

# HARRY GWALA DISTRICT MUNICIPALITY



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**2015/2016 SERVICE DELIVERY AND IMPLEMENTATION PLAN**



# **SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN**

## **1. Introduction**

Performance management is a requirement for all local government in South Africa. It is primarily a mechanism to monitor, review and improve implementation of its IDP. The performance management system monitors actual performance against set targets and contractual obligations.

The most valuable reason for measuring performance is that what gets measured gets done.

The performance of a municipality is integrally linked to that of staff. If the employees do not perform the municipality will fail. The relationship between the municipal performance and employees starts from the planning stage which is the first phase of the municipal performance management system (PMS). The key output is development of the IDP which is utilized to plan future developments in the municipal area.

The IDP has a lifespan of 5 years which is directly linked to the term of office for councillors. The IDP is broken down into short term goal achievable in one year. The implementation of the IDP is given effect through the Service Delivery Budget and Implementation Plan (SDBIP).

SDBIP is the implementation tool used to align the budget and the IDP. It is the second phase of municipal performance system. The SDBIP is the management and implementation tool which sets in-year targets and link each service delivery output to the budget of the municipality.

## **2. Legislative Framework**

### **2.1. The White Paper on Local Government (1998)**

The white paper of the Local Government (1998) acknowledges that involving the communities in developing some municipal Key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households, whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased and public trust in the local government system is enhanced.

## **2.2. The Municipal Systems (Act 32, 2000)**

The Municipal Systems Act (2000) enforces the idea of local government PMS and requires all municipalities to:

- Develop a performance management system
- Set targets, monitor and review performance based on indicators linked to their IDP
- Publish an annual report on performance for the councillors, staff, public and others spheres of government.
- Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government.
- Conduct an internal audit on performance before tabling the report
- Involve the community when setting indicators and targets and reviewing municipal performance.

## **2.3. Municipal Performance Management Regulations (2006)**

The Municipal Performance Management Regulations set out how performance of managers directly accountable to the municipal manager will be uniformly monitored and improved. The regulations address both the employee contract and the performance agreements of the municipal manager and managers directly accountable to the municipal manager. The regulations provide a guideline on how the employee contract and the performance agreement should contain. It outlines the purpose of the agreement as to:

- Specify objectives and targets defined and agreed with the employee and to communicate with the employee the expectations of the employer and accountability in aligning the Integrated Development Plan (IDP), Service Delivery budget and Implementation Plan (SDBIP) and the Budget of the municipality.
- Specify accountability as set out in a performance plan, which forms an annexure to the performance agreement.
- Monitor and measure performance against set targets

## **2.4. Municipal Finance Management Act (2003)**

The Municipal Finance Management Act states requirements for a municipality to include its municipal performance report with its financial statements and other requirements in constituting its annual report. This must be dealt with by the municipal council within 9 months of the end of the municipal financial year.

## **3. Principles Governing PMS**

### **5.1. Simplicity**

The system must be a simple user- friendly system that enables the municipality to operate it within its existing capacity of its financial, human resources and information management system.

### **5.2 Political driven**

Legislation clearly tasks the municipal council and the mayor as the owners of the performance management system. The Executive **MUST** drive both the implementation and improvement of the system. Legislation allows for the delegation of responsibility or aspects of it to the municipal manager or other appropriate structure as the executive may deem fit.

### **5.3 Incremental implementation**

It is important that while a holistic performance management system is being developed, the municipality should adopt a phased approach to implementation, dependent on the existing capacity and resources within the municipality.

It is also important to note that municipal performance management is a new approach to local government functioning and therefore requires adequate time to be given to the organisation`s process to change. The performance management system will not be perfect from the start it should be constantly improved based on its workability.

#### **5.4. Transparency and accountability**

Members of the organisation whose performance will be monitored and measured must ensure that the process of managing performance is inclusive open and transparent. This can only be achieved by taking effective participation in the design and implementation of the system within the municipality.

Again, the process must involve and empower communities so that they are able to understand how the municipality and its departments are run, how resources are spent, and who is in charge of particular services. Similarly, all information on the performance of the departments should be available for other managers, employees, public and specific interest group.

#### **5.5. Integration**

The performance management system should be integrated into other management processes in the municipality, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool to the ongoing management functions.

#### **5.6. Objectivity**

Performance management must be founded on objectivity and credibility. Both the processes of managing performance and the information on which it relies need to be objective and credible. Sources of data for measuring indicators should be scrutinized to enhance credibility of information and therefore objective decisions-making.

### **6. Why do we need Service Delivery Budget and Implementation Plan (SDBIP)**

The IDP which is the planning tool for the municipality have a lifespan of 5 years which is then broken down into short term goals that can be achieved in 1 year. The SDBIP which is the implementation tool is developed to implement the IDP. It is used to align the budget to the IDP. The focus of the SDBIP is on both financial and no-financial measurable performance objectives. It links each service delivery outputs to the budget of the municipality. The SDBIP provides a comprehensive picture of the performance of each department within the municipality. It consists of objectives, strategies, indicators and targets.

### **6.1. Process of the Service Delivery Budget and Implementation Plan (SDBIP)**

The SDBIP process plan is developed with the IDP process plan and is tabled to council for adoption. The draft SDBIP and the final SDBIP is submitted to the mayor, Provincial and National Treasury not later than 28 days after the adoption of the budget. The SDBIP is publicised through the local newspapers and the website of the municipality.

### **6.2. Public Consultation**

The public is consulted through IDP and Budget road shows. An extensive consultation is held with the ward committee members and the ward councillors do deliberate on the Key performance indicators.

### **6.3. Implementation, Monitoring and Reporting**

SDBIP projects are implemented and monthly reports are prepared as per Section 71 of the MFMA and Section 41 (1) (e) of the Systems Act, Section 166 (2) (a) (v) and (vii) of the Municipal Management Finance Act (MFMA) and Regulation 7 of Municipal Planning and Performance Management Regulations. The reports are then submitted to the Municipal Manager, Executive committee, and Performance Audit Committee. The accounting officer assesses performance monthly to ensure effective and efficient monitoring of performance. Mid-Year performance report is prepared as per Section 72 of the MFMA and Section 13 (2) (a) of Municipal Planning and Performance Management Regulations 2001. Performance Evaluation committee assesses the Mid-Year and the report is submitted to Provincial and National Treasury before the 25<sup>th</sup> of January of each financial year. The SDBIP is revised during the budget adjustment and amendments are done where necessary and then tabled to council. Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment the municipality must prepare the Annual performance report (APR) and clearly state the IDP objectives, planned targets, reasons and corrective measures provided where targets were not met. The APR forms part of the annual report. The Annual report is tabled to Council by 31 January. The draft and approved document is published by 31 March each year. It is submitted to MPAC, Council, Audit Committee, Auditor-General, Auditor-General, National Treasury and Provincial Treasury.

