Annual Budget tables

Table 9: Consolidated Annual Budget Summary

DC27 Umkhanyakude - Table A1 Consolidated Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	43 573	25 978	23 334	38 868	32 429	32 429	32 429	34 504	36 471	38 513
Investment revenue	6 709	1 428	12 612	3 772	4 000	4 000	4 000	4 258	4 499	4 761
Transfers recognised - operational	281 011	237 422	299 771	307 981	305 465	305 465	305 465	346 343	390 975	429 184
Other own revenue	6 605	13 951	34 597	32 369	37 211	37 211	37 211	11 889	12 672	13 382
Total Revenue (excluding capital transfers and contributions)	337 893	278 778	370 314	380 789	379 104	379 104	379 104	397 092	444 617	485 810
Employee costs	109 915	124 331	132 792	127 745	128 032	128 032	128 032	136 793	144 560	152 625
Remuneration of councillors	6 953	6 721	6 446	7 459	7 459	7 459	7 459	8 940	9 387	9 857
Depreciation & asset impairment	28 109	28 160	36 515	28 204	28 204	28 204	28 204	30 009	31 720	33 496
Finance charges	978	1 135	2 352	1 049	2 120	2 120	2 120	2 255	2 384	2 517
Materials and bulk purchases	113 839	104 394	106 823	100 305	138 855	138 855	138 855	129 394	136 770	144 429
Transfers and grants	-	365	-	5 558	-	-	-	-	-	-
Other expenditure	210 464	136 334	161 657	104 487	74 435	74 435	74 435	89 700	119 797	142 886
Total Expenditure	470 258	401 440	446 584	374 808	379 105	379 105	379 105	397 092	444 618	485 810
Surplus/(Deficit)	(132 360)	(122 662)	(76 270)	5 982	(0)	(0)	(0)	(0)	(0)	0
Transfers and subsidies - capital (monetary alloc)	233 214	162 783	222 693	267 517	284 442	284 442	284 442	267 965	285 561	313 855
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	121 637	-	-
Surplus/(Deficit) after capital transfers & contributions	100 854	40 121	146 423	273 499	284 442	284 442	284 442	379 601	285 560	313 855
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	100 854	40 121	146 423	273 499	284 442	284 442	284 442	379 601	285 560	313 855
Capital expenditure & funds sources										
Capital expenditure	261 057	128 373	231 339	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Transfers recognised - capital	261 057	128 373	231 339	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	261 057	128 373	231 339	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Financial position										
Total current assets	142 308	144 934	301 794	(34 543)	102 261	102 261	102 321	368 009	377 790	387 840
Total non current assets	1 474 996	1 575 718	1 662 545	1 641 756	1 641 936	1 641 936	1 641 936	1 734 517	1 838 566	1 949 580
Total current liabilities	155 444	212 827	285 912	64 855	64 855	64 855	64 855	47 950	37 793	256 193
Total non current liabilities	12 686	12 808	13 091	7 751	7 751	7 751	7 751	7 528	7 128	6 728
Community wealth/Equity	1 449 174	1 495 017	1 665 335	1 534 606	1 671 591	1 671 591	1 671 551	2 047 047	2 171 436	2 274 499
Cash flows										
Net cash from (used) operating	119 367	137 472	250 918	295 009	275 637	275 637	275 637	403 121	331 194	370 187
Net cash from (used) investing	(261 837)	(128 476)	(231 339)	(267 517)	(284 442)	(284 442)	(284 442)	(379 602)	(285 561)	(313 855)
Net cash from (used) financing	12 092	(4 716)	(860)	(711)	(1 402)	(1 402)	(1 402)	(1 401)	(1 400)	(1 399)
Cash/cash equivalents at the year end	11 378	15 657	32 523	(54 695)	22 317	22 317	22 317	44 434	88 567	143 601
Cash backing/surplus reconciliation										
Cash and investments available	11 378	13 717	32 523	(79 476)	(79 476)	(79 476)	(79 476)	24 445	24 766	24 992
Application of cash and investments	104 762	169 261	130 102	31 563	29 930	29 930	29 930	(271 718)	(251 406)	(88 084)
Balance - surplus (shortfall)	(93 383)	(152 544)	(97 579)	(111 039)	(109 406)	(109 406)	(109 406)	296 162	276 172	113 076
Asset management										
Asset register summary (W/D)	-	-	-	672 734	672 915	672 915	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	261 057	128 373	231 339	267 517	267 517	267 517	267 517	257 965	285 561	313 855
Repairs and Maintenance	38 270	34 991	33 222	35 614	57 025	57 025	37 252	37 252	39 375	41 580
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	24	24	29	29	29	29
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	16	16	17	17	17	17
Refuse:	-	-	-	-	-	-	-	-	-	-

Table 10: Consolidated budget financial performance (Revenue and expenditure by standard classification)

DC27 Umkhanyakude - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
<i>Governance and administration</i>		240 889	243 815	280 384	302 613	297 889	297 889	303 252	338 439	372 185
Executive and council		227 471	240 169	265 376	292 146	292 146	292 146	295 575	330 645	363 751
Finance and administration		13 418	3 645	15 008	10 467	5 743	5 743	7 677	7 794	8 434
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6 098	1 735	102	55	55	55	-	-	-
Community and social services		6 098	1 735	102	55	55	55	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13 867	7 251	58 182	40 160	47 438	47 438	58 328	61 163	61 862
Planning and development		13 867	7 251	58 182	40 160	47 438	47 438	58 328	61 163	61 862
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		310 258	188 761	31 848	37 960	33 737	33 737	35 512	36 471	38 513
Energy sources		39 669	5 258	4 884	5 047	6 437	6 437	6 849	7 239	7 645
Water management		233 332	182 657	26 332	32 397	27 043	27 043	28 406	28 959	30 581
Waste water management		37 257	848	430	516	258	258	258	272	288
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	571 112	441 561	370 314	380 789	379 120	379 120	397 092	436 072	472 561
Expenditure - Functional										
<i>Governance and administration</i>		229 129	171 766	239 203	143 916	147 852	147 852	147 852	155 002	163 817
Executive and council		128 868	38 619	132 792	19 975	22 684	22 684	22 684	25 285	26 632
Finance and administration		100 261	133 147	106 411	123 941	125 168	125 168	125 168	129 717	137 185
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	19 028	18 029	18 184	28 182	28 182	28 182	29 801	31 470
Community and social services		-	19 028	18 029	18 184	28 182	28 182	28 182	29 801	31 470
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	45 682	20 498	55 520	86 579	86 579	87 079	92 488	94 942
Planning and development		-	45 682	20 498	55 520	86 579	86 579	87 079	92 488	94 942
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		241 131	164 599	168 661	157 187	133 980	133 980	133 980	158 782	182 332
Energy sources		52 604	32 799	31 088	23 042	38 442	38 442	38 442	40 640	42 916
Water management		160 477	129 602	135 119	131 684	93 225	93 225	93 225	115 699	136 837
Waste water management		28 050	2 199	2 454	2 461	2 313	2 313	2 313	2 443	2 579
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	470 259	401 076	446 391	374 607	396 593	396 593	397 093	436 072	472 561
Surplus/(Deficit) for the year		100 852	40 485	(76 077)	5 982	(17 473)	(17 473)	(0)	(0)	(0)

Table 11: Consolidated Budget Financial Performance (revenue and expenditure by municipal vote)

DC27 Umkhanyakude - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework					Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework					
		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year 2017/18	Budget Year +2 2019/20		
Revenue by Vote	1														
Vote 1 - COUNCIL SUPPORT		227 471	240 169	265 376	292 146	292 146	292 146	292 146	292 146	292 146	292 146	330 645	330 645	363 751	
Vote 2 - BOARD AND GENERAL		13 418	3 645	14 952	10 467	10 467	10 467	10 467	10 467	10 467	10 467	7 794	7 794	8 434	
Vote 3 - FINANCIAL SERVICES		6 098	-	56	-	-	-	-	-	-	-	-	-	-	
Vote 4 - CORPORATE SERVICES		-	1 587	102	-	-	-	-	-	-	-	-	-	-	
Vote 5 - COMMUNITY SERVICES		-	148	-	55	55	55	55	55	55	55	-	-	-	
Vote 6 - THUSONG SERVICES CENTRE		13 867	1 929	58 182	27 268	27 268	27 268	27 268	27 268	27 268	27 268	49 554	49 554	49 554	
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		39 669	5 256	4 884	5 047	5 047	5 047	5 047	5 047	5 047	5 047	7 239	7 239	7 645	
Vote 8 - ELECTRICITY DEPARTMENT		233 332	182 657	26 332	32 397	32 397	32 397	32 397	32 397	32 397	32 397	28 959	28 959	30 581	
Vote 9 - WATER SERVICES		37 257	848	430	516	516	516	516	516	516	516	272	272	288	
Vote 10 - SANITATION DEPARTMENT		-	5 321	-	12 892	12 892	12 892	12 892	12 892	12 892	12 892	11 608	11 608	12 308	
Vote 11 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue by Vote	2	571 112	441 561	370 314	380 789	379 104	379 104	379 104	379 104	379 104	379 104	436 072	436 072	472 561	
Expenditure by Vote to be appropriated	1														
Vote 1 - COUNCIL SUPPORT		6 953	8 840	19 203	10 012	10 012	10 012	10 012	10 012	10 012	10 012	12 275	12 275	12 907	
Vote 2 - BOARD AND GENERAL		121 915	29 779	113 589	9 953	9 953	9 953	9 953	9 953	9 953	9 953	13 010	13 010	13 725	
Vote 3 - FINANCIAL SERVICES		42 524	48 145	58 411	86 628	86 628	86 628	86 628	86 628	86 628	86 628	90 307	90 307	95 568	
Vote 4 - CORPORATE SERVICES		57 736	85 002	48 000	37 313	37 313	37 313	37 313	37 313	37 313	37 313	39 410	39 410	41 617	
Vote 5 - COMMUNITY SERVICES		-	17 788	18 029	16 746	16 746	16 746	16 746	16 746	16 746	16 746	28 194	28 194	29 773	
Vote 6 - THUSONG SERVICES CENTRE		-	1 240	-	1 438	1 438	1 438	1 438	1 438	1 438	1 438	1 607	1 607	1 697	
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	36 987	20 498	46 946	46 946	46 946	46 946	46 946	46 946	46 946	81 661	81 661	83 509	
Vote 8 - ELECTRICITY DEPARTMENT		52 604	32 799	31 088	23 042	23 042	23 042	23 042	23 042	23 042	23 042	40 640	40 640	42 916	
Vote 9 - WATER SERVICES		160 477	129 602	155 119	131 684	131 684	131 684	131 684	131 684	131 684	131 684	115 689	115 689	136 837	
Vote 10 - SANITATION DEPARTMENT		28 050	2 199	2 454	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 443	2 443	2 579	
Vote 11 - TECHNICAL SERVICES		-	8 725	-	8 574	8 574	8 574	8 574	8 574	8 574	8 574	10 827	10 827	11 434	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure by Vote	2	470 259	401 076	445 391	374 807	379 104	379 104	379 104	379 104	379 104	379 104	436 072	436 072	472 561	
Surplus/(Deficit) for the year	2	100 852	40 485	(76 077)	5 982	0	0	0	0	0	0	(0)	(0)	(0)	

Table 12: Consolidated budgeted financial performance and revenue expenditure

DC27 Umkhanyakude - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	5 669	5 256	4 684	5 047	6 437	6 437	6 437	6 849	7 239	7 645
Service charges - water revenue	2	36 647	19 874	18 020	31 104	25 750	25 750	25 750	27 368	28 959	30 581
Service charges - sanitation revenue	2	1 257	848	430	518	242	242	242	258	272	288
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		107	33	67	94	129	129	129	137	145	153
Interest earned - external investments		6 709	1 428	12 612	3 772	4 000	4 000	4 000	4 256	4 499	4 751
Interest earned - outstanding debtors		4 462	-	-	4 995	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		281 011	237 422	299 771	307 981	305 465	305 465	305 465	340 343	380 975	429 164
Other revenue	2	2 036	13 917	34 531	27 280	37 082	37 082	37 082	11 652	12 527	13 229
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		337 838	278 778	370 314	389 789	379 104	379 104	379 104	397 092	444 617	485 810
Expenditure By Type											
Employee related costs	2	109 915	124 331	132 792	127 745	128 032	128 032	128 032	136 793	144 560	152 625
Remuneration of councillors		6 953	6 721	6 448	7 459	7 459	7 459	7 459	8 940	9 387	9 857
Debt impairment	3	36 477	17 596	12 209	29 209	12 244	12 244	12 244	13 028	13 770	14 541
Depreciation & asset impairment	2	28 109	28 160	36 515	28 204	28 204	28 204	28 204	30 009	31 720	33 456
Finance charges		978	1 135	2 352	1 049	2 120	2 120	2 120	2 255	2 384	2 517
Bulk purchases	2	77 568	69 403	73 601	64 692	81 830	81 830	81 830	92 142	97 395	102 849
Other materials	8	38 270	34 991	33 222	35 614	57 025	57 025	57 025	37 252	39 375	41 580
Contracted services		34 369	38 497	31 036	13 869	19 146	19 146	19 146	15 052	15 909	16 800
Transfers and subsidies		-	365	-	5 558	-	-	-	-	-	-
Other expenditure	4, 5	139 618	80 440	118 413	61 409	43 045	43 045	43 045	61 620	90 118	111 545
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		470 258	401 440	446 584	374 808	379 105	379 105	379 105	397 092	444 618	485 810
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(132 360)	(122 662)	(76 270)	5 982	(0)	(0)	(0)	(0)	(0)	0
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	233 214	162 783	222 693	267 517	264 442	264 442	264 442	257 965	265 561	313 855
Surplus/(Deficit) after capital transfers & contributions		100 854	40 121	146 423	273 499	284 442	284 442	284 442	379 601	285 560	313 855
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		100 854	40 121	146 423	273 499	284 442	284 442	284 442	379 601	285 560	313 855
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		100 854	40 121	146 423	273 499	284 442	284 442	284 442	379 601	285 560	313 855
Share of surplus/ (deficit) of associates	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		100 854	40 121	146 423	273 499	284 442	284 442	284 442	379 601	285 560	313 855

Table 13: Consolidated capital expenditure by vote standard classification and funding

