



DRAFT

ANNUAL BUDGET REPORT FOR

ABAQULUSI MUNICIPALITY

2018/19 TO 2020/21

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Table of Contents

ABBREVIATIONS AND ACRONYMS	i
PART 1 – ANNUAL BUDGET	1
MAYOR’S REPORT.....	1
COUNCIL RESOLUTIONS.....	14
1.3 EXECUTIVE SUMMARY	16
OPERATING REVENUE FRAMEWORK	19
Property Rates	25
Sale of Electricity and Impact of Tariff Increases	28
Sanitation and Impact of Tariff Increases	29
Waste Removal and Impact of Tariff Increases	30
Overall impact of tariff increases on households	31
OPERATING EXPENDITURE FRAMEWORK	34
Free Basic Services: Basic Social Services Package.....	43
CAPITAL EXPENDITURE.....	43
Future operational cost of new infrastructure	47
ANNUAL BUDGET TABLES.....	47
OVERVIEW OF THE ANNUAL BUDGET PROCESS	86
Budget Process Overview	86
IDP and Service Delivery and Budget Implementation Plan	87
Financial Modelling and Key Planning Drivers	88
Community Consultation	89
OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP.....	90
MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	117
Performance indicators and benchmarks	123
Borrowing Management	123
Safety of Capital	123
Liquidity	123
Revenue Management	124
Creditors Management.....	124
Other Indicators.....	124
Free Basic Services: basic social services package for indigent households.....	125
Providing clean water and managing waste water	125
OVERVIEW OF BUDGET RELATED-POLICIES.....	126
Review of credit control and debt collection procedures/policies	126
Asset Management, Infrastructure Investment and Funding Policy	126
Budget Adjustment Policy.....	126
Supply Chain Management Policy.....	126
Budget and Virements Policy	127
Cash Management and Investment Policy.....	127
Tariff Policies.....	127
Financial Modelling and Scenario Planning Policy	127
OVERVIEW OF BUDGET ASSUMPTIONS.....	128
External factors	128
General inflation outlook and its impact on the municipal activities	128

Interest rates for borrowing and investment of funds	128
Collection rate for revenue services	128
Growth or decline in tax base of the municipality.....	128
Salary increases.....	129
Impact of national, provincial and local policies.....	129
Ability of the municipality to spend and deliver on the programmes	129
<i>OVERVIEW OF BUDGET FUNDING</i>	129
Medium-term outlook: operating revenue	129
Medium-term outlook: capital revenue	134
Cash Flow Management	141
Cash Backed Reserves/Accumulated Surplus Reconciliation.....	144
Funding compliance measurement	147
Cash/cash equivalent position	149
Cash plus investments less application of funds	149
Monthly average payments covered by cash or cash equivalents.....	149
Surplus/deficit excluding depreciation offsets	149
Property Rates/service charge revenue as a percentage increase less macro inflation target.....	150
Cash receipts as a percentage of ratepayer and other revenue	150
Debt impairment expense as a percentage of billable revenue.....	150
Capital payments percentage of capital expenditure	150
Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions).....	150
Transfers/grants revenue as a percentage of Government transfers/grants available.....	151
Consumer debtors change (Current and Non-current)	151
Repairs and maintenance expenditure level.....	151
Asset renewal/rehabilitation expenditure level.....	151
<i>EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS</i>	152
<i>COUNCILLOR AND EMPLOYEE BENEFITS</i>	156
<i>MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW</i>	161
<i>TABLE 48 KZN263 SA25 - BUDGETED MONTHLY REVENUE AND EXPENDITURE</i>	161
<i>CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS</i>	173
<i>CAPITAL EXPENDITURE DETAILS</i>	173
<i>LEGISLATION COMPLIANCE STATUS</i>	203
<i>OTHER SUPPORTING DOCUMENTS</i>	204