## **7. Financial Management Perspective**

### **7.1 Budget process**

This is the mechanism through which the needs of the communities raised during the IDP budget road shows are prioritise. The budget gives effect to the strategic priorities of the municipality IDP. Capital budget is then allocated accordingly to these priorities. Detailed capital budget over three years is prepared detailing infrastructure projects, the project description and anticipated capital costs over three years.

Municipality **MUST** ensure that it has instituted measures to achieve monthly revenue targets for each revenue source. The SDBIP information on revenue will be monitored and reported monthly

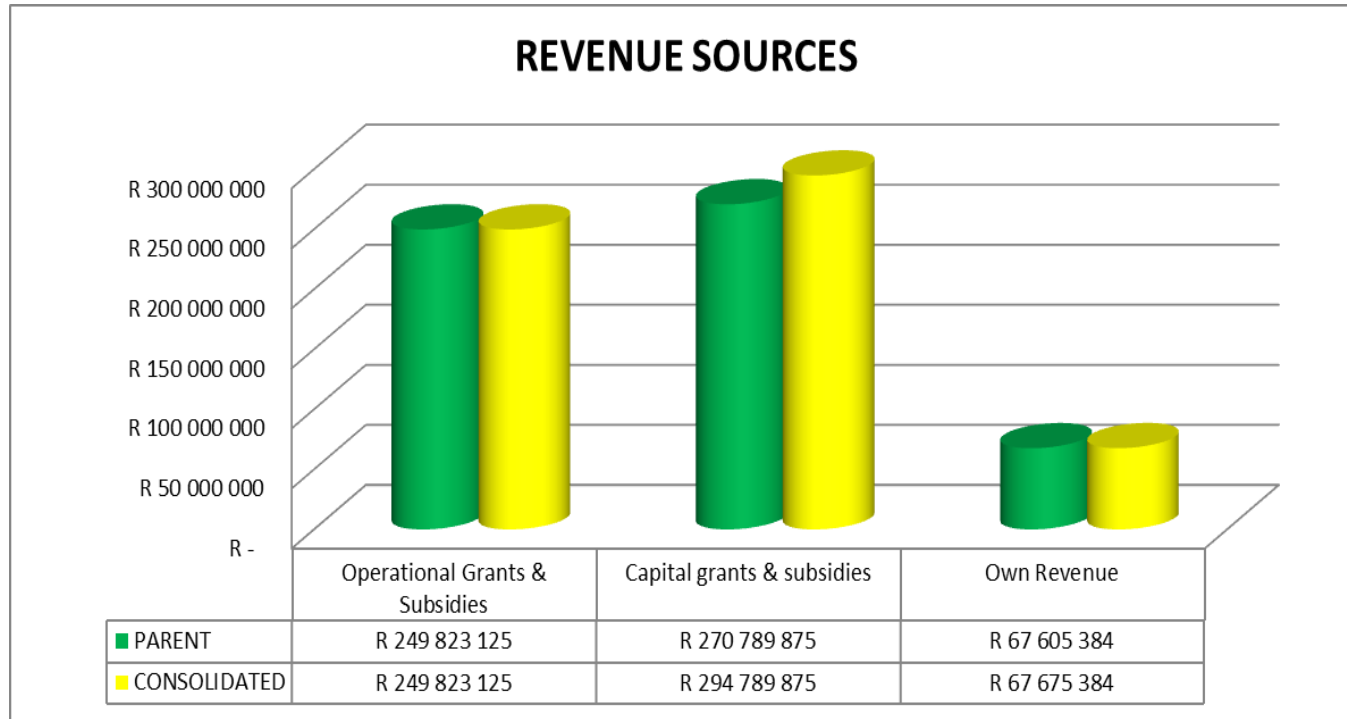
The development, implementation and monitoring of a Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA). In terms of Circular 13 of National Treasury, “the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned to each other.



**Table1: Revenue**

<b>REVENUE</b>	<b>2015/16 Budget</b>	<b>Consolidated</b>
Operational Grants & Subsidies	R 249, 8m	249,8m
Capital grants & subsidies	R 270, 7m	294,7m
Own Revenue	R 67, 6m	67,6m
<b>TOTAL</b>	<b>R 588m</b>	<b>R 612m</b>