DC27 Umkhanyakude - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-
Vote 2 - BOARD AND GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICES CENTRE		-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 10 - SANITATION DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 11 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - COUNCIL SUPPORT		-	-	-	-	-	-	-	-	-	-
Vote 2 - BOARD AND GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - THUSONG SERVICES CENTRE		-	-	-	-	-	-	-	-	-	-
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-	-	16 925	16 925	16 925	-	-	-
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - WATER SERVICES		-	-	-	216 597	216 597	216 597	216 597	199 821	223 804	248 375
Vote 10 - SANITATION DEPARTMENT		-	-	-	50 920	50 920	50 920	50 920	58 144	61 757	65 479
Vote 11 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Total Capital Expenditure - Vote		-	-	-	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Capital Expenditure - Functional											
Governance and administration											
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety											
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services											
Planning and development		-	-	-	-	16 925	16 925	16 925	-	-	-
Road transport		-	-	-	-	16 925	16 925	16 925	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		261 057	128 373	231 339	267 517	267 517	267 517	267 517	257 965	285 561	313 855
Energy services		-	-	-	-	-	-	-	-	-	-
Water management		255 188	119 069	229 683	216 597	216 597	216 597	216 597	199 821	223 804	248 375
Waste water management		5 869	9 274	1 656	50 920	50 920	50 920	50 920	58 144	61 757	65 479
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	261 057	128 373	231 339	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Funded by:											
National Government		255 188	119 069	231 339	267 517	267 517	267 517	267 517	257 965	285 561	313 855
Provincial Government		-	-	-	-	16 925	16 925	16 925	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		5 869	9 274	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	261 057	128 373	231 339	267 517	284 442	284 442	284 442	257 965	285 561	313 855
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	261 057	128 373	231 339	267 517	284 442	284 442	284 442	257 965	285 561	313 855

Table 14: Consolidated budgeted financial position

DC27 Umkhanyakude - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year #1 2018/19	Budget Year #2 2019/20
ASSETS											
Current assets											
Cash		10 664	12 696	32 523	(81 476)	(81 476)	(81 476)	(81 476)	22 317	22 517	22 617
Call investment deposits	1	715	1 021	-	2 000	2 000	2 000	2 000	2 128	2 249	2 375
Consumer debtors	1	13 571	18 527	86 088	8 205	8 205	8 205	8 205	166 972	175 433	185 257
Other debtors		30 617	25 705	48 258	38 668	38 668	38 668	38 668	39 668	40 668	40 668
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	88 842	88 935	138 924	60	138 884	138 884	138 924	138 924	138 924	138 924
Total current assets		142 303	144 934	301 794	(34 543)	102 261	102 261	102 321	368 009	377 790	387 840
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associates		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	1 474 960	1 575 718	1 661 593	1 841 571	1 841 571	1 841 571	1 841 571	1 733 566	1 837 615	1 948 629
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	-	365	184	365	365	365	365	365	365
Other non-current assets		-	-	588	-	-	-	-	588	588	588
Total non current assets		1 474 960	1 575 718	1 662 545	1 841 756	1 841 936	1 841 936	1 841 936	1 734 517	1 838 566	1 949 580
TOTAL ASSETS		1 817 304	1 720 652	1 964 338	1 807 213	1 744 197	1 744 197	1 744 257	2 102 526	2 216 357	2 337 420
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	11 693	2 397	839	1 500	1 500	1 500	1 500	693	793	8 193
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	143 746	210 430	285 073	63 355	63 355	63 355	63 355	47 057	37 000	250 000
Provisions		-	-	-	-	-	-	-	-	-	-
Total current liabilities		155 444	212 827	285 912	64 855	64 855	64 855	64 855	47 950	37 793	258 193
Non current liabilities											
Borrowing		8 606	8 029	7 225	7 751	7 751	7 751	7 751	7 528	7 128	6 728
Provisions		4 080	4 779	5 866	-	-	-	-	-	-	-
Total non current liabilities		12 686	12 808	13 091	7 751	7 751	7 751	7 751	7 528	7 128	6 728
TOTAL LIABILITIES		168 129	225 635	299 004	72 606	72 606	72 606	72 606	55 478	44 921	264 921
NET ASSETS	5	1 449 174	1 495 017	1 665 335	1 534 606	1 671 591	1 671 591	1 671 651	2 047 047	2 171 436	2 074 499
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 449 174	1 495 017	1 665 335	1 534 606	1 671 591	1 671 591	1 671 651	2 047 047	2 171 436	2 274 499
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	1 449 174	1 495 017	1 665 335	1 534 606	1 671 591	1 671 591	1 671 651	2 047 047	2 171 436	2 274 499

Table 15: Consolidated budgeted cash flow

DC27 Umkhanyakude - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		—	—	—	—	—	—	—	—	—	—
Service charges		43 573	25 978	33 278	21 998	13 435	13 435	13 435	34 504	36 471	46 826
Other revenue		795	13 893	34 559	26 915	38 439	38 439	38 439	37 219	29 115	30 833
Government - operating	1	226 580	239 504	294 447	306 688	304 172	304 172	304 672	330 020	375 654	412 729
Government - capital	1	233 214	153 746	222 693	267 517	284 442	284 442	284 442	379 602	285 561	313 855
Interest		2 204	1 378	12 612	324	3 130	3 130	3 130	3 330	3 520	3 717
Dividends		—	—	—	—	—	—	—	—	—	—
Payments											
Suppliers and employees		(388 002)	(285 891)	(344 317)	(321 823)	(360 642)	(360 642)	(361 142)	(379 299)	(396 743)	(435 265)
Finance charges		(978)	(1 135)	(2 352)	(1 049)	(1 781)	(1 781)	(1 781)	(2 255)	(2 384)	(2 517)
Transfers and Grants	1	—	—	—	(5 558)	(5 558)	(5 558)	(5 558)	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES		119 367	137 472	250 918	295 009	275 637	275 637	275 637	403 121	331 194	370 187
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		835	(300)	—	—	—	—	—	—	—	—
Decrease (increase) in non-current debtors		—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables		(398)	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—	—
Payments											
Capital assets		(262 275)	(128 178)	(231 339)	(267 517)	(284 442)	(284 442)	(284 442)	(379 602)	(265 561)	(313 855)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(261 837)	(128 476)	(231 339)	(267 517)	(284 442)	(284 442)	(284 442)	(379 602)	(265 561)	(313 855)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		(326)	(196)	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		4 522	—	—	—	20	20	20	21	22	23
Payments											
Repayment of borrowing		7 895	(4 521)	(690)	(711)	(1 422)	(1 422)	(1 422)	(1 422)	(1 422)	(1 422)
NET CASH FROM/(USED) FINANCING ACTIVITIES		12 092	(4 716)	(890)	(711)	(1 402)	(1 402)	(1 402)	(1 401)	(1 400)	(1 399)
NET INCREASE/ (DECREASE) IN CASH HELD		(130 379)	4 279	18 719	26 781	(10 207)	(10 207)	(10 207)	22 118	44 233	54 933
Cash/cash equivalents at the year begin:	2	141 757	11 378	13 805	(81 476)	32 523	32 523	32 523	22 317	44 434	88 667
Cash/cash equivalents at the year end:	2	11 378	15 657	32 523	(54 695)	22 317	22 317	22 317	44 434	88 667	143 601

Table 16: Consolidated cash backed reserves/accumulated surplus reconciliation

DC27 Umkhanyakude - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and Investments available											
Cash/cash equivalents at the year end	1	11 378	15 657	32 523	(54 695)	22 317	22 317	22 317	44 434	88 667	143 601
Other current investments > 90 days		0	(1 940)	—	(24 781)	(101 793)	(101 793)	(101 793)	(19 950)	(83 902)	(118 609)
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and Investments available:		11 378	13 717	32 523	(79 476)	(79 476)	(79 476)	(79 476)	24 445	24 765	24 992
Application of cash and Investments											
Unspent conditional transfers		21 651	39 668	34 365	—	—	—	—	—	—	0
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	—	—	—	—	—	—	—
Other working capital requirements	3	82 911	126 563	95 717	31 563	29 930	29 930	29 930	(271 716)	(251 406)	(88 084)
Other provisions		—	—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and Investments:		104 762	166 261	130 102	31 563	29 930	29 930	29 930	(271 716)	(251 406)	(88 084)
Surplus/(shortfall)		(93 383)	(152 544)	(97 579)	(111 039)	(109 495)	(109 495)	(109 495)	295 162	276 172	113 076

Table 17: Consolidated assets management

DC27 Umkhanyakude - Table A9 Consolidated Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	261 057	128 373	231 339	267 517	284 442	284 442	257 965	285 561	313 855
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		261 057	128 373	231 339	267 517	284 442	284 442	257 965	285 561	313 855
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		261 057	128 373	231 339	267 517	284 442	284 442	257 965	285 561	313 855
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	261 057	128 373	231 339	267 517	267 517	267 517	257 965	285 561	313 855
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		255 188	119 099	229 683	218 597	216 597	216 597	199 621	223 804	249 376
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		5 869	9 274	1 656	50 920	50 920	50 920	58 144	61 757	65 479
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		261 057	128 373	231 339	267 517	267 517	267 517	257 965	285 561	313 855
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	28 109	28 160	36 515	28 204	28 204	28 204	30 009	31 720	33 458
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		28 109	28 160	36 515	28 204	28 204	28 204	30 009	31 720	33 458
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		28 109	28 160	36 515	28 204	28 204	28 204	30 009	31 720	33 458
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	544 354	275 632	497 538	512 318	529 243	529 243	487 795	541 034	595 727
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		544 354	275 632	497 538	512 318	529 243	529 243	487 795	541 034	595 727
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		5 869	9 274	1 656	50 920	50 920	50 920	58 144	61 757	65 479
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		550 223	284 906	499 194	563 238	580 163	580 163	545 939	602 741	661 206
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-

Table 18: Consolidated basic service delivery measurement

DC27 Umkhanyakude - Table A10 Consolidated basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		--	--	--	--	27 000	27 000	30 245	30 245	30 245
Piped water inside yard (but not in dwelling)		--	--	--	--	42 000	42 000	45 691	45 691	45 691
Using public tap (at least min. service level)	2	--	--	--	--	30 000	30 000	37 013	37 013	37 013
Other water supply (at least min. service level)	4	--	--	--	--	7 000	7 000	8 836	8 836	8 836
<i>Minimum Service Level and Above sub-total</i>						106 000	106 000	121 785	121 785	121 785
Using public tap (< min. service level)	3	--	--	--	--	--	--	--	--	--
Other water supply (< min. service level)	4	--	--	--	--	--	--	--	--	--
No water supply		--	--	--	--	23 550	23 550	28 550	28 550	28 550
<i>Below Minimum Service Level sub-total</i>						23 550	23 550	28 550	28 550	28 550
Total number of households	5	--	--	--	--	129 550	129 550	150 735	150 735	150 735
Sanitation/Sewerage:										
Flush toilet (connected to sewerage)		--	--	--	--	13 737	13 737	13 737	13 737	13 737
Flush toilet (with septic tank)		--	--	--	--	5 133	5 133	5 633	5 633	5 633
Chemical toilet		--	--	--	--	27 755	27 755	32 255	32 255	32 255
Pit toilet (ventilated)		--	--	--	--	37 275	37 275	39 525	39 525	39 525
Other toilet provisions (> min. service level)		--	--	--	--	29 786	29 786	32 824	32 824	32 824
<i>Minimum Service Level and Above sub-total</i>						113 686	113 686	124 044	124 044	124 044
Bucket toilet		--	--	--	--	--	--	--	--	--
Other toilet provisions (< min. service level)		--	--	--	--	--	--	--	--	--
No toilet provisions		--	--	--	--	--	--	--	--	--
<i>Below Minimum Service Level sub-total</i>						--	--	--	--	--
Total number of households	5	--	--	--	--	113 686	113 686	124 044	124 044	124 044
Energy:										
Electricity (at least min. service level)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (min. service level)		--	--	--	--	--	--	--	--	--
<i>Minimum Service Level and Above sub-total</i>						--	--	--	--	--
Electricity (< min. service level)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (< min. service level)		--	--	--	--	5 793	5 793	6 543	6 543	6 543
Other energy sources		--	--	--	--	10 615	10 615	10 012	10 012	10 012
<i>Below Minimum Service Level sub-total</i>						16 408	16 408	16 555	16 555	16 555
Total number of households	5	--	--	--	--	16 408	16 408	16 555	16 555	16 555
Refuse:										
Removed at least once a week		--	--	--	--	--	--	--	--	--
<i>Minimum Service Level and Above sub-total</i>						--	--	--	--	--
Removed less frequently than once a week		--	--	--	--	--	--	--	--	--
Using communal refuse dump		--	--	--	--	--	--	--	--	--
Using can refuse dump		--	--	--	--	--	--	--	--	--
Other rubbish disposal		--	--	--	--	--	--	--	--	--
No rubbish disposal		--	--	--	--	--	--	--	--	--
<i>Below Minimum Service Level sub-total</i>						--	--	--	--	--
Total number of households	5	--	--	--	--	--	--	--	--	--
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (free minimum level service)		--	--	--	--	--	--	--	--	--
Electricity/other energy (50kwh per household per month)		--	--	--	--	--	--	--	--	--
Refuse (removed at least once a week)		--	--	--	--	--	--	--	--	--
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		--	--	--	--	--	--	--	--	--
Sanitation (free sanitation service to indigent households)		--	--	--	--	--	--	--	--	--
Electricity/other energy (50kwh per indigent household per month)		--	--	--	--	--	--	--	--	--
Refuse (removed once a week for indigent households)		--	--	--	--	--	--	--	--	--
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided										
Highest level of free service provided per household										
Property rates (R value threshold)		--	--	--	--	--	--	--	--	--
Water (kilolitres per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (kilolitres per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (Rand per household per month)		--	--	--	--	--	--	--	--	--
Electricity (kwh per household per month)		--	--	--	--	--	--	--	--	--
Refuse (average litres per week)		--	--	--	--	--	--	--	--	--
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (Impermissible values per section 17 of MPRA)		--	--	--	--	--	--	--	--	--
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		--	--	--	--	--	--	--	--	--
Water (in excess of 6 kilolitres per indigent household per month)		--	--	--	--	--	--	--	--	--
Sanitation (in excess of free sanitation service to indigent households)		--	--	--	--	--	--	--	--	--
Electricity/other energy (in excess of 50 kwh per indigent household per month)		--	--	--	--	--	--	--	--	--
Refuse (in excess of one removal a week for indigent households)		--	--	--	--	--	--	--	--	--
Municipal Housing - rental rebates		--	--	--	--	--	--	--	--	--
Housing - top structure subsidies		--	--	--	--	--	--	--	--	--
Other		--	--	--	--	--	--	--	--	--
Total revenue cost of subsidised services provided	6									