List of Tables

Table 1 Consolidated Overview of the Draft 2018/21 MTREF	19
Table 2 Summary of revenue classified by Main Revenue Source A4	21
Table 3 Operating Transfers and Grant Receipts – Table SA18 – Transfer & Grant Receipts	23
Table 4 Comparison of proposed rates to be levied for the 2018/19 financial year	26
Table 5 Proposed Water Tariffs	27
Table 6 Comparison between current water charges and increases (Domestic)	28
Table 7 Comparison between current electricity charges and increases (Domestic) `	28
Table 8 Comparison between current sanitation charges and increases	30
Table 9 Comparison between current sanitation charges and increases, single dwelling- houses.....	30
Table 10 Comparison between current waste removal fees and increases	31
Table 11 KZN263 Table SA14 – Household Bills	32
Table 12 Summary of operating expenditure by type Table A4 by standard classification item.....	35
Table 13 Summary of operating expenditure – Revenue by source -Table A4 by standard classification item...	36
Table 14 Operational Repairs and Maintenance Schedule SA1	40
Table 15 Repairs and maintenance per asset class (Expenditure other items) – Schedule A9	41
Table 16 2015/16 Medium-Term Capital Budget per Vote – Schedule SA6.....	43
Table 17 KZN263 Table SA1 - Budget Summary	48
Table 18 KZN263 Table SA2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification).....	54
Table 19 KZN263 Table SA3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)	57
Table 20 Surplus/ (Deficit) calculations for the trading services.....	59
Table 21 KZN263 Table A4 - Budgeted Financial Performance (Revenue and Expenditure).....	61
Table 22 KZN263 Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	65
Table 23 KZN263 Table A6 - Budgeted Financial Position.....	68
Table 24 KZN263 Table A7 - Budgeted Cash Flow from Operating activities Statement.....	71
Table 25 KZN263 Table A8 - Cash & Investments Backed Reserves / Accumulated Surplus Reconciliation	73
Table 26 KZN263 Table A9 - Asset Management.....	76
Table 27 KZN263 Table A10 - Basic Service Delivery Measurement	82
Table 28 IDP Strategic Objectives	91
Table 29 KZN263 Table SA4 - Reconciliation between the IDP Strategic Objectives and Budgeted Revenue....	110
Table 30 KZN263 Table SA5 - Reconciliation between the IDP Strategic Objectives and Budgeted Operating Expenditure.....	113
Table 31 KZN263 Table SA6 - Reconciliation between the IDP Strategic Objectives and Budgeted Capital Expenditure.....	115
Table 32 KZN263 Table SA7 - Measurable performance objectives.....	119
Table 33 KZN263 Table SA8 - Performance Indicators and Benchmarks	121
Table 34 Breakdown of the Operating Revenue over the Medium-Term Revenue & Expenditure Framework.	129
Table 35 Proposed tariff increases over the medium-term – Revenue Category	130
Table 36 KZN263 SA15 – Detail Investment Particulars by type.....	132
Table 37 KZN263 SA16 – Investment Particulars by Maturity	133
Table 38 Sources of Capital Revenue over the MTREF – Medium Term Revenue & Expenditure Framework A5 Capital.....	134