**Chart 1: Revenue Sources**



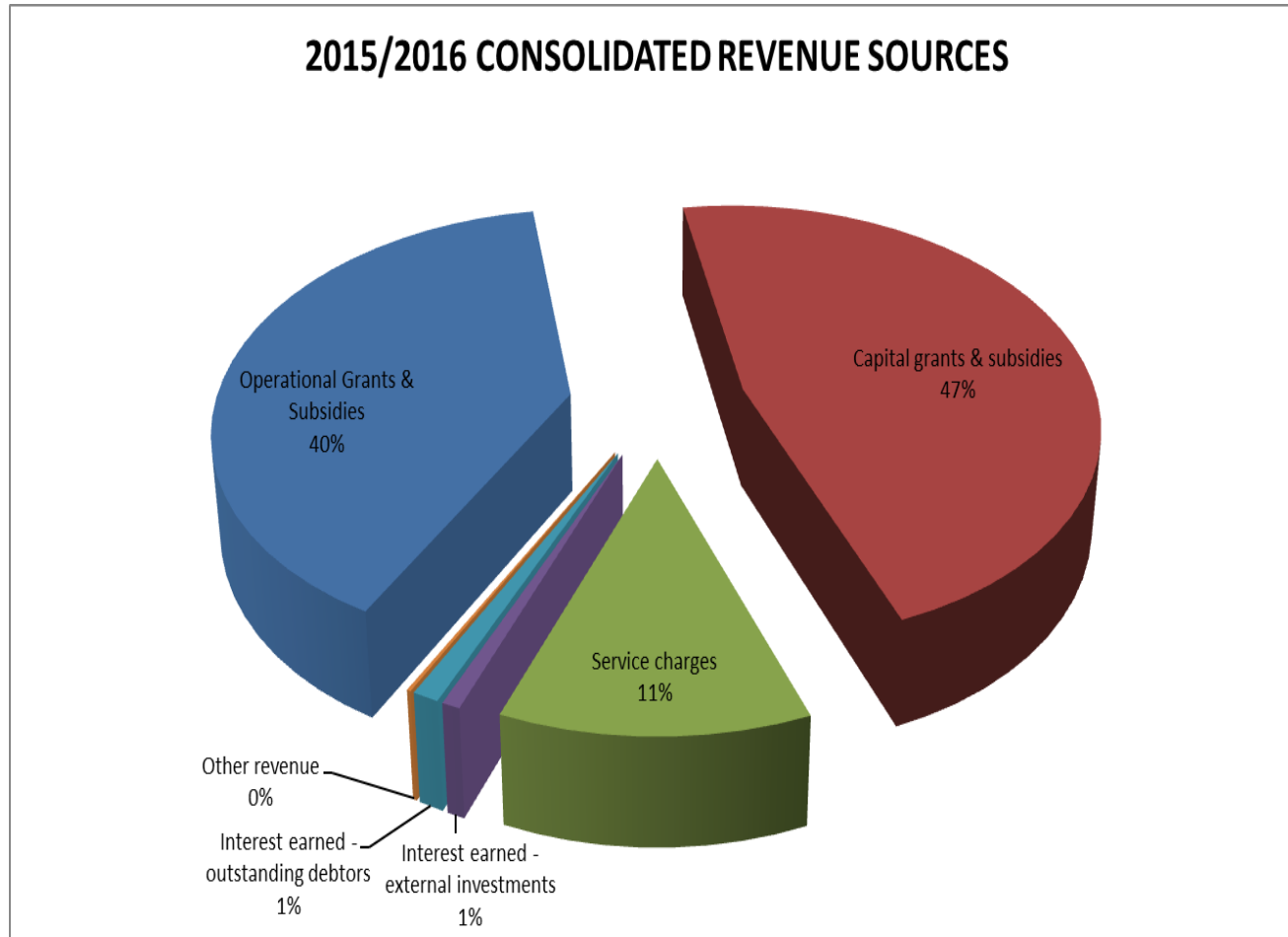
**Table 2: Detailed Revenue Sources**

<b>REVENUE</b>			
<b>NATIONAL GRANTS</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
EQUITABLE SHARE	R 241 033 000	R 256 784 000	R 275 160 000
MUNICIPAL INFR GRANT	R 189 323 875	R 197 150 065	R 208 998 110
MUNICIPAL INFR GRANT (PMU)	R 3 460 125	R 3 736 935	R 4 035 890
REGIONAL BULK INFRASTRUCTURE GRANT	R 30 000 000	R 80 000 000	R 120 000 000
RURAL ROADS ASSETS INFRASTRUCTURE - GRANT	R 2 044 000	R 2 095 000	R 2 234 000
MUNICIPAL SYSTEM IMPR GRANT	R 940 000	R 960 000	R 1 043 000
FINANCE MANAGEMENT GRANT	R 1 250 000	R 1 250 000	R 1 250 000
EXPANDED PUBLIC WORKS PROGRAMME	R 3 466 000	R 0	R 0
MUNICIPAL WATER INFRASTRUCTURE GRANT	R 43 500 000	R 40 118 000	R 90 119 000
RURAL HOUSEHOLD INFRASTRUCTURE GRANT	R 4 500 000	R 4 500 000	R 5 000 000
<b>TOTAL</b>	<b>R 519 513 000</b>	<b>R 586 594 000</b>	<b>R 707 840 000</b>

<b>PROVINCIAL GRANTS</b>			
Development Planning Shared service	R 1 100 000	R 400 000	R 0.00
<b>SUBTOTAL</b>	<b>R 1 100 000</b>	<b>R400 000</b>	<b>R 0.00</b>
<b>OWN REVENUE</b>			
Service charges - water revenue	R 38 409 268	R 40 713 825	R 43 156 654
Service charges - sanitation revenue	R 16 461 115	R 17 448 782	R 18 495 709
Service charges - Other	R 1 032 000	R 1 088 000	R 1 146 000
Interest earned - external investments	R 4 375 000	R 4 812 000	R 5 294 000
Interest earned - outstanding debtors	R 6 360 000	R 6 741 600	R 7 146 096
Other revenue	R 968 000	R 1 022 000	R 1 076 000
SUBTOTAL	R 67 605 384	R 71 826 207	R 76 314 459
<b>TOTAL REVENUE</b>	<b>R 588 218 384</b>	<b>R 658 820 207</b>	<b>R 784 154 459</b>

The water & sanitation tariffs are proposed to increase by 6% considering economic viability of Harry Gwala District Municipality for the ensuing year. The proposed tariff increase is at 6% which is slightly above the inflation rate forecast of 4.8% as provided by the National Treasury.