PART 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

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


The municipality's revenue and tariff setting strategies are to ensure that the cash resources needed to deliver services are available; and 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) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required budget time schedule on August 2016. Key dates applicable to the process were

Table 19: Schedule of key deadline for budget

 UMKHANYAKUDE DISTRICT MUNICIPALITY SCHEDULE OF KEY DEADLINE		
SCHEDULE OF KEY DEADLINE		
Description	Submission date	Legislature
Make public, performance agreements of S.57 (MSA) employees & submit to Council & MEC Local Government (within 14 days of approval of SDBIP)	30-Jul-17	MSA Section 57
Submit municipal audit file, AFS and performance report to AG	30-Aug-17	MFMA Section 126
Submit consolidated audit file, AFS and performance report to AG by 30 September	30-Sep-17	MFMA Section 126
Receive Audit Report on consolidated AFS from AG	31-Dec-17	MFMA Section 126(3)
Submit adjustment budget 2017-2018 to Mayor, Provincial Treasury and National Treasury	25-Jan-18	MFMA Section 72
Table annual budget & supporting documents to council	29-Mar-18	MFMA Section 16 and 17
Public hearings on the budget	20-24 May 2018	MFMA Section 23
Approval of the annual budget	30-May-18	MFMA Section 24(1)
Approval of the SDBIP by the Mayor	28-Jun-18	MFMA Section 53(1)
Submit approved budget to Cogta, Provincial Treasury and National Treasury	13-Jun-18	MFMA Section 24

The budget together with the IDP is reviewed annually as per Section 21 of the Municipal Finance Management Act no 56 of 2003 and S34 of the Municipal Systems Act no.32 of 2000. The Municipality has resolved in eliminating unnecessary expenditure, paying off creditors and maximizing debt recovery. This annual review is as a result of the relevant regulations and priorities which are reviewed from year to year.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP/Budget Process Plan was also formulated and adopted on August 2015 together with the District IDP Framework. The IDP/Budget Process Plan outlines in detail, the way in which the municipality embarked on its IDP and Budget processes from its commencement in July 2017 to its completion in June 2017. The IDP/Budget Process Plan outlines the time frames of scheduled events, structures involved and

their respective roles and responsibilities. All these plans were adopted in accordance with the relevant legal prescripts and have dictated the process to be followed for developing the IDP.

2.1.2 Key IDP Processes and Deliverables

- Setting the scene to manage the planning process and legal requirements in planning for the implementation of the integrated planning system;
- A Programme specifying time schedule that guide IDP and budget planning processes and various planning steps;
- Outlining appropriate mechanisms, processes and procedures on how the public, stakeholders, state organs can participate in the drafting of the IDP and formulation of the budget structures that will be used to ensure this participation;
- Indicate necessary organizational arrangements to ensure the successful implementation of the integrated development planning process;
- Binding plans and planning requirements, i.e. policy and legislation; and
- Programme specifying how the process will be monitored in order to manage the progress of the IDP and budget processes.

The IDP has been taken into a business and financial planning process leading up to the 2017-2018 MTREF, based on the approved 2015-2017 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

2.1.3 Financial Modeling and Key Planning Drivers

During the compilation of the 2017-2018 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017-2018 MTREF:

- Growth within the municipality
- Priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/2017 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities

- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

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

2.1.4 Community Consultation

The draft 2017-2018 MTREF will be tabled before Council on March 2017 for community consultation was published on the municipality's notice board, and hard copies were made available Local Municipality's offices, and advertised on the newspaper. All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees utilised to facilitate the community consultation process from 18 to 22 April 2017, and included public briefing sessions. The applicable dates and venues will publish in all the newspapers and on average attendance of 200 was recorded per meeting. This is based on the previous year's process. This can be attributes to the additional initiatives that will be launch during the consultation process, including the specific targeting of our service charges payer. Individual sessions are scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders that will be involved in the consultation are churches, non-governmental institutions and community-based organisations.

2.2 Overview of alignment of annual budget with Integrated Development Plan

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 IDP document has also been informed and is aligned to the following strategic documents and National and Provincial strategic objectives:

- The National Spatial Development Framework (NSDP);
- Medium Term Strategic Framework;
- Provincial Growth and Development Strategy;
- Municipal Turnaround Strategy; and

- National Delivery Outcome Agreements

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

The following KPAs will inform the strategic direction of the Municipality 2017-2018:

- Good Governance and Community Participation
- Service Delivery and Infrastructure Investment
- Local Economic Development
- Municipal Transformation and Institutional Development
- Municipal Financial Viability and Management
- Spatial Planning and Environmental Management

2.2.1 Strategic objectives

- Good Governance & Clean administration
- Accelerating the provision of basic infrastructure, particularly water, sanitation, electricity etc.
- Promotion of sustainable Environmental Health Services;
- Facilitating and Promotion of Economic Development through Agriculture and Tourism as key drivers;
- Promotion of Social and Community Development;
- Facilitating Skills Development;
- Implementation of Poverty eradication and Food Security programmes;
- Revenue enhancement;
- Promotion of effective Communication and Information Technology (IT); and
- Facilitating Effective Environmental Planning & Management Services in the district
- And many more priority areas as outlined in details in the IDP.

Only a member or committee of a municipal council may introduce a proposal for amending the municipality's integrated development plan in the council. Any proposal for amending a municipality's integrated development plan must be accompanied by a memorandum setting out the reasons for the proposal.

An amendment to a municipality's integrated development plan would be adopted by a decision taken by a municipal council in accordance with the rules and orders of the Council. No amendment to a municipality's integrated development plan may be adopted by the municipal council unless:

- All the members of the council have been given reasonable notice;
- The proposed amendment has been published for public comment for a period of at least 21 days in a manner that allows the public an opportunity to make representations with regard to the proposed amendment

Should the intention to amend the IDP emanate from the district, the municipality must:

- Consult all the five local municipalities in the area of the district municipality on the proposed amendment; and
- Take all comments submitted to it by the local municipalities in that area into account before it takes a final decision on the proposed amendment.

In case where a local municipality considers an amendment to its integrated development plan; such municipality must:

- Consult the UMkhanyakude District municipality on the proposed amendment; and
- Take all comments submitted to it by the district municipality into account before it takes a final decision on the proposed amendment.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP, including:

Table 21: MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

DC27 Umkhanyakude - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Municipal Transformation & Institutional Development	Alignment of the organizational structure to a broader organizational strategy			57 736	34 991	32 900	36 663	36 663	36 663	22 684	24 560	25 814	
Basic Service Delivery	To provide basic service delivery			121 915	124 331	135 491	127 745	127 745	127 745	220 559	246 646	262 976	
Local Economic Development	Continuous improvement of local economy			6 953	6 721	11 409	7 459	7 459	7 459	26 662	28 194	29 773	
Municipal Financial Viability	To provide stable financial management			42 524	29 265	24 924	28 204	28 204	28 204	88 729	90 307	95 568	
Good Governance & public participation	Maintain good governance			241 131	167 239	143 792	160 868	160 868	160 868	36 439	39 410	55 630	
Cross Cutting Intervention	Ensuring integrity and quality of physical environment underpinned by a coherent			-	38 497	18 309	13 869	13 869	13 869	2 019	15 511	16 050	
Allocations to other priorities													
Total Expenditure				1	470 259	401 074	365 825	374 803	374 803	374 803	397 092	444 618	485 810

Table 22: MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

DC27 Umkhanyakude - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Municipal Transformation & Institutional Development	Alignment of the organizational structure to a broader organizational strategy	A		-	13 917	7 755	-	-	-	-	-	-
Basic Service Delivery	To provide basic service delivery	B		255 188	400 205	172 912	217 262	217 262	217 262	199 821	223 804	248 375
Local Economic Development	Continuous improvement of local economy	C		-	848	44 520	4 000	4 000	4 000	-	-	-
Municipal Financial Viability	To provide stable financial management	D		-	1 461	-	-	-	-	-	-	-
Good Governance & public participation	Maintain good governance	E		5 869	19 874	26 995	26 995	26 995	26 995	58 144	61 757	65 479
Cross Cutting Intervention	Ensuring integrity and quality of physical environment underpinned by a coherent	F		-	5 256	-	-	-	-	-	-	-
		G		-	-	-	-	-	-	-	-	-
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	261 057	441 561	252 173	243 248	243 248	248 248	257 965	285 561	313 855

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows

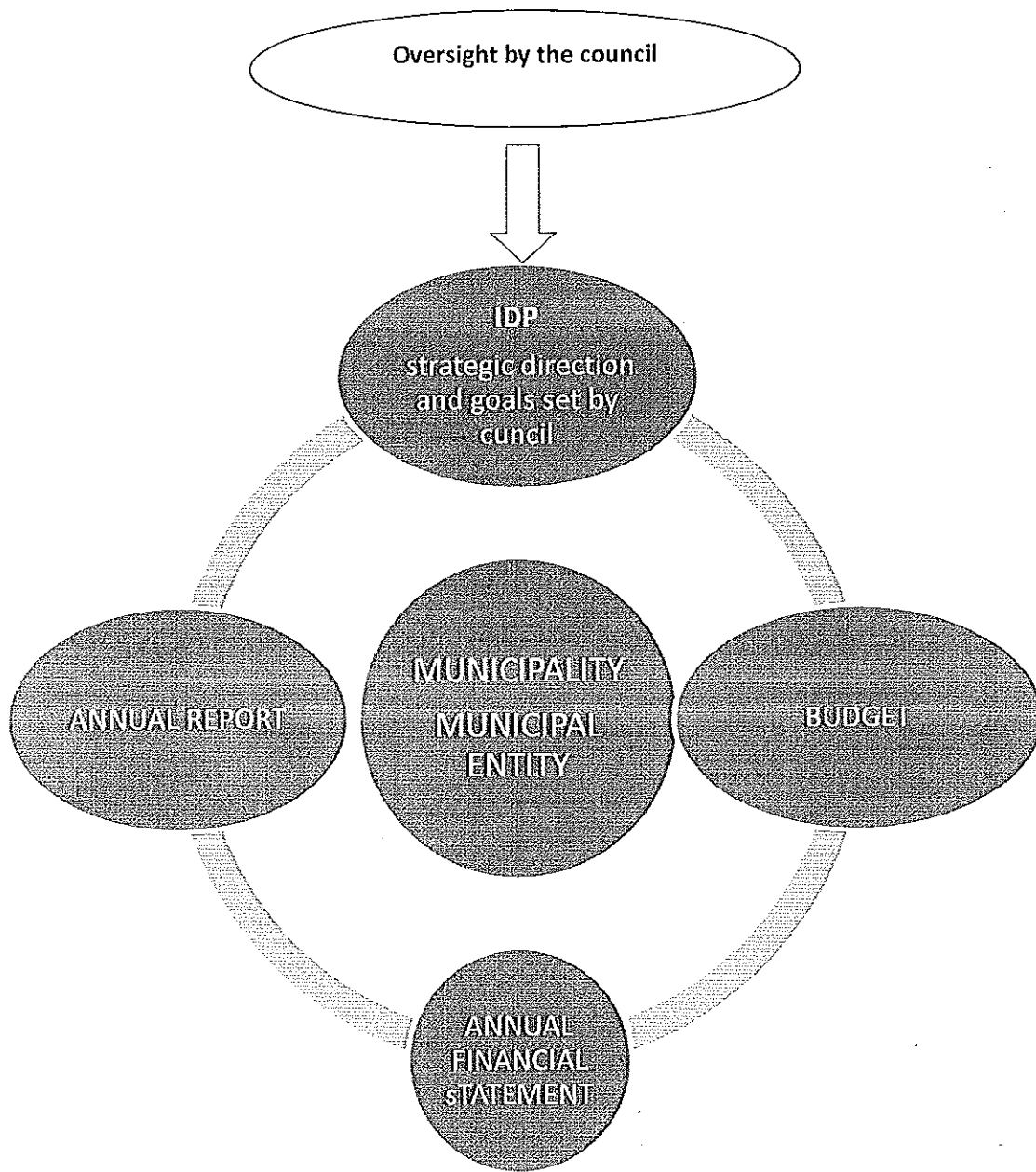


Figure 2: Planning, budgeting and reporting cycle

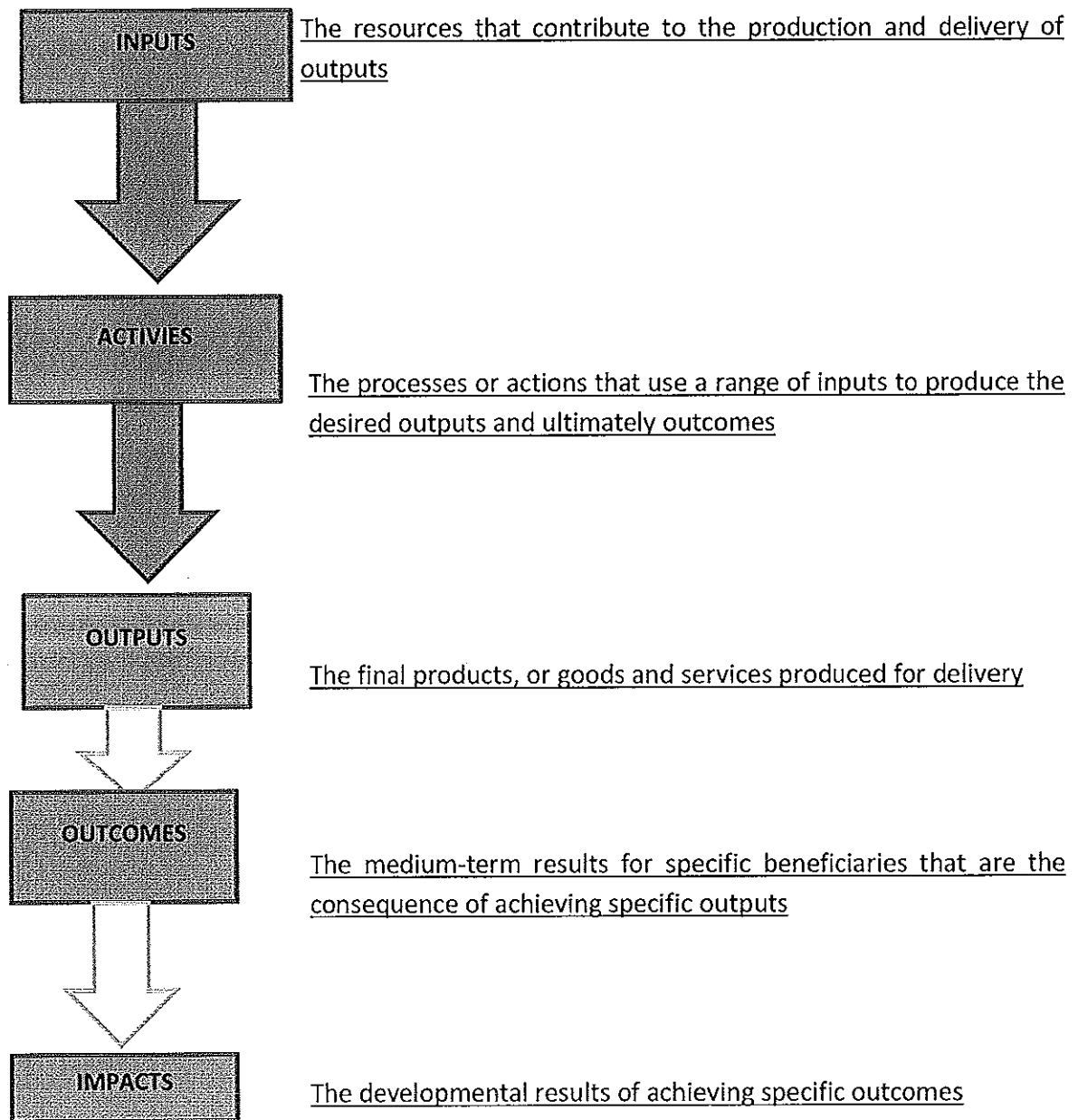
A performance management model can be defined as the grouping together of performance indicators, sometimes based on the type of indicator, into logical categories or groups (often called perspectives), as a means to enhance the ability of an organization to manage and analyse its performance. As such a model provides a common framework for what aspects of performance is going to be measured and managed. It further ensures that a balanced set of measures are employed that are not relying on only one facet of performance and therefore not presenting a holistic assessment of the performance of an organisation.