Table 39	KZN263 Table SA 17 - Detail of Borrowings Categorised by Type	136
Table 40	KZN263 Table SA 18 - Capital transfers and Grant Receipts	139
Table 41	KZN263 Table A7 - Budget Cash Flow from Operating Activities Statement	142
Table 42	KZN263 Table A8 - Cash backed reserves / accumulated surplus reconciliation.....	145
Table 43	KZN263 SA10 – Funding compliance measurement.....	148
Table 44	KZN263 SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	154
Table 45	KZN263 SA22 - Summary of Councillor and Staff Benefits	156
Table 46	KZN263 SA23 – Disclosure - Salaries, allowances and benefits (Political Office Bearers / Councillors / Senior Managers)	158
Table 47	KZN263 SA24 – Summary of personnel numbers	159
Table 48	KZN263 SA25 - Budgeted monthly Revenue and Expenditure.....	161
Table 49	KZN263 SA26 - Budgeted monthly Revenue and Expenditure (Municipal Vote).....	163
Table 50	KZN263 SA27 - Budgeted monthly Revenue and Expenditure (Standard Classification).....	165
Table 51	KZN263 SA28 - Budgeted monthly Capital Expenditure (Municipal Vote)	167
Table 52	KZN263 SA29 - Budgeted monthly Capital Expenditure (Standard Classification).....	169
Table 53	KZN263 SA30 - Budgeted Monthly Cash Flow	171
Table 56	KZN263 SA34a - Capital Expenditure on new Assets by Asset Class.....	174
Table 57	KZN263 SA34b - Capital Expenditure on the Renewal of existing Assets by Asset Class.....	179
Table 58	KZN263 SA34c - Repairs and Maintenance Expenditure by Asset Class.....	184
Table 59	KZN263 SA34d - Future Financial Implications of the Capital Budget (Depreciation by Asset Class)..	189
Table 60	KZN263 SA35 - Future Financial Implications of the Capital Budget.....	194
Table 61	KZN263 SA36 - Detailed Capital Budget per Municipal Vote	201
Table 62	KZN263 SA37 - Projects delayed from previous financial year.....	202
Table 63	KZN263 Table SA1 - Supporting detail to Budgeted Financial Performance	204
Table 64	KZN263 Table SA2 – Matrix Financial Performance Budget (Revenue Source / Expenditure type and Department)	209
Table 65	KZN263 Table SA3 – Supporting detail to Statement of Financial Position.....	211
Table 66	KZN263 Table SA9 – Social, Economic and Demographic Statistics and Assumptions.....	213
Table 67	KZN263 SA32 – List of External Mechanisms	218

List of Figures

Figure 1 Main operational expenditure categories for the 2018/19 financial year.....	39
Figure 2 Capital Infrastructure Programme.....	47
Figure 3 Expenditure by major type	63
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF.....	81
Figure 5 Planning, budgeting and reporting cycle	118
Figure 6 Definition of performance information concepts.....	118
Figure 8 Sources of capital revenue for the 2018/19 financial year	135
Figure 9 Growth in outstanding borrowing (long-term liabilities).....	138

ABBREVIATIONS AND ACRONYMS

Adjustments Budgets – Prescribed in Section 28 of the Municipal Finance Management Act, this is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting, or affected by, the budget. Examples include tariff policy, rates policy and credit control and debt policy.

Budget Steering committee – Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the MFMA.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short-term investments.

CPI – Headline Consumer Price Index

DMTN – Domestic Medium Term Note

DORA – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

DORB – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

Executive Management Team – A team comprising the Municipal Manager and the Executive Directors. It reports to the Municipal Manager.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services.

GDFI - Gross Domestic Fixed Investment

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

MFMA - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

MTREF – *Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.*

MYPD – *Multi Year Price Determination*

NT – *National Treasury*

Operating Expenditure – *The day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.*

Portfolio Committee – *In line with Section 79 of the Structures Act, the Municipality's Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.*

Rates – *Local Government tax based on assessed valuation of a property.*

TMA – *Total Municipal Account*

SCM - *Supply Chain Management*

SDBIP – *Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.*

SFA – *Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.*

Vote – *One of the main segments into which a budget is divided, usually at directorate level.*

Part 1 – Annual Budget

Mayor's Report

During the State of the National Address the President remarked we are one people committed to working together to find jobs for our youth; to prepare our children for a world of change and progress and build towns and cities where families may be safe, productive and content.

We must build a society defined by decency and integrity, that does not tolerate the plunder of public resources, nor the theft by corporate criminals of the hard-earned savings of ordinary people.

There is a lot that divides us. We remain an unequal society, in which poverty and prosperity are still defined by race and gender. We have the responsibility to build a new nation, to confront the injustices of the past and inequalities of the present under difficult conditions.