**Chart 2: 2015-16 MTREF Budget Summary**



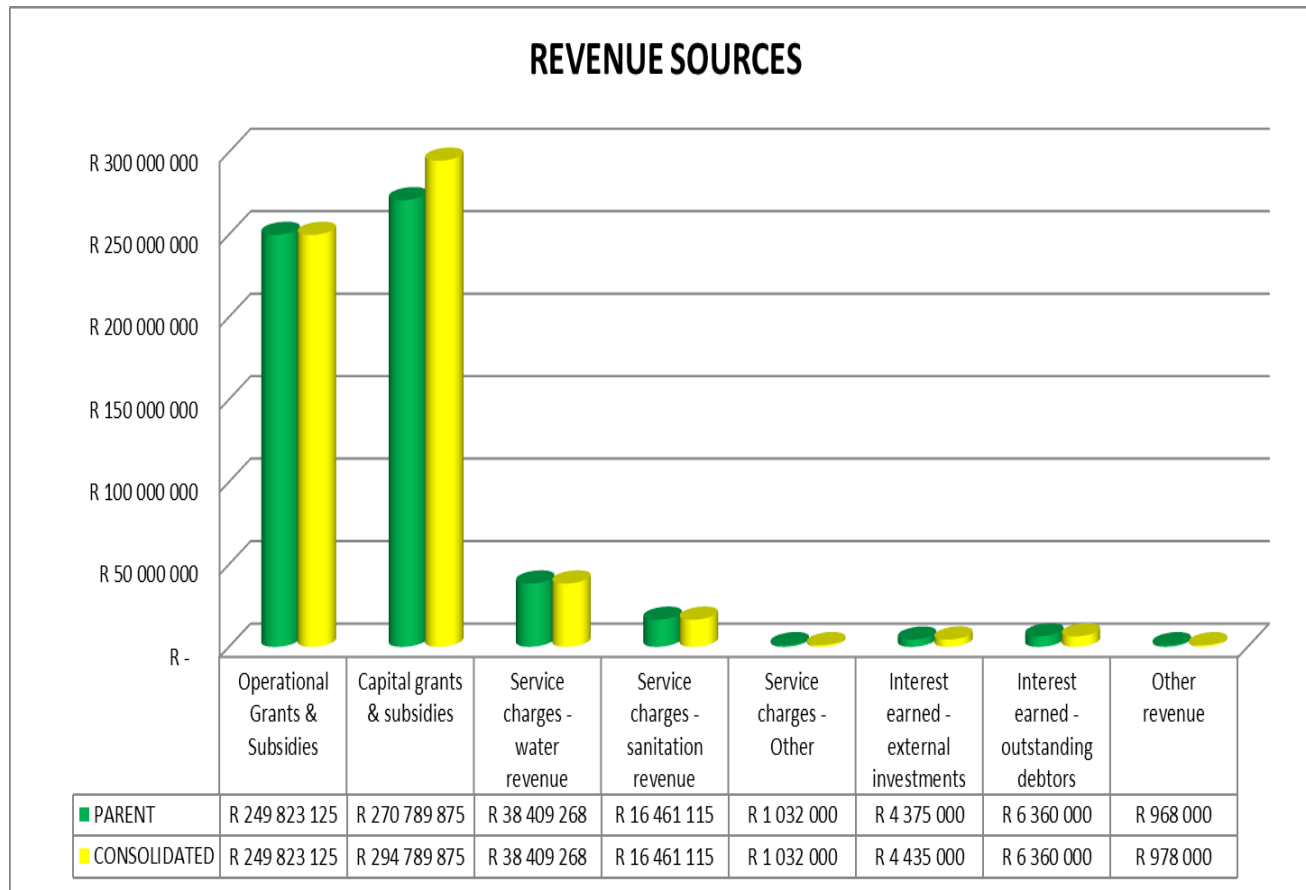


Chart 2 above presents the budget summary for the 2015-16 budget year categorised by revenue sources.

## OPERATIONS BUDGET

The operating expenditure budget for the 2015/16 budget is R330m.

**Chart 3: 2014-15 MTREF Operational Budget Per Vote**

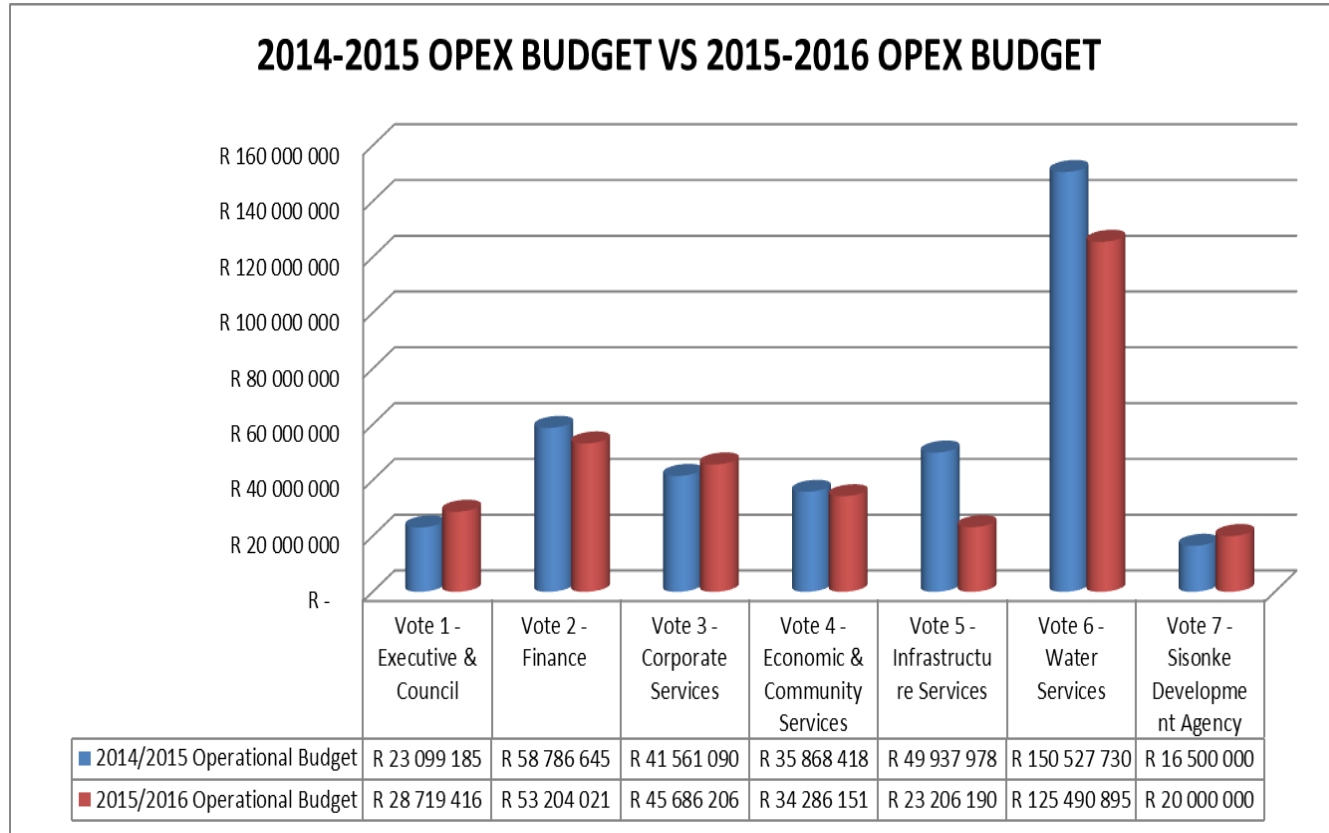


Chart 3 above presents a comparison between the 2014/2015 adjusted operational budget and the 2015/16 Draft operational budget. The detailed line items providing operational projects as well as operational expenditure have been inserted in the table below. The comparison indicates significant decrease in OPEX by 16% and by R45m in monetary value.