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

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

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

Figure 3: Definition of performance information concepts



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

Table 23: MBRR Table SA7 - Measurable performance objectives

DC27 Umkhanyakude - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 1 - vote name		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Basic Service Delivery		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		91.0%	90.0%	85.0%	89.0%	89.0%	89.0%	89.0%	89.0%	89.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Municipal Transformation & Institutional		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		8.0%	3.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Local Economic Development		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Municipal Financial Viability		0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cross Cutting Intervention		1.0%	4.0%	7.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vote 2 - vote name		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vote 3 - vote name		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 1 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 2 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 3 - (name)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insert measure's description		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
And so on for the rest of the Votes		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The following table sets out the municipalities main performance objectives and benchmarks for the 2017-2018 MTREF.

Table 24: MBRR Table SA8 - Performance indicators and benchmarks

DC27 Umkhanyakude - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid/Operating Expenditure	-1.5%	1.4%	0.7%	0.5%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing/Own Revenue	-12.2%	13.7%	4.6%	2.4%	4.6%	4.6%	4.6%	7.2%	7.1%	7.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.9	0.7	1.1	(0.5)	1.6	1.6	1.6	7.7	10.0	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.9	0.7	1.1	(0.5)	1.6	1.6	1.6	7.7	10.0	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.1	0.1	(1.2)	(1.2)	(1.2)	(1.2)	0.5	0.7	0.1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		99.1%	100.0%	142.6%	60.0%	41.4%	41.4%	41.4%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	100.0%	142.6%	60.0%	41.4%	41.4%	41.4%	100.0%	100.0%	121.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.0%	15.9%	35.7%	11.8%	11.8%	11.8%	11.8%	52.0%	43.6%	45.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		1071.3%	1090.4%	770.6%	-115.6%	283.5%	283.5%	283.9%	105.9%	41.7%	174.1%
Other indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (l/s)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.5%	44.6%	35.9%	33.5%	33.6%	33.6%	33.6%	34.4%	32.5%	31.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.8%	47.8%	42.9%	33.5%	33.6%	33.6%	33.6%	34.6%	33.5%	36.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.7%	12.6%	9.0%	9.4%	15.0%	15.0%	15.0%	9.4%	8.5%	8.6%
Finance charges & Depreciation	FCSD/(Total Revenue - capital revenue)	8.6%	10.5%	10.5%	7.7%	8.0%	8.0%	8.0%	8.1%	7.7%	7.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	9.6	3.1	63.2	16.0	16.0	16.0	15.5	10.3	10.4	11.0
ii. OS Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	100.5%	170.1%	565.6%	122.1%	137.6%	137.6%	137.6%	596.5%	590.2%	584.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.4	0.6	1.2	(2.3)	0.9	0.9	0.9	1.7	3.2	4.9

2.3.1 Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and the municipality is not planning to have a long term borrowing in 2017-2018. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, UMkhanyakude District's borrowing strategy is primarily informed by the affordability of debt repayments.

Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. During the 2017-2018 financial year there is no ratio movement in the municipality

Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than the liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the

strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

Creditors Management

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure the compliance to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services. The municipality is working on the implementation of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement). Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The Department of Water Affairs conducts an annual performance rating of water treatment works,

presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

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

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of an upgrade plan;
- The Water Division will embark on training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants.

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies were reviewed and approved in 2017-2018 by the council of UMkhanyakude District Municipality.

2.4.1 Asset Management Policy

The objectives of this policy are to:

- Safeguard the assets of UMkhanyakude District Municipality and to ensure the effective and optimal use of its assets;
- Enhance a culture of accountability over assets;
- Ensure that effective internal controls are communicated to management and staff through clear and comprehensive written documentation; and

- To provide a formal set of financial procedures that can be implemented to ensure that UMkhanyakude District Municipality's fixed asset policies are achieved and are in compliance with generally recognised accounting practise (GRAP 17).
- A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.
- Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management policy, is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.2 Supply Chain Management Policy

The Supply Chain Management Policy has been reviewed and will be tabled to council with draft budget. The UMkhanyakude Municipality resolved in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003, to have and implement a Supply Chain Management Policy that gives effect to section 217 of the Constitution; and Part 1 of Chapter 11 and other applicable provisions of the Act is fair, equitable, transparent, competitive and cost effective; complies with the Regulations; and any minimum norms and standards that may be prescribed in terms of section 168 of the Act, is consistent with other applicable legislation e.g. Broad Based Black Economic

Empowerment (BBBEE), does not undermine the objective for uniformity in Supply Chain Management Systems between organs of state in all spheres; and is consistent with national economic policy concerning the promotion of investments and doing business with the public sector, assign responsibility for the implementation of the policy to the Accounting Officer of the Municipality.

2.4.3 Expenditure management policy

In terms of section 65 of the MFMA, the accounting officer of each municipality is required to take all reasonable steps to ensure that the expenditure including the payments and financial documents thereof are properly controlled and managed. It is therefore against this background that expenditure, payments and financial documents management policy is developed and approved by the council.

2.4.4 Risk management framework and risk management policy

Risk management is recognised as an integral part of responsible management and the Institution therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Institution's Risk Management Framework. It is expected that all departments / sections, operations and processes will be subject to the risk management framework. It is the intention that these departments / sections will work together in a consistent and integrated manner, with the overall objective of reducing risk, as far as reasonably practicable.

Effective risk management is imperative to the Institution to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the Institution.

2.4.5 Indigent policy

The provision of basic services to the community is in a sustainable manner, within the financial means of Council and to provide procedures and guidelines for the subsidisation of service charges and rates to its indigent households, using a portion or the whole of the Equitable Share for this purpose.

Council also recognises that many of the residents can simply not afford to pay the required service charges and rates, and Council will endeavour to ensure affordability through. Setting rates and tariffs which will balance the economic viability of continued service delivery and determine appropriate service levels.

The following policies were tabled and approved by council during draft budget period

- Budget preparation and Implementation policy
- Supply Chain Management Policy
- SCM Delegations
- Cash Management and Investment Policy
- Tariff Policy
- Credit Control and Debts Collection policy; and
- Virements policy.

2.5 Overview of budget assumptions

External factors

The economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

General inflation outlook and its impact on the municipal activities

The following factors have been taken into consideration in the compilation of the 2017-2018 MTREF:

- National Government macro-economic targets;

- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity with 6.6 per cent and bulk water with 8 per cent;
- Depreciation calculation is based on the assumption that it won't increase for 2017-2018 as it has been adjusted during the adjustment budget.
- The increase in the cost of remuneration. Employee related costs comprise 34 percent of total consolidated operating expenditure in the 2017-2018 MTREF.
- Debt impairment calculation is based on the assumption that it won't increase for 2017-2018 as it has been adjusted during the adjustment budget.

Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. However, for simplicity the 2017-2018 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate of the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The following projects will assist in improving revenue collection:

- Data Cleansing
- Installation of meters

The rate of revenue collection is currently very low since the community of UMkhanyakude have a high rate of unemployment and indigent.

Growth or decline in tax base of the municipality

Debtor's 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.

Salary increases

The increase on salaries for 2017/2018 is based on the Bargaining Council salary agreement which is CPI plus 1 per cent. Therefore salaries for employees have been increased by 7,4 per cent.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to

strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2017-2018 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

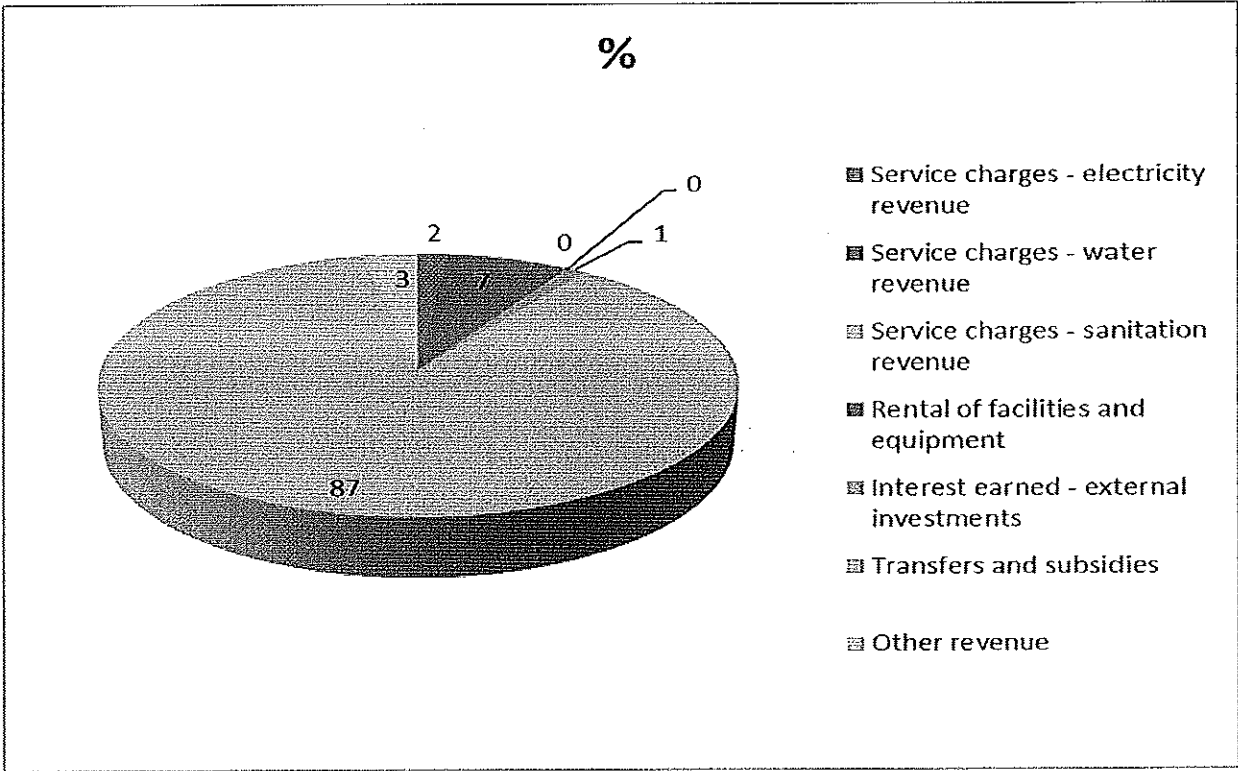
Table 25: Medium-term outlook: operating revenue

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

DC27 Umkhanyakude - Table A1 Consolidated Budget Summary						
Description R thousands	2017/18 Medium Term Revenue & Expenditure Framework					
	Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
<i>Revenue By Source</i>		%		%		%
Service charges - electricity revenue	6 848 851	2	7 239 235	2	7 644 633	2
Service charges - water revenue	27 397 568	7	28 959 229	7	30 580 946	6
Service charges - sanitation revenue	257 805	0	272 500	0	287 760	0
Rental of facilities and equipment	137 346	0	145 175	0	153 305	0
Interest earned - external investments	4 256 000	1	4 498 592	1	4 750 513	1
Transfers and subsidies	346 342 500	87	390 975 450	88	429 164 150	88
Other revenue	11 851 761	3	12 527 311	3	13 228 841	3
Total operating revenue	397 091 831	100	444 617 493	100	485 810 148	100

The following graph is a breakdown of the operational revenue per main category for the 2017-2018 financial year.

Figure 4: Breakdown of operating revenue over the 2017-2018 MTREF



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity and sanitation. Operating and capital grants is from organs of state and other minor charges (such as new connection fees etc.)

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

- Growth in the UMkhanyakude and economic development;
- Revenue management and enhancement;
- Improvement in collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- 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 aligned to the economic forecasts.

The proposed tariff increases for the 2017-2018 MTREF on the different revenue categories are:

Table 26: Proposed tariff increases over the medium-term

DC27 Umkhanyakude - Table A1 Consolidated Budget Summary			
Description R thousands	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018	Budget Year +2 2019/20
<i>Revenue By Source</i>			
Service charges - electricity revenue	6 848 851	7 239 235	7 644 633
Service charges - water revenue	27 397 568	28 959 229	30 580 946
Service charges - sanitation revenue	257 805	272 500	287 760
Total services charges	34 504 224	36 470 965	38 513 339

Services charges relating to electricity, water and sanitation constitutes the revenue totalling R34 million for the 2017-2018 financial year and R36 million by 2017-2018, and increasing to R38 million in 2017-2018.