The following are the highlights of the special programmes projects.

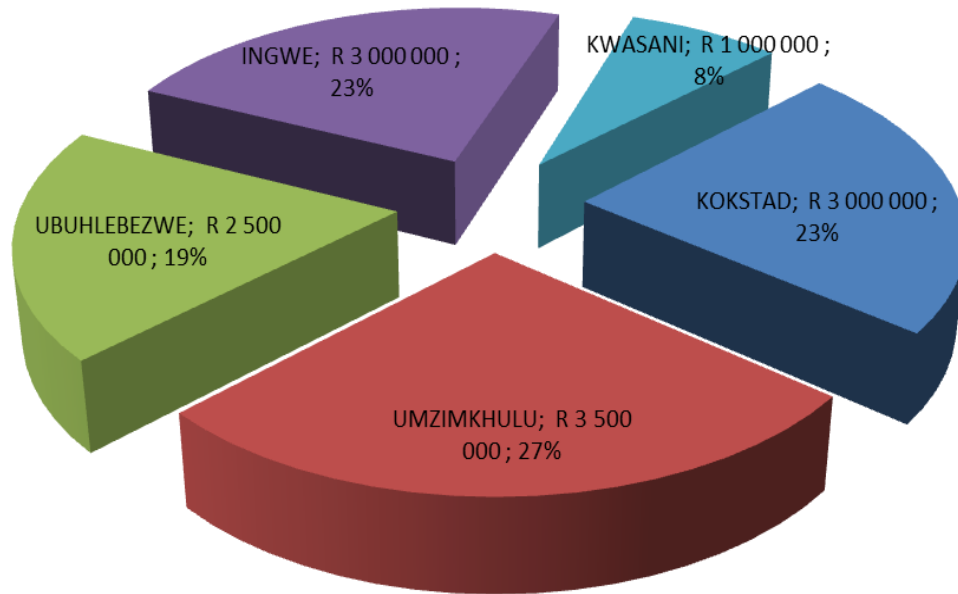
DESCRIPTION	2015/16	2016/17	2017/18
SPORT DEVELOPMENT	R 4 000 000	R 4 220 000	R 4 443 660
ICT HUB	R 500 000	R 527 500	R 555 458
RURAL HORSE RIDING - GAMES (SUMMER CUP)	R 445 000	R 471 255	R 497 174
DISABLED PROGRAMMES	R 300 000	R 316 500	R 333 275
YOUTH DEV EMPOWERMENT PLAN	R 150 000	R 158 250	R 166 637
BURSARIES-COMMUNITY	R 350 000	R 369 250	R 388 820
CUBA BURSARIES	R 180 000	R 189 900	R 199 965
WOMENS DAY CELEBRATION	R 200 000	R 211 000	R 222 183
MENS FORUM AND CAPACITY BUILDING	R 210 000	R 221 550	R 233 292



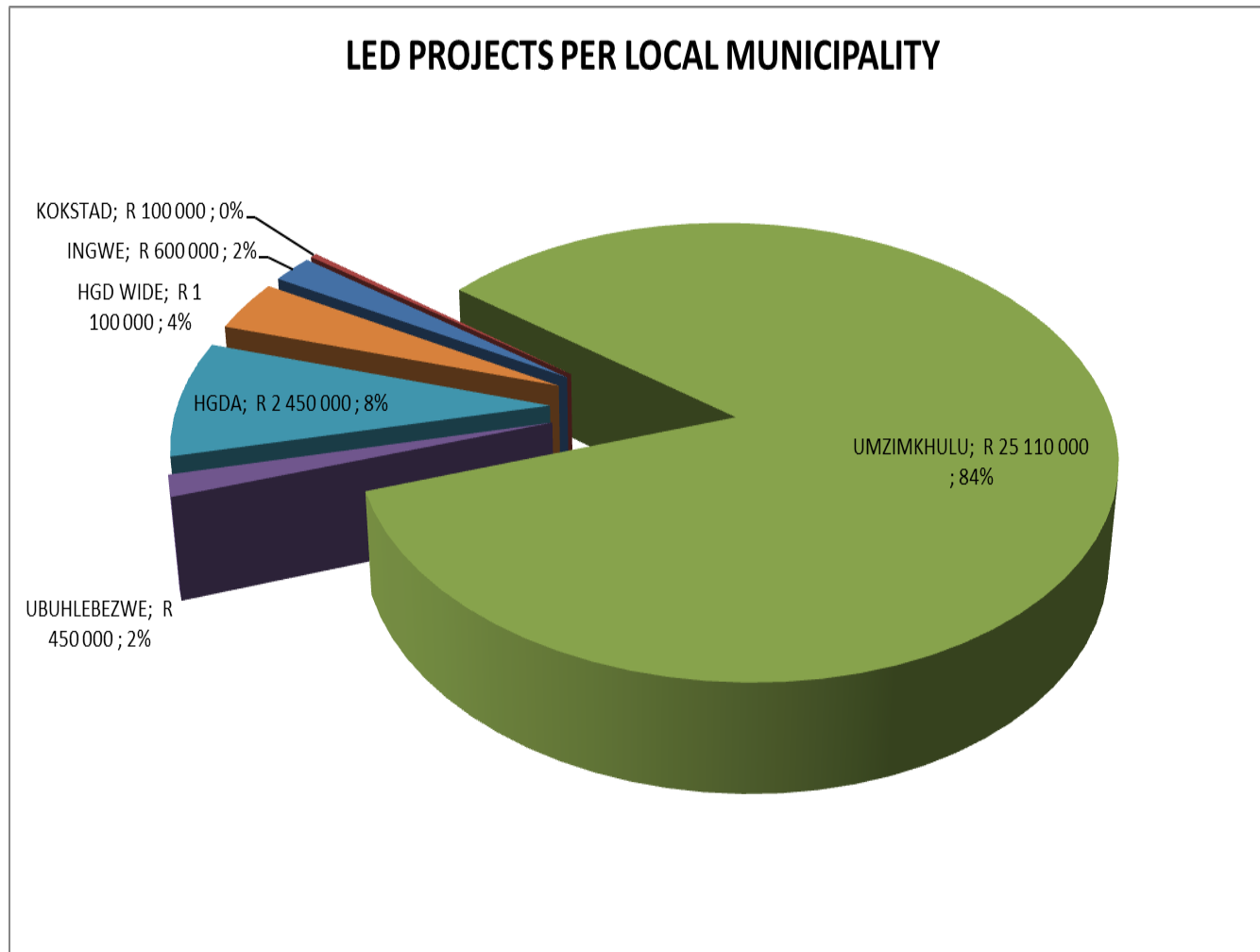
GOLDEN GAMES	R 200 000	R 211 000	R 222 183
BACK TO SCHOOL CAMPAIGN	R 100 000	R 158 250	R 166 637
TO ATTEND UMKHOSI WOMHLANGA	R 50 000	R 52 750	R 55 546
YOUTH COUNCIL	R 200 000	R 211 000	R 222 183
HARRY GWALA DISTRICT MARATHON	R 500 000	R 527 500	R 555 458
<b>TOTAL</b>	<b>R 7 385 000</b>	<b>R 7 845 705</b>	<b>R 8 262 471</b>

## Refurbishment in LM'S

### REFURBISHMENT PER LOCAL MUNICIPALITY

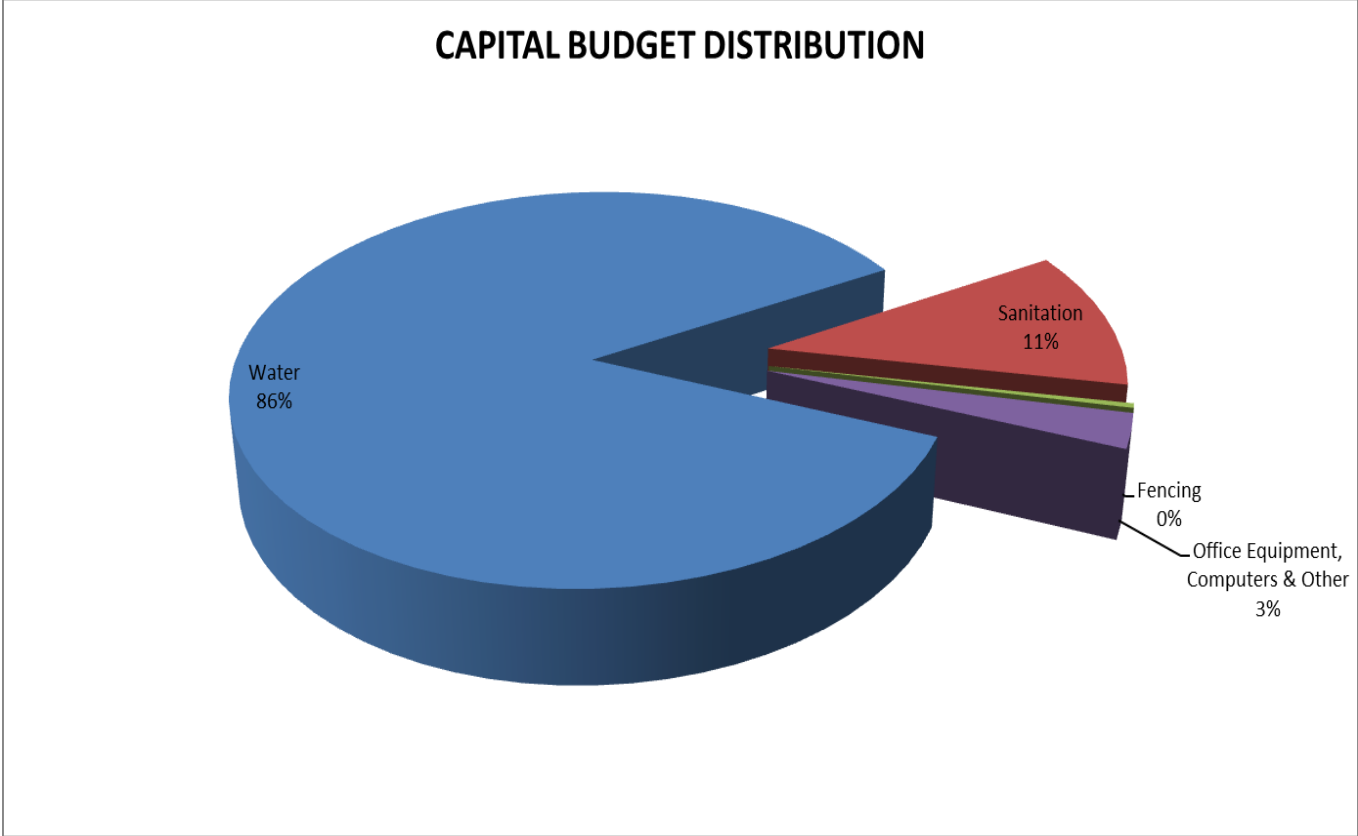


## Harry Gwala Development Agency Projects (Entity)



<b>MUNICIPALITY</b>	<b>LED</b>	<b>2015/2016 BUDGET</b>	
HDDA	LED & Tourism Forum	R	50 000
HDDA	SMME networking	R	200 000
HDDA	Contractors Development Programme	R	200 000
HDDA	Enterprise development strategy and implimentation plan (SMMEs and Co-ops)	R	300 000
HDDA	Food Security - Poverty Alivation (AGRICULTURAL INPUT & FENCING)	R	500 000
	<b>TOTAL</b>	<b>R</b>	<b>1 250 000</b>
	<b>TOURISM</b>		
HDDA	Tourism Sector Strategy	R	150 000
HDDA	Tourism Exhibition show	R	100 000
HDDA	Fodo Development project	R	100 000
KOKSTAD	VIC Kokstad	R	100 000
HGDA	Visitor information office (Renovations & Refurbishment of assests & advertising)	R	200 000
HGDA	Local Tourism Events	R	200 000
HGDA	Tourism awareness campain	R	-
HGDA	Arts & Craft Support (Training & Arts and Craft Expos)	R	250 000
HGDA	Markerting of Tourism investment	R	300 000
UMZIMKHULU	Ntsikeni Ecotourism project	R	150 000
UBUHLEBEZWE	Highflats packhouse and agro-processing- co funding	R	250 000
HGDM	District-wide bee keeping and honey processing	R	200 000