Operational grants and subsidies consolidated amount to R 346 million (2017-2018), R390 million (2018-2019) and R429 million (2019-2020) for each of the respective

financial years of the MTREF operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF for two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is 87 per cent of services charges.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R4.2 million, R4.4 million and R47 million for the respective three financial years of the 2017-2018 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity

Table 27: MBRR SA 15 Investment particular by type

DC27 Umkhanyakude - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		715	1 021	-	2 000	2 000	2 000	2 128	2 249	2 375
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	715	1 021	-	2 000	2 000	2 000	2 128	2 249	2 375
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		715	1 021	-	2 000	2 000	2 000	2 128	2 249	2 375

Table 28: MBRR SA16 Investment particular maturity

DC27 Umkhanyakude - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of Institution & Investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed Interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of Investment
		Yrs/Months							
Parent municipality		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
Municipality sub-total									
Entities		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	
Entities sub-total									
TOTAL INVESTMENTS AND INTEREST	1								

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity

Table 29: Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017-2018 medium-term capital programmes:

DC27 Umkhanyakude - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Transfers and Grants										
National Government:		234 339	170 020	207 653	267 517	267 517	267 517	257 955	285 561	313 855
Municipal Infrastructure Grant (MIG)		233 214	166 020	199 898	197 146	197 146	197 146	207 965	220 561	233 855
Rural Assets Management		-	-	2 447	-	-	-	-	-	-
Rural Households Infrastructure		-	4 000	4 000	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	70 371	70 371	70 371	50 000	65 000	80 000
Expanded Public Works Programme (EPWP)		1 125	-	1 308	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	234 339	170 020	207 653	267 517	267 517	267 517	257 955	285 561	313 855

The above table is graphically represented as follows for the 2017-2018 financial year.

Figure 5: Medium-term outlook: capital revenue

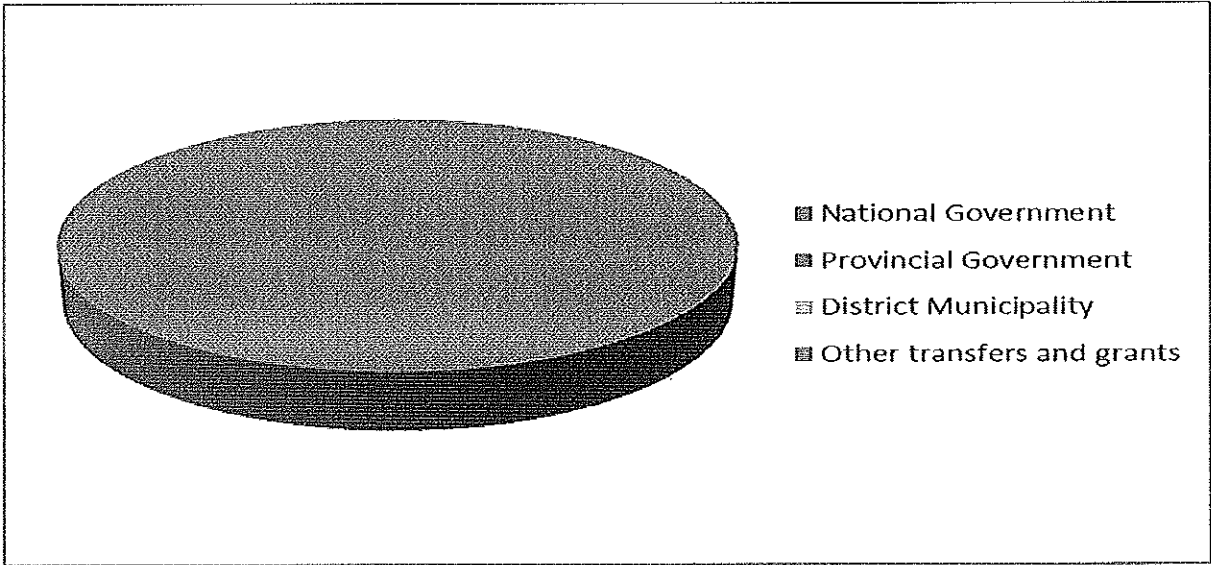


Table 30: MBRR SA 17 - Detail of borrowings

The municipality budgeted for 2017-2018 the outstanding loan with DBSA

DC27 Umkhanyakude - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Annuity and Buftel Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		8 606	8 029	7 225	7 751	7 751	7 751	7 528	7 128	6 728
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP facilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	8 606	8 029	7 225	7 751	7 751	7 751	7 528	7 128	6 728
Entities										
Annuity and Buftel Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP facilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	8 606	8 029	7 225	7 751	7 751	7 751	7 528	7 128	6 728

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP facilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Long-Term Loans (annuity/reducing balance)		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP facilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

Figure 6: Growth in outstanding borrowings (long-term liabilities)

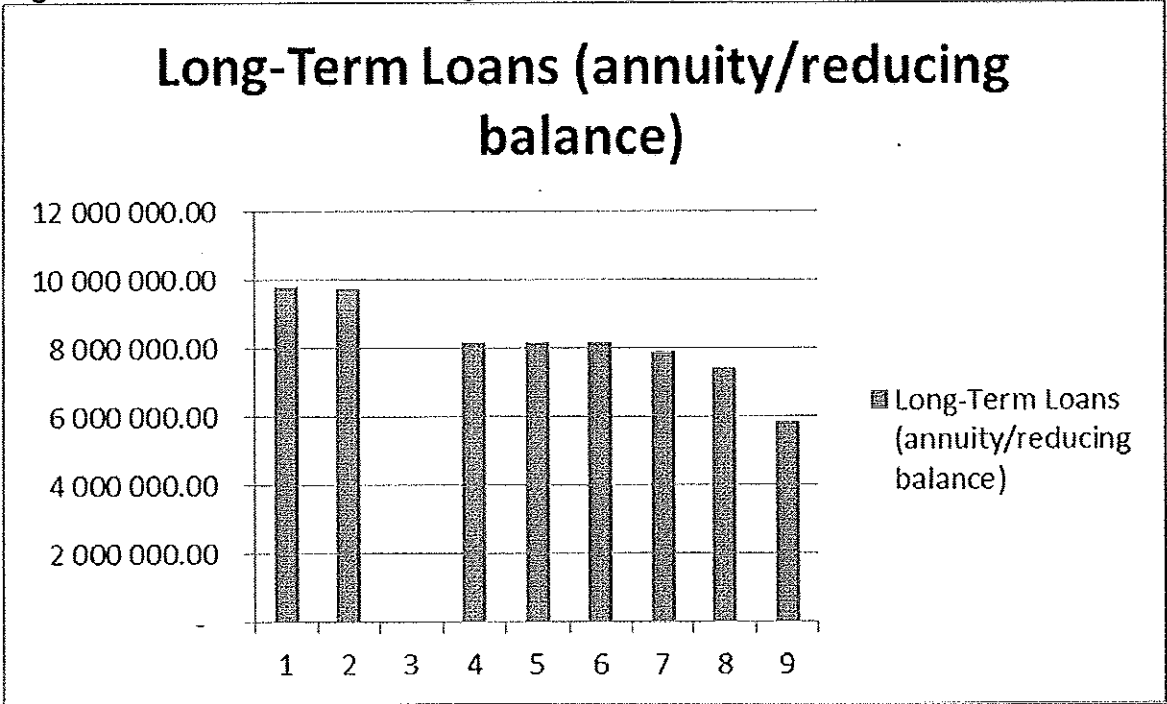


Table 31: MBRR SA 18 - Capital transfers and grant receipt

DC27 Umkhanyakude - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		281 011	232 002	283 287	307 581	305 065	305 065	345 843	390 975	429 164
Local Government Equitable Share		193 756	226 252	265 376	292 146	292 146	292 146	295 575	330 645	363 751
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 000	1 260
Municipal Systems Improvement		890	934	940	-	-	-	-	-	-
Water Services Operating Subsidy		-	-	5 200	-	-	-	-	-	-
Rural Assets management		-	2 440	-	2 516	-	-	2 619	2 713	2 887
EPWP Incentive		-	1 126	-	1 293	1 293	1 293	1 008	-	-
RSC Levy Replacement		-	-	-	-	-	-	34 445	45 009	48 978
Other transfers/grants (PMU)		85 115	-	10 521	10 376	10 376	10 376	10 946	11 608	12 308
Provincial Government:		-	-	-	-	-	-	500	-	-
		-	-	-	-	-	-	500	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants (PMU)		-	-	-	-	-	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	281 011	232 002	283 287	307 581	305 065	305 065	346 343	390 975	429 164

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue.

Table 32: MBRR A7 - Budget cash flow statement

DC27 Umkhanyakude - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		43 573	25 978	33 276	21 998	13 435	13 435	13 435	34 504	36 471	48 826
Other revenue		796	13 693	34 559	26 915	38 439	38 439	38 439	37 219	29 115	30 833
Government - operating	1	226 590	239 504	294 447	306 698	304 172	304 172	304 672	330 020	375 654	412 729
Government - capital	1	233 214	153 746	222 693	267 517	284 442	284 442	284 442	379 602	285 561	313 855
Interest		2 204	1 378	12 612	324	3 130	3 130	3 130	3 330	3 520	3 717
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Supplies and employees		(368 002)	(295 891)	(344 317)	(321 823)	(360 642)	(360 642)	(361 142)	(379 299)	(596 743)	(435 255)
Finance charges		(978)	(1 135)	(2 352)	(1 049)	(1 781)	(1 781)	(1 781)	(2 255)	(2 334)	(2 517)
Transfers and Grants	1	-	-	-	(5 558)	(5 558)	(5 558)	(5 558)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		119 387	137 472	250 918	295 009	275 637	275 637	275 637	403 121	331 194	370 187
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		835	(500)	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		(368)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(262 275)	(128 176)	(231 339)	(267 517)	(284 442)	(284 442)	(284 442)	(379 602)	(285 561)	(313 855)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(261 837)	(128 476)	(231 339)	(267 517)	(284 442)	(284 442)	(284 442)	(379 602)	(285 561)	(313 855)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		(325)	(196)	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		4 522	-	-	-	20	20	20	21	22	23
Payments											
Repayment of borrowing		7 695	(4 521)	(860)	(711)	(1 422)	(1 422)	(1 422)	(1 422)	(1 422)	(1 422)
NET CASH FROM/(USED) FINANCING ACTIVITIES		12 092	(4 716)	(860)	(711)	(1 402)	(1 402)	(1 402)	(1 401)	(1 400)	(1 399)
NET INCREASE/(DECREASE) IN CASH HELD		(130 379)	4 279	18 719	26 781	(10 207)	(10 207)	(10 207)	22 118	44 233	54 933
Cash/cash equivalents at the year begin:	2	141 757	11 378	13 805	(81 476)	32 523	32 523	32 523	22 317	44 434	88 667
Cash/cash equivalents at the year end:	2	11 378	15 657	32 523	(54 695)	22 317	22 317	22 317	44 434	88 667	143 601

In the 2017-2018 the various cost efficiencies and savings have been realised to ensure the municipality could meet its operational expenditure commitments. In addition the municipality undertook an extensive debt collection process to boost cash levels but due to unemployment and indigent community of Umkhanyakude we did not succeed in increasing cash collection. These initiatives and interventions have translated into a positive cash position for the municipality and it is projected that cash and cash equivalents on hand will decrease to zero by the financial year end.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?

- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 33: MBRR A8 - Cash backed reserves/accumulated surplus reconciliation

DC27 Umkhanyakude - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and Investments available											
Cash/cash equivalents at the year end	1	11 378	15 657	32 523	(54 695)	22 317	22 317	22 317	44 434	63 687	143 601
Other current investments > 90 days		0	(1 940)	-	(24 781)	(101 793)	(101 793)	(101 793)	(19 950)	(63 902)	(118 609)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and Investments available:		11 378	13 717	32 523	(79 476)	(79 476)	(79 476)	(79 476)	24 445	24 785	24 992
Application of cash and Investments											
Unspent conditional transfers		21 851	39 668	34 385	-	-	-	-	-	-	0
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	82 911	126 563	95 717	31 563	29 930	29 930	29 930	(271 718)	(251 406)	(88 084)
Other provisions	4	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and Investments:		104 762	166 261	130 102	31 563	29 930	29 930	29 930	(271 718)	(251 406)	(88 084)
Surplus(shortfall)		(93 383)	(152 544)	(97 579)	(111 039)	(109 406)	(109 406)	(109 406)	296 162	276 172	113 076

From the above table it can be seen that the cash and investments available total to zero in the 2017-2018 financial year and progressively increase to R39million by 2017-2018, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

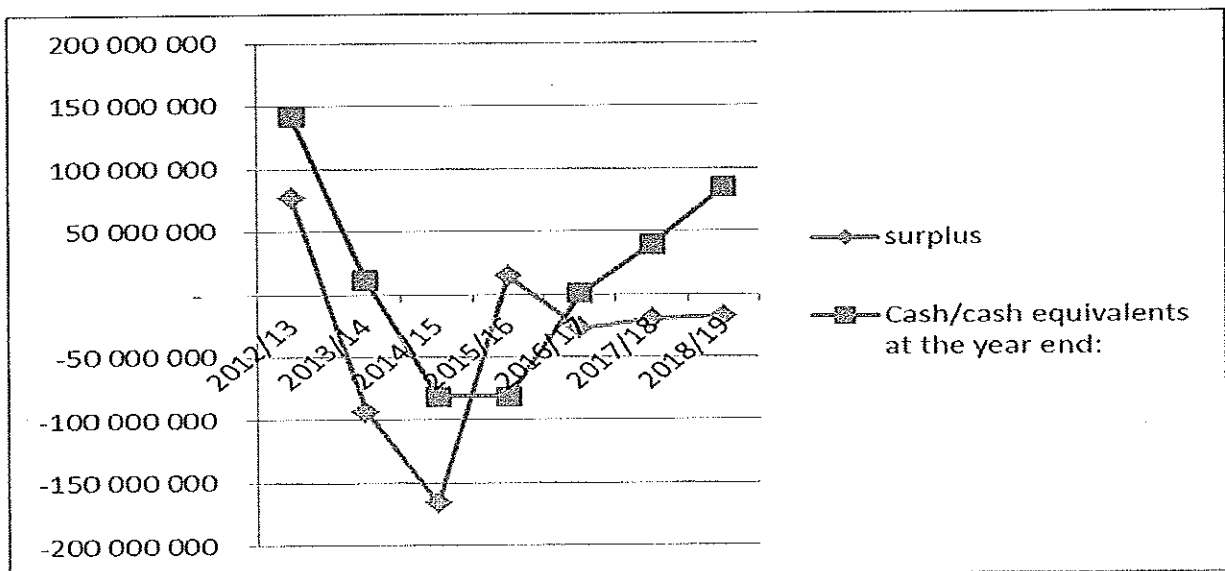
The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital.

Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

Figure 7: Cash and cash equivalents/cash backed reserves and accumulated funds



Cash and cash equivalents / Cash backed reserves and accumulated funds

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 34: MBRR SA10 – Funding compliance measurement

DC27 Umkhanyakude Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	11 378	15 667	32 523	(54 659)	22 317	22 317	22 317	44 434	88 667	143 601
Cash + investments at the yr end less applications - R'000	18(1)b	2	(93 383)	(152 544)	(97 579)	(111 039)	(109 406)	(109 406)	(109 406)	296 162	276 172	113 076
Cash year end/monthly employee/supplier payments	18(1)b	3	0.4	0.6	1.2	(2.3)	0.9	0.9	0.9	1.7	3.2	4.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	100 654	40 121	146 423	273 459	284 442	284 442	284 442	379 601	285 560	313 855
Service charge rev. % change - macro CPIX target exclusive	18(1)a.(2)	5	N.A.	(46.4%)	(16.2%)	51.1%	(17.6%)	(6.0%)	(6.0%)	0.4%	(0.3%)	(0.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a.(2)	6	88.4%	99.9%	117.1%	70.8%	74.5%	74.5%	74.5%	154.3%	133.5%	149.6%
Debt impairment expense as a % of total billable revenue	18(1)a.(2)	7	83.7%	67.0%	52.3%	79.7%	37.6%	37.6%	37.6%	37.8%	37.6%	37.6%
Capital payments % of capital expenditure	18(1); 19	8	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	147.2%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	0.3%	199.2%	(66.1%)	0.0%	0.0%	0.0%	360.5%	4.6%	4.5%
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property, Plant & Equipment	20(1)(v)	13	2.5%	2.2%	2.0%	2.2%	3.5%	3.5%	2.3%	2.1%	2.1%	2.1%
Asset renewal % of capital budget	20(1)(v)	14	0.0%	0.0%	0.0%	100.0%	94.0%	94.0%	0.0%	100.0%	100.0%	100.0%

Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

Service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc. The outcome is lower than it might be due to the slowdown in

the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

Capital payments of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a no per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

Transfers/grants revenue of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DORA) have been budgeted for. The municipality has budgeted for all transfers.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project.

2.6 Expenditure on grants and reconciliations of unspent funds

Table 35: MBRR SA19 - Expenditure on transfers and grant programmes

DC27 Umkhanyakude - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		281 011	232 002	283 287	307 581	305 065	305 065	345 843	390 975	429 164
Local Government Equitable Share		193 756	226 252	265 376	292 146	292 146	292 146	295 576	330 645	363 751
Finance Management		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 000	1 260
Municipal Systems Improvement		890	934	940	-	-	-	-	-	-
Water Services Operating Subsidy		-	-	5 200	-	-	-	-	-	-
Rural Assets management		-	2 440	-	2 516	-	-	2 619	2 713	2 867
EPWP Incentive		-	1 126	-	1 293	1 293	1 293	1 008	-	-
PMU		85 115	-	10 521	10 376	10 376	10 376	10 946	11 608	12 308
RSC Levy Replacement		-	-	-	-	-	-	34 445	45 009	48 978
Provincial Government:		-	-	-	-	-	-	500	-	-
Ingodini Study		-	-	-	-	-	-	500	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers/grants [PMU]		-	-	-	-	-	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		281 011	232 002	283 287	307 581	305 065	305 065	346 343	390 975	429 164
Capital expenditure of Transfers and Grants										
National Government:		234 339	170 020	207 653	267 517	267 517	267 517	257 965	285 561	313 855
Municipal Infrastructure Grant (MIG)		233 214	166 020	199 898	197 146	197 146	197 146	207 965	220 561	233 855
Rural Assets Management		-	-	2 447	-	-	-	-	-	-
Rural Households Infrastructure		-	4 000	4 000	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	70 371	70 371	70 371	50 000	65 000	80 000
Expanded Public Works Programme (EPWP)		1 125	-	1 308	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		234 339	170 020	207 653	267 517	267 517	267 517	257 965	285 561	313 855
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		515 350	402 022	490 940	575 098	572 582	572 582	604 307	676 536	743 019

Table 36: MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

DC27 Umkhanyakude - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:										
National Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		281 011	232 002	283 287	307 581	305 065	305 065	345 843	390 975	429 164
Conditions met - transferred to revenue		281 011	232 002	283 287	307 581	305 065	305 065	345 843	390 975	429 164
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	1 100	400	400	400	500	-	-
Conditions met - transferred to revenue		-	-	1 100	400	400	400	500	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		281 011	232 002	284 387	307 981	305 465	305 465	346 343	390 975	429 164
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:										
National Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		255 188	119 099	231 339	267 517	267 517	267 517	257 965	285 561	313 855
Conditions met - transferred to revenue		255 188	119 099	231 339	267 517	267 517	267 517	257 965	285 561	313 855
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		5 869	9 274	-	-	16 925	16 925	-	-	-
Conditions met - transferred to revenue		5 869	9 274	-	-	16 925	16 925	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		261 057	128 373	231 339	267 517	284 442	284 442	257 965	285 561	313 855
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		542 068	360 375	515 726	575 498	589 907	589 907	604 307	676 536	743 019
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.7 Councillor and employee benefits

Table 37: MBRR SA22 - Summary of councilor and staff benefits

Table 39: MBRR SA24 – Summary of personnel numbers

DC27 Umkhanyakude - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		29	5	24	29	5	24	31	5	24
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	6	5	1	7	5	2	7	-	1
Other Managers	7	-	-	-	-	-	-	-	-	-
Professionals		385	346	27	384	344	28	391	344	28
Finance		69	62	5	68	61	5	68	61	5
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		3	3	-	3	3	-	3	3	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		5	5	-	5	4	1	5	4	1
Water		220	205	15	220	205	15	220	205	15
Sanitation		5	5	-	5	5	-	5	5	-
Refuse		-	-	-	-	-	-	-	-	-
Other		83	66	7	83	66	7	90	66	7
Technicians		-	-	-	-	-	-	-	-	-
Finance		-	-	-	-	-	-	-	-	-
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Clerks (Clerical and administrative)		-	-	-	-	-	-	-	-	-
Service and sales workers		-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		-	-	-	-	-	-	-	-	-
Elementary Occupations		-	-	-	-	-	-	-	-	-
TOTAL PERSONNEL NUMBERS	9	420	356	52	420	354	54	429	349	53
% Increase						(0.6%)	3.8%	2.1%	(1.4%)	(1.9%)
Total municipal employees headcount	6, 10	-	-	-	-	-	-	-	-	-
Finance personnel headcount	8, 10	-	-	-	-	-	-	-	-	-
Human Resources personnel headcount	8, 10	-	-	-	-	-	-	-	-	-

2.9 Monthly targets for revenue, expenditure and cash flow

Table 40: MBRR SA25 - Budgeted monthly revenue and expenditure

DC27 Umhlangayade - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates		571	571	571	571	571	571	571	571	571	571	571	571	6 843	7 239	7 645
Service charges - electricity revenue		2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	27 358	28 958	30 561
Service charges - water revenue		22	22	22	22	22	22	22	22	22	22	22	21	258	272	288
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		11	11	11	11	11	11	11	11	11	11	11	12	137	145	153
Rental of facilities and equipment		355	355	355	355	355	355	355	355	355	355	355	355	4 256	4 499	4 751
Interest earned - external investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		115 281	-	-	-	115 281	-	-	-	115 280	-	-	-	343 343	360 975	420 154
Other revenue		988	988	988	988	988	988	988	988	988	988	984	934	11 852	12 527	13 229
Gain on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		119 510	4 229	4 229	4 229	119 510	4 229	4 229	4 229	119 509	4 229	4 229	4 727	397 092	444 617	455 510
Expenditure By Type																
Employee related costs		11 399	11 399	11 399	11 399	11 399	11 399	11 399	11 399	11 399	11 399	11 399	11 400	136 793	144 560	152 625
Remuneration of councillors		745	745	745	745	745	745	745	745	745	745	745	745	8 540	9 387	9 857
Debt impairment		1 068	1 068	1 068	1 068	1 068	1 068	1 068	1 068	1 068	1 068	1 068	1 068	13 023	13 770	14 541
Depreciation & asset impairment		2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 498	30 009	31 720	33 496
Finance charges		188	188	188	188	188	188	188	188	188	188	188	188	2 256	2 364	2 517
S&M purchases		7 879	7 879	7 879	7 879	7 879	7 879	7 879	7 879	7 879	7 879	7 879	7 879	92 142	97 365	102 842
Other materials		3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	37 252	39 375	41 580
Contracted services		1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	15 052	15 999	16 800
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 594	61 620	66 118	71 545
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		33 650	33 650	33 650	33 650	33 650	33 650	33 650	33 650	33 650	33 650	33 650	33 544	397 092	444 618	455 610
Surplus/(Deficit)																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		85 461	(28 820)	(28 820)	(28 820)	85 461	(28 820)	(28 820)	(28 820)	85 460	(28 820)	(28 820)	(28 817)	(5)	(5)	0
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Nonprofit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		85 998	-	-	-	85 998	-	-	-	85 998	-	-	1	257 955	265 561	313 885
Transfers and subsidies - capital (in-kind - all)		40 549	-	-	-	40 549	-	-	-	40 549	-	-	(5)	121 637	-	-
Surplus/(Deficit) after capital transfers & contributions		212 994	(28 820)	(28 820)	(28 820)	212 994	(28 820)	(28 820)	(28 820)	212 993	(28 820)	(28 820)	(28 815)	373 631	285 560	313 855
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/(deficit) of associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	212 994	(28 820)	(28 820)	(28 820)	212 994	(28 820)	(28 820)	(28 820)	212 993	(28 820)	(28 820)	(28 815)	373 631	285 560	313 855

Table 41: MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

DC27 Umkhanyakude - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework				
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20		
Revenue by Vote																		
Vote 1 - COUNCIL SUPPORT						59 525				59 525								
Vote 2 - BOARD AND GENERAL		59 525														255 575	330 645	383 751
Vote 3 - FINANCIAL SERVICES		1 304	538	538	538	538	538	538	538	538	538	538	538	538	1 018	7 677	7 754	8 434
Vote 4 - CORPORATE SERVICES																		
Vote 5 - COMMUNITY SERVICES																		
Vote 6 - THOUSANDS SERVICES CENTRE																		
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		28 824	1 824	1 824	1 824	1 824	1 824	1 824	1 824	1 824	1 824	1 824	1 824	2 324	47 382	49 554	49 554	
Vote 8 - ELECTRICITY DEPARTMENT		571	571	571	571	571	571	571	571	571	571	571	571	571	571	571	571	571
Vote 9 - WATER SERVICES		2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367	2 367
Vote 10 - SANITATION DEPARTMENT		22	22	22	22	22	22	22	22	22	22	22	22	22	21	258	272	288
Vote 11 - TECHNICAL SERVICES		3 643				3 643				3 643					(1)	10 545	11 668	12 508
Vote 12 - [NAME OF VOTE 12]																		
Vote 13 - [NAME OF VOTE 13]																		
Vote 14 - [NAME OF VOTE 14]																		
Vote 15 - [NAME OF VOTE 15]																		
Total Revenue by Vote		133 250	5 319	5 319	5 319	107 492	5 319	5 319	5 319	107 492	5 319	5 319	5 319	6 300	397 092	436 072	472 561	
Expenditure by Vote to be appropriated																		
Vote 1 - COUNCIL SUPPORT		973	973	973	973	973	973	973	973	973	973	973	973	973	11 618	12 275	12 507	
Vote 2 - BOARD AND GENERAL		517	517	517	517	517	517	517	517	517	517	517	517	517	11 056	13 010	13 725	
Vote 3 - FINANCIAL SERVICES		7 354	7 354	7 354	7 354	7 354	7 354	7 354	7 354	7 354	7 354	7 354	7 354	7 354	68 729	90 307	95 583	
Vote 4 - CORPORATE SERVICES		3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	36 439	38 410	41 617	
Vote 5 - COMMUNITY SERVICES		222	222	222	222	222	222	222	222	222	222	222	222	24 222	26 662	28 194	29 773	
Vote 6 - THOUSANDS SERVICES CENTRE		127	127	127	127	127	127	127	127	127	127	127	127	1 520	1 607	1 697		
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		6 366	6 366	6 366	6 366	6 366	6 366	6 366	6 366	6 366	6 366	6 366	6 366	6 366	76 897	81 661	83 509	
Vote 8 - ELECTRICITY DEPARTMENT		3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	38 442	40 640	42 915	
Vote 9 - WATER SERVICES		7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	93 225	115 699	136 837	
Vote 10 - SANITATION DEPARTMENT		193	193	193	193	193	193	193	193	193	193	193	193	2 313	2 443	2 573		
Vote 11 - TECHNICAL SERVICES		843	843	843	843	843	843	843	843	843	843	843	843	843	10 182	10 827	11 434	
Vote 12 - [NAME OF VOTE 12]																		
Vote 13 - [NAME OF VOTE 13]																		
Vote 14 - [NAME OF VOTE 14]																		
Vote 15 - [NAME OF VOTE 15]																		
Total Expenditure by Vote		31 043	31 043	31 043	31 043	31 043	31 043	31 043	31 043	31 043	31 043	31 043	31 043	31 043	55 543	397 093	436 072	472 561
Surplus/(Deficit) before assoc.		102 211	(25 731)	(25 731)	(25 731)	76 443	(25 731)	(25 731)	(25 731)	76 443	(25 731)	(25 731)	(25 731)	(25 731)	(49 249)	(8)	(8)	(8)
Taxation																		
Attributable minorities																		
Share of surplus/(deficit) of associate																		
Surplus/(Deficit)	1	102 211	(25 731)	(25 731)	(25 731)	76 443	(25 731)	(25 731)	(25 731)	76 443	(25 731)	(25 731)	(25 731)	(25 731)	(49 249)	(8)	(8)	(8)