	<b>TOTAL</b>	<b>R</b>	<b>2 000 000</b>
	<b>INDUSTRIAL DEVELOPMENT</b>		
UMZIMKHULU	Block Manufacturing (Sand, Cement & Machinery)	R	100 000
HGD WIDE	Emerging Farmers Support (agricultural input)	R	500 000
INGWE	Bean Massification- Mountain View Farm (machanisation & Agric input)	R	400 000
UMZIMKHULU	Maize Massification- Nomdaphu Ward 13 (machanisation & Agric input)	R	400 000
UMZIMKHULU	Maize Massification- Delamzi ward 1 (machanisation & Agric input)	R	400 000
UMZIMKHULU	Business Network sessions (Hiring of services)	R	200 000
INGWE	Business and Implementation Plan- Dairy Processing (Summerhill Farm)	R	200 000
HGD WIDE	Business and Implementation Plan- Animal Feeds Plant	R	200 000
HGD WIDE	Feasibility Study- Rail Freight revival (PMB to kokstad)	R	200 000
UBUHLEBEZWE	Light Industry Park BusinessPlan (conculant) Highflat	R	200 000

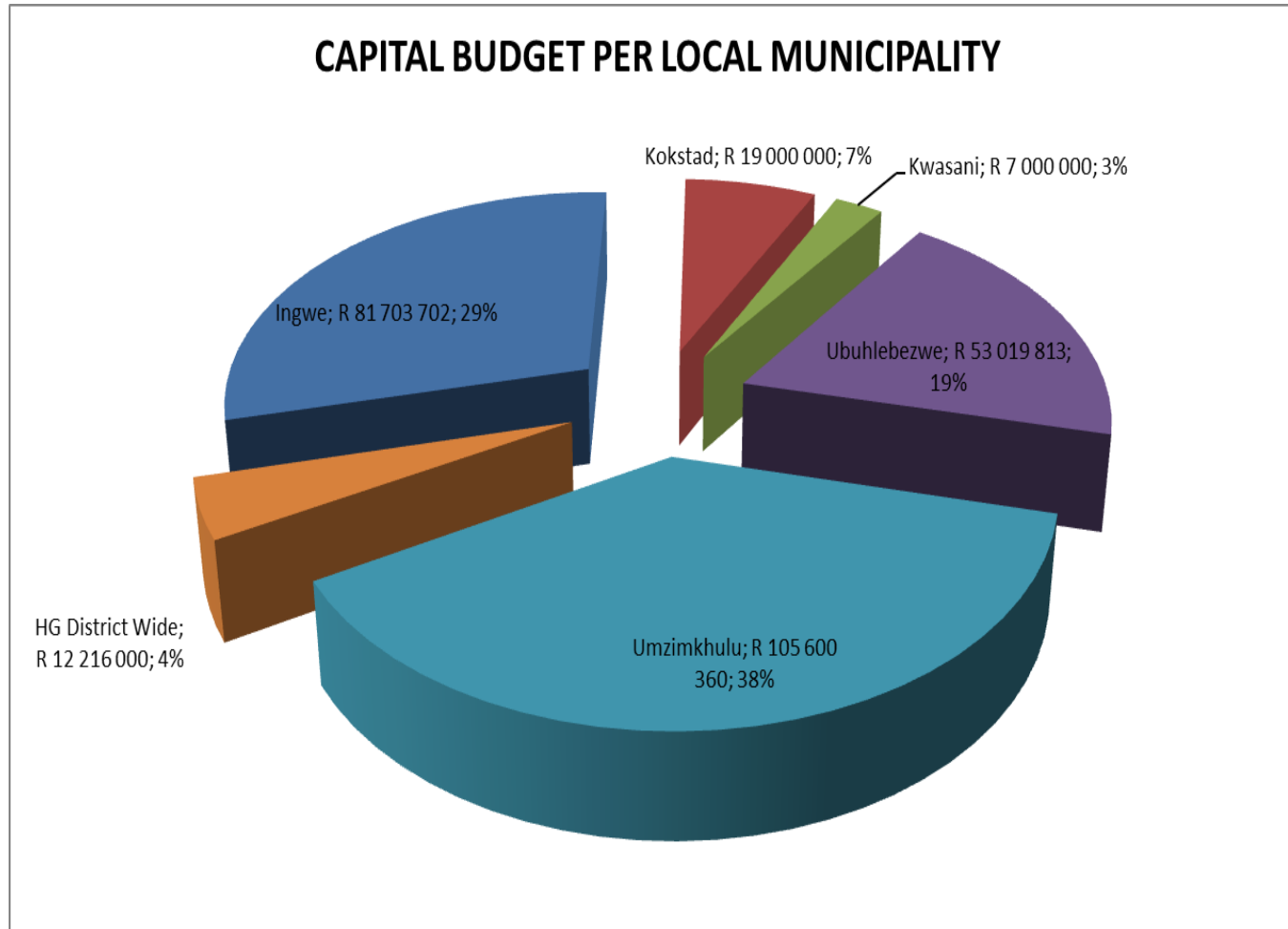
**CAPEX BUDGET DISTRIBUTION**



## CAPEX BUDGET BY TYPE

	BUDGET
Water	R 238 289 875
Sanitation	R 31 500 000
Office Equipment, Computers & Other	R 7 750 000
Fencing of Water & Sanitation Infrastructure	R 1 000 000
Total	<b>R 278 539 875</b>