Table 42: MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

DC27 Umkhanyakude - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
Governance and administration		99 829	538	538	538	99 061	538	538	538	99 091	535	535	1 018	303 252	338 439	372 155
Executive and council		98 526	-	-	-	98 525	-	-	-	98 525	-	-	-	295 575	330 645	363 751
Finance and administration		1 304	538	538	538	538	538	538	538	535	535	538	1 013	7 677	7 794	8 434
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety																
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services																
Planning and development		31 030	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 931	58 329	61 193	61 662
Road transport		31 030	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 931	58 333	61 193	61 662
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services																
Energy sources		2 959	2 959	2 959	2 959	2 959	2 959	2 959	2 959	2 959	2 959	2 959	2 959	35 912	38 471	38 513
Water management		571	571	571	571	571	571	571	571	571	571	571	571	6 849	7 239	7 645
Waste water management		2 387	2 387	2 387	2 387	2 387	2 387	2 387	2 387	2 387	2 387	2 387	2 387	28 458	28 559	30 581
Waste management		22	22	22	22	22	22	22	22	22	22	22	21	258	272	268
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		133 858	5 927	5 927	5 927	104 452	5 927	5 927	5 927	104 452	5 927	5 927	6 908	397 092	436 072	472 561
Expenditure - Functional																
Governance and administration		12 321	12 321	12 321	12 321	12 321	12 321	12 321	12 321	12 321	12 321	12 321	12 321	147 852	155 002	163 817
Executive and council		1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	1 890	22 684	25 285	26 632
Finance and administration		15 431	19 431	19 431	19 431	19 431	19 431	19 431	19 431	19 431	19 431	19 431	19 431	125 158	129 717	127 185
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety																
Community and social services		2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	28 152	29 801	31 470
Sport and recreation		2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	2 349	28 152	29 801	31 470
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services																
Planning and development		7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	87 079	92 458	94 942
Road transport		7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	7 215	87 079	92 458	94 942
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services																
Energy sources		11 155	11 155	11 155	11 155	11 155	11 155	11 155	11 155	11 155	11 155	11 155	11 155	133 990	158 782	162 332
Water management		3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	3 204	38 442	40 690	42 916
Waste water management		7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	7 769	93 225	115 699	136 837
Waste management		193	193	193	193	193	193	193	193	193	193	193	193	2 313	2 443	2 579
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional		33 049	33 049	33 049	33 049	33 049	33 049	33 049	33 049	33 049	33 049	33 049	33 049	397 093	436 072	472 561
Surplus/(deficit) before assoc.		100 815	(27 123)	(27 123)	(27 123)	71 402	(27 123)	(27 123)	(27 123)	71 402	(27 123)	(27 123)	(27 123)	(6)	(6)	(6)
Share of surplus/(deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit)	1	100 815	(27 123)	(27 123)	(27 123)	71 402	(27 123)	(27 123)	(27 123)	71 402	(27 123)	(27 123)	(27 123)	(6)	(6)	(6)

Table 45: MBRR SA30 - Budgeted monthly cash flow

DC27 Umkhanyakude - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Cash Receipts By Source													1			
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue	571	571	571	571	571	571	571	571	571	571	571	571	6 849	7 239	15 927	
Service charges - water revenue	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	2 283	27 398	28 950	30 581	
Service charges - sanitation revenue	21	21	21	21	21	21	21	21	21	21	21	21	257	272	287	
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	11	11	11	11	11	11	11	11	11	11	11	11	137	145	153	
Interest earned - external investments	278	278	278	278	278	278	278	278	278	278	278	278	3 330	3 520	3 717	
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer receipts - operational	110 007	-	-	-	-	110 007	-	-	-	-	-	-	(5)	390 020	375 654	
Other revenue	3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 690	37 082	28 970	30 680	
Cash Receipts by Source	116 261	6 255	6 255	6 255	116 261	6 255	6 255	6 255	116 261	6 255	6 255	6 255	456 074	444 761	424 105	
Other Cash Flows by Source																
Transfer receipts - capital	127 625	-	-	-	125 938	-	-	-	125 938	-	-	-	(5)	379 632	265 661	
Transfers and subsidies - capital (monetary allocations) (National / Provincial / Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	21	21	22	23	
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source	243 886	6 255	6 255	6 255	242 249	6 255	6 255	6 255	242 249	6 255	6 255	6 255	784 655	750 343	697 963	
Cash Payments by Type																
Employee related costs	12 233	12 233	12 233	12 233	12 233	12 233	12 233	12 233	12 233	12 233	12 233	12 233	146 793	144 560	152 625	
Remuneration of councillors	745	745	745	745	745	745	745	745	745	745	745	745	8 840	9 387	9 857	
Finance charges	168	168	168	168	168	168	168	168	168	168	168	168	2 255	2 384	2 517	
Buy purchases - Electricity	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	37 293	39 383	41 567	
Buy purchases - Water & Sewer	5 409	5 409	5 409	5 409	5 409	5 409	5 409	5 409	5 409	5 409	5 409	5 409	64 902	58 032	61 282	
Other materials	3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	3 104	40 268	39 375	41 530	
Contracted services	1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	1 254	8 254	20 651	16 609	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 093	5 093	61 120	90 118	111 545	
Cash Payments by Type	31 129	31 129	31 129	31 129	31 129	31 129	31 129	31 129	31 129	31 129	31 129	31 129	391 131	399 127	437 773	
Other Cash Flows/Payments by Type																
Capital assets	31 634	31 634	31 634	31 634	31 634	31 634	31 634	31 634	31 634	31 634	31 634	31 634	379 632	265 661	313 655	
Repayment of borrowing	-	-	711	-	-	-	-	-	711	-	-	-	1 422	1 422	1 422	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	62 763	62 763	63 474	62 763	62 763	62 763	62 763	62 763	63 474	62 763	62 763	70 764	762 978	658 110	753 049	
NET INCREASE/(DECREASE) IN CASH HELD	181 123	(56 508)	(67 219)	(56 508)	179 466	(56 508)	(56 508)	(56 508)	178 775	(56 508)	(56 508)	(64 489)	22 118	44 233	54 933	
Cash/cash equivalents at the monthly year begin:	22 317	207 350	145 932	89 712	33 204	212 690	156 182	99 673	43 155	221 540	155 432	108 924	44 434	22 317	44 434	83 667
Cash/cash equivalents at the monthly year end:	203 440	145 932	69 712	33 204	212 690	156 182	99 673	43 155	221 540	155 432	108 924	44 434	44 434	83 667	143 601	

2.10 Annual budgets and SDBIPs – internal departments

Water Services Department – Vote 9

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 46: Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

Description	Current year 2016/17				2017-2018 MTREF		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget year 2017/18	Budget year +1 2018/19	Budget year +2 2019/20
R thousand							
Revenue By Source							
Service charges - water revenue	31 103 981	25 749 594	25 749 594	25 749 594	27 397 568	28 959 229	30 580 946
Total Revenue water revenue	31 103 981	25 749 594	25 749 594	25 749 594	27 397 568	28 959 229	30 580 946
Expenditure By Type							
Employee related costs	45 442 565	45 442 565	45 442 565	45 442 565	48 812 043	52 326 510	55 413 774
Debt impairment	29 209 422	28 204 382	28 204 382	28 204 382	13 027 524	13 770 093	14 541 219
Bulk purchases	64 692 397	64 692 397	81 829 709	81 829 709	81 829 709	97 394 508	102 848 601
Other materials	35 613 729	57 025 010	57 025 010	57 025 010	37 251 901	39 375 259	41 580 273
Total expenditure	174 958 113	195 364 354	212 501 666	212 501 666	180 921 177	202 866 370	214 383 867
Surplus/Deficit	-143 854 132	-169 614 760	-186 752 072	-186 752 072	-153 523 609	-173 907 141	-183 802 920

- There are currently no unfilled positions in the top management structure of the Water Services Department. As part of the performance objectives for the 2017-2018 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.
- Significant capital projects to be undertaken over the medium term includes, amongst others:
 - Expansion of the bulk reservoir supply
 - Replacement and upgrading of deficient reticulation infrastructure; and
 - Purification plant upgrades.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance.

2.11 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made. Consultancy services must be procured through competitive bids if the value of the contract exceeds R 200 000 (VAT included); or the duration period of the contract exceeds one year. In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of all consultancy services provided to an organ of state in the last five years; and any similar consultancy services provided to an organ of state in the last five years.

2.12 Capital expenditure details

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

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the repairs and maintenance

Table 47: MBRR SA34a – Capital expenditure on new assets by assets class

DC27 Unkhaayikode - Supporting Table SA36a Consolidated capital expenditure on new assets by asset class

Description	RfH	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Fed Year Forecast	Budget Year 2017/18	Budget Year 11 2018/19	Budget Year 12 2019/20
Capital expenditure on new assets by Asset Class Sub-class		251 657	128 373	251 333	257 517	234 442	234 442	257 955	255 561	313 655
Infrastructure										
Roads Infrastructure										
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure										
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure										
Power Plants										
HV Substations										
HV Switching Stations										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
LV Networks										
Capital Spares										
Water Supply Infrastructure		251 072	128 373	251 333	257 517	234 442	234 442	257 955	255 561	313 655
Dams and Weirs										
Damsheds										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Works										
Distribution		258 588	113 059	229 683	215 537	215 537	215 537	199 821	223 804	243 375
Distribution Pipes		5 689	3 271	1 809	50 929	67 845	67 845	53 144	51 757	65 479
PW Stations										
Capital Spares										
Sewerage Infrastructure										
Pump Station										
Retention										
Waste Water Treatment Works										
Outlet Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Deposit Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure										
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure										
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure										
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets										
Community Facilities										
Halls										
Centres										
Offices										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Compassion Centres										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Attention Facilities										
Markets										
Shops										
Attacks										
Aprons										
Fair Parks and Terraces										
Capital Spares										
Sport and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets										
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties										
Revenue Generating										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
Other assets										

Table 48 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Table 49: MBRR SA35 - Future financial implications of the capital budget

DC27 Umkhanyakude - Supporting Table SA35 Consolidated future financial implications of the capital budget

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
R thousand								
Capital expenditure	1							
Vote 1 - COUNCIL SUPPORT		-	-	-				
Vote 2 - BOARD AND GENERAL		-	-	-				
Vote 3 - FINANCIAL SERVICES		-	-	-				
Vote 4 - CORPORATE SERVICES		-	-	-				
Vote 5 - COMMUNITY SERVICES		-	-	-				
Vote 6 - THUSONG SERVICES CENTRE		-	-	-				
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT		-	-	-				
Vote 8 - ELECTRICITY DEPARTMENT		-	-	-				
Vote 9 - WATER SERVICES		199 821	223 804	248 375				
Vote 10 - SANITATION DEPARTMENT		58 144	61 757	65 479				
Vote 11 - TECHNICAL SERVICES		-	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		257 965	285 561	313 855	-	-	-	-
Future operational costs by vote	2							
Vote 1 - COUNCIL SUPPORT								
Vote 2 - BOARD AND GENERAL								
Vote 3 - FINANCIAL SERVICES								
Vote 4 - CORPORATE SERVICES								
Vote 5 - COMMUNITY SERVICES								
Vote 6 - THUSONG SERVICES CENTRE								
Vote 7 - SOCIAL ECONOMIC DEVELOPMENT								
Vote 8 - ELECTRICITY DEPARTMENT								
Vote 9 - WATER SERVICES								
Vote 10 - SANITATION DEPARTMENT								
Vote 11 - TECHNICAL SERVICES								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		257 965	285 561	313 855	-	-	-	-

Table 50: MBRR SA36 - Detailed capital budget per municipal vote

DC27 Umkhanyakude - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Cost code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPR as of date	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework				Project information	
										Audited Outcomes 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20	Ward location	Year of renewal	
Parent municipality: List all capital projects grouped by Municipal Vote																	
Water		Hlabisa Menohaxeti			Yes	Water Supply Infrastructure			174 516	-	7 058	-	-	-	-	Big Five Hlabisa	0
Water		Hlabisa Water Phase 1			Yes	Water Supply Infrastructure			46 815	-	-	-	-	-	-	Jocini	0
Water		Kweyibo Community Water Scheme (Nahongve Mubeni)			Yes	Water Supply Infrastructure			183 184	-	40 000	42 500	42 500	42 500	-	Jocini	0
Water		Mangochi Star of the Sea Water Scheme			Yes	Water Supply Infrastructure			148 549	-	20 800	21 200	21 200	21 200	Umkhanyakude	0	
Water		Mkuzo water Treatment Upgrade & Re-alignment			Yes	Water Supply Infrastructure			37 800	-	12 500	13 500	13 500	13 500	Jocini	0	
Water		Mkuzo water treatment			Yes	Water Supply Infrastructure			137 002	-	30 307	32 311	32 311	32 311	Mhlabatha	0	
Water		Jocini Regional CWSS			Yes	Water Supply Infrastructure			268 877	-	35 000	37 240	37 240	37 240	Jocini	0	
Water		Shomela water upgrade			Yes	Water Supply Infrastructure			207 092	-	-	-	-	-	Big Five Hlabisa	0	
Water		Shongos Mavimbe Clarity main project - trough			Yes	Water Supply Infrastructure			3 913	-	3 913	4 105	4 105	4 105	Mhlabatha	0	
Water		Rehabilitation of existing Shomela water scheme			Yes	Water Supply Infrastructure			27 207	-	485	516	516	516	Jocini	0	
Water		Ingruvana Extension (Drought)			Yes	Water Supply Infrastructure			5 270	-	-	-	-	-	Jocini	0	
Water		Hlabisa Water Phase 2 (Drought)			Yes	Water Supply Infrastructure			5 146	-	-	-	-	-	Jocini	0	
Water		Rehabilitation of existing Ukhondo water scheme			Yes	Water Supply Infrastructure			8 801	-	400	520	520	520	Jocini	0	
Water		Rehabilitation of existing Ukhondo water scheme			Yes	Water Supply Infrastructure			142 509	-	25 144	27 363	27 363	27 363	Jocini	0	
Sanitation		Mgwayama VIP Sanitation			Yes	Sanitation Infrastructure			95 776	-	18 000	19 100	19 100	19 100	Mhlabatha	0	
Sanitation		Mhlabisa VIP Sanitation			Yes	Sanitation Infrastructure			100 819	-	5 000	5 320	5 320	5 320	Jocini	0	
Sanitation		Thembakazi Sanitation			Yes	Sanitation Infrastructure				-	-	-	-	-	Jocini	0	
Parent Capital expenditure	1								207 002		207 002	213 703	213 703	213 703			
Entities: List all capital projects grouped by Entity																	
Entity A		Water project A															
Entity B		Electricity project B															
Entity Capital expenditure																	
Total Capital expenditure																	

Table 51: MBRR SA37 - Projects delayed from previous financial year

DC27 Umkhanyakude - Supporting Table SA37 Consolidated projects delayed from previous financial years

R thousand	Municipal Non/Capital project	Ref.	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2018/17		2017/18 Medium Term Revenue & Expenditure Framework		
									Original Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	Parent municipality: List all capital projects grouped by Municipal Vote	1,2	n/a		Examples n/a n/a n/a n/a n/a n/a	Examples n/a n/a n/a n/a n/a	n/a n/a n/a n/a n/a	0 0 0 0 0	- - - - -	- - - - -	- - - - -	- - - - -	
	Entities: List all capital projects grouped by Municipal Entity				n/a n/a n/a n/a n/a	n/a n/a n/a n/a n/a	n/a n/a n/a n/a n/a	0 0 0 0 0	- - - - -	- - - - -	- - - - -	- - - - -	

2.13 Legislation compliance status

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

- In year reporting
- Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance.
- Internship programme. The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from December 2012. The remaining three interns has been extended their contract to April 2017, two interns have been appointed to have five interns.
- Budget and Treasury Office. The Budget and Treasury Office has been established in accordance with the MFMA.
- Audit Committee. An Audit Committee has been established and is fully functional.
- Service Delivery and Implementation Plan. The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/17 MTREF in May 2017.
- Annual Report. Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.14 Other supporting documents

Table 52: MBRR Table SA1 - Supporting detail to budgeted financial performance

DC27 Umkhanyakude - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates											
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)											
Net Property Rates											
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		5 669	5 256	4 884	5 047	6 437	6 437	6 437	6 649	7 239	7 645
Less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
Less Cost of Free Basis Services (50 kwh per indigent household per month)											
Net Service charges - electricity revenue		5 669	5 256	4 884	5 047	6 437	6 437	6 437	6 649	7 239	7 645
Service charges - water revenue	6										
Total Service charges - water revenue		36 647	19 674	18 020	31 104	25 750	25 750	25 750	27 398	28 659	30 581
Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)											
Net Service charges - water revenue		36 647	19 674	18 020	31 104	25 750	25 750	25 750	27 398	28 659	30 581
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		1 257	848	430	516	242	242	242	258	272	268
Less Revenue Foregone (in excess of free sanitation service to indigent households)											
Less Cost of Free Basis Services (free sanitation service to indigent households)											
Net Service charges - sanitation revenue		1 257	848	430	516	242	242	242	258	272	268
Service charges - refuse revenue	6										
Total refuse removal revenue											
Total landfill revenue											
Less Revenue Foregone (in excess of one removal a week to indigent households)											
Less Cost of Free Basis Services (removed once a week to indigent households)											
Net Service charges - refuse revenue											
Other Revenue by source											
Fuel Levy											
RT											
Connection fees			30	10							
Department of Water Refund			13 008	34 216		10 560	10 560	10 560			
Umhlanga revenue			700	119	26 663	25 702	25 702	25 702	11 661	12 326	13 016
Tender Sales			123	55	179	179	179	191	201		213
Other Revenue		2 036	56	50	233	240	240				
Total 'Other' Revenue	3	2 036	13 917	34 531	27 280	37 082	37 082	37 082	11 852	12 527	13 229
	1										
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		81 426	93 762	98 804	102 249	102 249	102 249	102 249	109 816	116 075	122 576
Pension and UF Contributions		14 475	16 773	731	15 410	15 410	15 410	15 550	17 459	18 473	
Medical Aid Contributions				19 718	4 055	4 055	4 055	4 055	4 356	4 634	4 634
Overtime		3 684	3 379	2 704	500	500	500	500	537	537	537
Performance Bonus											
Motor Vehicle Allowance		5 818	7 242	6 752	3 694	3 694	3 694	3 694	3 967	4 193	4 428
Catshona Allowance					251	251	251	251	269	265	301
Housing Allowances		1 160	1 456	2 002	88	88	88	88	94	100	105
Other benefits and allowances		2 951	1 681	199	1 498	1 786	1 786	1 786	1 266	1 273	1 315
Payments in lieu of leave				1 103							
Long service awards											
Post-retirement benefit obligations				734							
	sub-total	109 915	124 331	132 792	127 745	128 032	128 032	128 032	136 763	144 560	152 625
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	109 915	124 331	132 792	127 745	128 032	128 032	128 032	136 763	144 560	152 625
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital											
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		29 109	28 160	36 515	28 204	28 204	28 204	28 204	30 009	31 720	33 495
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	29 109	28 160	36 515	28 204	28 204	28 204	28 204	30 009	31 720	33 495
Bulk purchases	1										
Electricity Bulk Purchases		27 592	31 572	29 794	13 092	35 000	35 000	35 000	37 240	39 363	41 567
Water Bulk Purchases		49 977	37 831	43 807	51 600	46 830	46 830	46 830	54 902	58 052	61 262
Total bulk purchases	1	77 569	69 403	73 601	64 692	81 830	81 830	81 830	92 142	97 415	102 829
Transfers and grants											
Cash transfers and grants			365		5 558						
Non-cash transfers and grants											
Total transfers and grants	1		365		5 558						
Contracted services											
Contracted Services		34 369	33 497						13 569	14 754	15 500
Consultation fees				1 633							
Insurance				669	750	1 027	1 027	1 027	1 063	1 165	1 220
Fleet Management				778							
Maintenance				370							
Photocopies and office equipment				1 477	13 119	16 119	16 119	16 119			
Cellular and data services				2 054							
IT services				424							
Internal audit				2 125							
Communication				607							
Security services				2 333							
School nutrition programme				17 540							
Other services				509							

Table 53: MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

DC27 Uuzikayakade - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept)

Description	Ref	Vote 1 - COUNCIL SUPPORT	Vote 2 - BOARD AND GENERAL	Vote 3 - FINANCIAL SERVICES	Vote 4 - CORPORATE SERVICES	Vote 5 - COMMUNITY SERVICES	Vote 6 - TRUSKOP'S SERVICES CENTRE	Vote 7 - SOCIAL ECONOMIC DEVELOPME NT	Vote 8 - ELECTRICIT Y DEPARTMEN T	Vote 9 - WATER SERVICES	Vote 10 - SANITATION DEPARTMEN T	Vote 11 - TECHNICAL SERVICES	Vote 12 - (NAME OF VOTE 12)	Vote 13 - (NAME OF VOTE 13)	Vote 14 - (NAME OF VOTE 14)	Vote 15 - (NAME OF VOTE 15)	Total
Revenue																	
Revenue By Source																	
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	6 848	-	-	-	-	-	-	-	-	6 848
Service charges - water revenue		-	-	-	-	-	-	-	28 406	-	-	-	-	-	-	-	28 406
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	258	-	-	-	-	-	-	258
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	10 546	-	-	-	-	-	10 546
Service charges - fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments		-	-	7 077	-	-	-	-	-	-	-	-	-	-	-	-	7 077
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	-	-	-	-	-	32 025	-	12 643	-	-	-	-	-	-	45 674
Transfers and subsidies		-	251 700	1 250	-	-	-	1 000	-	-	-	2 670	-	-	-	-	259 580
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (including capital transfers and contribs)		-	251 700	1 827	-	-	-	33 833	6 848	11 256	258	10 546	-	-	-	-	358 692
Expenditure By Type																	
Employment costs		2 513	3 626	29 072	13 027	17 113	1 532	7 960	1 202	43 512	3 111	6 440	-	-	-	-	136 753
Remuneration of councillors		8 859	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8 859
Debt repayment		-	-	-	-	-	-	-	-	13 028	-	-	-	-	-	-	13 028
Depreciation & asset impairment		-	-	30 008	-	-	-	-	-	-	-	-	-	-	-	-	30 008
Finance charges		-	-	2 255	-	-	-	-	-	-	-	-	-	-	-	-	2 255
Bulk purchases		-	-	-	-	-	-	-	37 240	54 902	-	-	-	-	-	-	92 142
Other materials		-	-	-	-	-	-	-	255	38 522	-	-	-	-	-	-	38 777
Contracted services		-	-	1 030	13 353	-	-	-	-	-	-	-	-	-	-	-	14 383
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		255	7 073	2 542	20 479	9 530	-	10 610	-	-	-	3 125	-	-	-	-	51 944
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		11 678	11 056	71 972	31 068	26 643	1 532	18 970	38 738	103 344	3 111	9 574	-	-	-	-	358 592
Surplus/Deficit																	
Surplus/Deficit after contributions - caps (monetary allocations) (labour / Provincial and QoQ)		(11 678)	240 700	(62 445)	(61 668)	(26 643)	(1 532)	15 363	(31 858)	(111 978)	(2 855)	3 851	-	-	-	-	0
Transfers and subsidies - capital (monetary allocations) (labour / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Municipal Educational Institutions)		-	-	-	-	-	-	-	-	121 837	-	-	-	-	-	-	121 837
Transfers and subsidies - capital (labour - a)		(11 678)	240 700	(62 445)	(61 668)	(26 643)	(1 532)	15 363	(31 858)	259 479	55 259	3 951	-	-	-	-	319 661

Table 54: MBRR Table SA3 – Supporting detail to Statement of Financial Position

DC27 Umkhanyakude - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Call investment deposits											
Call deposits		715	1 021	--	2 000	2 000	2 000	2 000	2 128	2 249	2 375
Other current investments		--	--	--	--	--	--	--	--	--	--
Total Call investment deposits	2	715	1 021	--	2 000	2 000	2 000	2 000	2 128	2 249	2 375
Consumer debtors											
Consumer debtors		13 571	18 527	86 088	210 091	210 091	210 091	210 091	180 000	189 203	199 768
Less: Provision for debt impairment		--	--	--	(201 886)	(201 886)	(201 886)	(201 886)	(13 028)	(13 770)	(14 541)
Total Consumer debtors	2	13 571	18 527	86 088	8 205	8 205	8 205	8 205	166 972	175 433	185 227
Debt impairment provision											
Balance at the beginning of the year		--	--	--	172 676	172 676	172 676	172 676	172 676	182 519	192 740
Contributions to the provision		--	--	--	29 209	29 209	29 209	29 209	30 009	31 719	33 465
Bad debts written off		--	--	--	--	--	--	--	--	--	--
Balance at end of year		--	--	--	201 886	201 886	201 886	201 886	202 685	214 238	226 205
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		1 474 996	1 575 718	1 661 593	1 669 776	1 669 776	1 669 776	1 669 776	1 769 963	1 876 160	1 988 729
Leases recognised as PPE		--	--	--	--	--	--	--	--	--	--
Less: Accumulated depreciation		--	--	--	28 204	28 204	28 204	28 204	36 397	38 545	40 100
Total Property, plant and equipment (PPE)	2	1 474 996	1 575 718	1 661 593	1 641 571	1 641 571	1 641 571	1 641 571	1 733 566	1 837 615	1 948 629
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		9 682	1 500	--	--	--	--	--	--	--	--
Current portion of long-term liabilities		2 016	897	839	1 500	1 500	1 500	1 500	893	793	6 193
Total Current liabilities - Borrowing		11 698	2 397	839	1 500	1 500	1 500	1 500	893	793	6 193
Trade and other payables											
Trade and other creditors		121 895	170 732	250 688	63 355	63 355	63 355	63 355	47 057	37 000	250 000
Unspent conditional transfers		21 851	39 698	34 365	--	--	--	--	--	--	0
VAT		--	--	--	--	--	--	--	--	--	--
Total Trade and other payables	2	143 746	210 430	285 073	63 355	63 355	63 355	63 355	47 057	37 000	250 000
Non current liabilities - Borrowing											
Borrowing		8 181	7 400	7 225	7 123	7 123	7 123	7 123	6 900	6 500	6 100
Finance leases (including PPP asset element)		425	629	628	628	628	628	628	628	628	628
Total Non current liabilities - Borrowing	4	8 606	8 029	7 225	7 751	7 751	7 751	7 751	7 528	7 128	6 728
Provisions - non-current											
Retirement benefits		--	--	--	--	--	--	--	--	--	--
List other major provision items		--	--	--	--	--	--	--	--	--	--
Refuse landfill site rehabilitation		--	--	--	--	--	--	--	--	--	--
Other		4 080	4 779	5 866	--	--	--	--	--	--	--
Total Provisions - non-current		4 080	4 779	5 866	--	--	--	--	--	--	--
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		--	--	--	1 683 807	1 744 257	1 744 257	1 744 257	2 047 047	2 171 436	2 274 499
GRAP adjustments		--	--	--	--	--	--	--	--	--	--
Restated balance		--	--	--	1 683 807	1 744 257	1 744 257	1 744 257	2 047 047	2 171 436	2 274 499
Surplus/(Deficit)		100 854	40 121	146 423	273 499	284 442	284 442	284 442	379 601	285 560	313 855
Appropriations to Reserves		--	--	--	--	--	--	--	--	--	--
Transfers from Reserves		--	--	--	--	--	--	--	--	--	--
Depreciation offsets		--	--	--	--	--	--	--	--	--	--
Other adjustments		--	--	--	--	--	--	--	--	--	--
Accumulated Surplus/(Deficit)	1	100 854	40 121	146 423	1 957 306	2 028 699	2 028 699	2 028 699	2 426 648	2 456 996	2 588 354
Reserves											
Housing Development Fund		--	--	--	--	--	--	--	--	--	--
Capital replacement		--	--	--	--	--	--	--	--	--	--
Self-insurance		--	--	--	--	--	--	--	--	--	--
Other reserves		--	--	--	--	--	--	--	--	--	--
Revaluation		--	--	--	--	--	--	--	--	--	--
Total Reserves	2	--	--	--	--	--	--	--	--	--	--
TOTAL COMMUNITY WEALTH/EQUITY	2	100 854	40 121	146 423	1 957 306	2 028 699	2 028 699	2 028 699	2 426 648	2 456 996	2 588 354

Table 55: MBRR SA9 – Social, economic and demographic statistics and assumptions

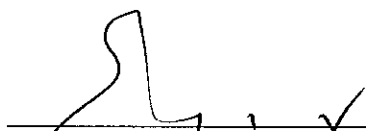


Municipal manager's quality certificate

I **Mgezeni Enock Ngonyama** acting municipal manager of Umkhanyakude District Municipality, hereby certify that the draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the draft budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: M.E. NGONYAMA

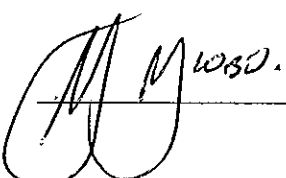
Municipal Manager of Umkhanyakude District Municipality (DC27)

Signature: 

Date: 31/03/2017

Print Name: MGEZENI ENOCK NGONYAMA

Chief Financial Officer of Umkhanyakude District Municipality (DC27)

Signature: 

Date: 31/03/2017