## CAPITAL DISTRIBUTION PER LOCAL MUNICIPALITY



## CAPEX BUDGET PER LOCAL MUNICIPALITY

PROJECTS	BUDGET		
	2015/16	2016/17	2017/18
Ingwe	R 81 703 702	R 174 227 388	R 230 000 000
Kokstad	R 19 000 000	R 35 549 824	R 5 000 000
Kwasani	R 7 000 000	R 15 420 853	R 30 417 110
Ubuhlebezwe	R 53 019 813	R 24 118 000	R 65 000 000
Umzimkhulu	R 105 600 360	R 72 452 000	R 93 700 000
HG District Wide	R 12 216 000	R 8 176 250	R 8 609 591
<b>TOTAL</b>	<b>R 278 539 875</b>	<b>R 329 944 315</b>	<b>R 432 726 701</b>



## CAPITAL BUDGET PER LOCAL MUNICIPALITY

### INGWE PROJECT LIST

PROJECTS	2015/16	2016/17	2017/18
<b>Bulwer to Nkelabantwana and Nkumba Water</b>	R 7 000 000	R 10 000 000	R 10 000 000
<b>Greater khilimoni</b>	R 15 437 475	R 20 727 388	R 25 000 000
<b>Khukhulela water</b>	R 4 999 897		
<b>Kwanomandlovu water project</b>	R 10 000 000		
<b>Mbhulelweni water supply</b>	R 10 266 330	R 15 000 000	R 10 000 000
<b>Ingwe household sanitation project</b>	R 3 000 000	R 3 500 000	
<b>Bulwer donnybrook water supply scheme project (MIG)</b>		R 15 000 000	R 25 000 000
<b>Creighton Water Supply</b>		R 10 000 000	R 20 000 000
<b>Donny Brook Bulk Sewer</b>			R 10 000 000
<b>Bulwer Dam Intervention</b>	R 1 000 000	R 10 000 000	R 10 000 000
<b>Tarrsvalley water project</b>	R 3 156 907	R 10 000 000	R -
<b>Stephen Dlamini Dam water supply scheme project (RBIG)</b>	R 30 000 000	R 80 000 000	R 120 000 000
<b>TOTAL</b>	<b>R 84 860 609</b>	<b>R 174 227 388</b>	<b>R 230 000 000</b>

### KOKSTAD PROJECT LIST

PROJECTS	2015/16	2016/17	2017/18
<b>Greater Kokstad Emergency Sewer Intervention</b>	R 9 000 000		
<b>Horseshoe Sanitation Project-New</b>	R 9 000 000	R 25 677 072	R 0
<b>Greater Paninkukhu Bulk Water</b>		R 1 872 751	

<b>Kokstad Water Conservation &amp; Demand</b>		R 8 000 000	R 5 000 000
<b>Makhoba Water Project</b>	R 1 000 000		
<b>TOTAL</b>	<b>R 19 000 000</b>	<b>R 35 549 824</b>	<b>R 5 000 000</b>

#### **KWASANI PROJECT LIST**

PROJECTS	2015/16	2016/17	2017/18
<b>Underberg Waste Water</b>		R 15 420 853	R 20 298 110
<b>Underberg Bulk Water Supply Upgrade Phase 2</b>	R 7 000 000		
<b>Mqatsheni Stepmore Water Project</b>			R 10 119 000
<b>TOTAL</b>	<b>R 7 000 000</b>	<b>R 15 420 853</b>	<b>R 30 417 110</b>

#### **UBUHLEBEZWE PROJECT LIST**

PROJECTS	2015/16	2016/17	2017/18
<b>Chibini Water Supply</b>	R 9 000 000		
<b>Ixopo Mariathal Water Supply</b>			
<b>Ixopo Hopewell Water Supply</b>		R 4 000 000	R 15 000 000
<b>Ncakubana Water Project</b>	R 4 500 000		
<b>Thubalethu Water Supply</b>	R 9 654 877		
<b>Ufafa Water Supply</b>	R 14 469 191		
<b>Umkhunya Water Projects</b>	R 12 895 745	R 15 118 000	R 20 000 000
<b>Eradication Of Sanitation Backlog In Ubhlebezwe</b>	R 2 500 000		
<b>Ncwadi water supply</b>			R 10 000 000
<b>Emazabekeni/Nokweja water supply</b>			R 15 000 000
<b>Highflats Town Bulk Water Supply</b>		R 5 000 000	R 5 000 000

TOTAL	R 53 019 813	R 24 118 000	R 65 000 000
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UMZIMKHULU PROJECT LIST	2015/16	2016/17	2017/18
Umzimkhulu Sewer Emergency Intervention		R 9 000 000	R 6 700 000
Mnqumeni / Santombe Water Supply	R 19 000 000		
Eradication Of Sanitation Backlog In Umzimkhulu	R 5 000 000	R 12 500 000	R 22 000 000
Greater Summerfield	R 18 068 663	R 15 952 000	R 25 000 000
Ndawana Water Supply	R 2 500 000		
Ibisi Housing Bulk Sewer Services			R 15 000 000
Ibisi water project			R 5 000 000
Kwameyi, Teerkloof	R 23 064 689		
Tonjeni water project		R 10 000 000	
Greater Paninkukhu Water Supply (Rudimentary, Reticulation of Sdadeni, Gunjini, Gujendlini, Kwasenti, Chancele, Pholanyoni, Thonjeni, Mncweba and Tsawule)	R 30 810 101	R 15 000 000	R 20 000 000
Santombe Water Supply		R 10 000 000	
Clysdale Water Reticulation	R 1 000 000		
Paninkukhu Water Resource Development ( Ibisi Dam)	R 1 000 000		
Umzimkhulu Sewer Upgrade Phase 2	R 2 000 000		
<b>Total</b>	<b>R 102 443 453</b>	<b>R 72 452 000</b>	<b>R 93 700 000</b>

## CAPITAL BUDGET

The total capital budget is R 278m. This is largely funded from MIG Municipal Water Infrastructure Grant and Rural Bulk Infrastructure Projects funding.

Capital Budget Funding Sources per department

Corporate Services	R 2 650 000
Economic & Community Services	R 800 000
Infrastructure Services (MIG, MWIG & RBIG)	R 270 789 875
Water Services	R 4 300 000
<b>Total Capex Per Department</b>	<b>R 278 539 875</b>

The capital budget is largely attributable to addressing the water & sanitation backlogs in the Harry Gwala District Municipality.

Other internally funded capital projects include the Installation of water meters and other assets such as office equipment, Server upgrade, Computers etc.

## **ANNEXURE**

### **DEPARTMENTAL SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN (SDBIP)**