The economy has not grown at the pace needed to create enough jobs to lift people out of poverty. Public finances have been constrained, limiting the ability of government to expand its investment in economic and social development. Despite these challenging conditions we have managed by working together to achieve some progress in improving the lives of people. We need to take additional measures to reduce poverty and meet the needs of the unemployed.

Public employment programmes have created more than 3.2 million work opportunities and in the context of widespread unemployment continue to provide much needed income, work experience and training.

Measures have been taken to reduce the cost of living for the poor. Government's free basic services programme currently supports more than 3.5 million indigent households. However, to break the cycle of poverty we need to educate the children of the poor.

As we enter a new era we need to build on these achievements, confront the challenges we face and accelerate progress in building a more prosperous and equitable society. There is a great sense of optimism among our people who are hopeful about the future.

Business confidence among companies has improved and investors are looking for new opportunities. We need to seize this moment of hope and renewal and work together to ensure that it makes a meaningful difference in the lives of our people.

The country is set on a new path of growth, employment and transformation. Tough decisions have to be made to close our fiscal gap, stabilise our debt and restore state-owned enterprises to health. As the centre of the national agenda in 2018 is the creation of jobs especially for the youth. Measures will be embarked on to address the unemployment challenge.

Through measures like preferential procurement and the black industrialists programme, a new generation of black and women producers that are able to build enterprises of significant scale and capability will be developed. Black professionals will be supported to deal decisively with companies that resist transformation, use competition policy to open markets up and invest in the development of businesses in townships and rural areas. Radical economic transformation requires that we fundamentally improve the position of black women and communities in the economy, ensuring they are owners, managers, producers and financiers.

The most pressing challenge is youth unemployment. As a matter of urgency young people need to be drawn into productive economic activity. The youth are already forming a greater portion of the labour force on infrastructure projects and primary beneficiaries of programmes such as the installation of solar water heaters and the war on leaks. Working together with business, organised labour and community representative's opportunities are being created for young people to be exposed in the world of work through internships, apprenticeships, mentorship and entrepreneurship.

Infrastructure investment is key to our effort to grow the economy, create jobs, empower small businesses and provide services to our people. Valuable lessons have been learnt from building all new infrastructure which will inform the way forward. We will focus on improvements in our budget and monitoring systems, improve the integration of projects and build a broad compact on infrastructure with business and organised labour.

The growth of the economy will be sustained by small businesses and it is a shared responsibility to grow this vital sector of the economy. At least 30% of public procurement will be set aside to SMME's, cooperatives and township and rural enterprises.

We are also working on expanding economic opportunities for people with disabilities.

Tourism is another area which provides the country with incredible opportunities to shine. We have the most beautiful country in the world and the most hospitable people. This year support for destination marketing in key tourism markets will be supported and measures will be implemented to reduce regulatory barriers and develop emerging tourism businesses. All South Africans are called on to open their homes and hearts to the world.

The country however still remains gripped by one of the most devastating droughts in the century which has severely impacted on the economy, social services and agricultural production. Everyone is called on to use water sparingly as we are a water-scarce country that relies on this vital resource to develop our aspirations.

In improving the quality of life of all South Africans, we must intensify our efforts to tackle crime and build safer communities.

This year government is turning the tide on corruption in our public institutions. The criminal justice institutions have been taking initiatives that will enable us to deal effectively with corruption. We must fight corruption, fraud and collusion in the private sector with the same purpose and intensity, remembering every time someone receives a bribe there is someone who is prepared to pay it. Both must be dealt with in an effective

manner. Professional bodies and regulatory authorities are urged to take action against members who are found to have acted improperly and unethically.

We know the challenges our people face when interacting with government, in too many cases they get poor or no service at all. Public servants must adhere to the Batho Pele principles of putting people first. Everyone in public service must undertake their responsibilities with efficiency, diligence and integrity. A new discipline must be instilled to do things correctly, completely and timeously. All public servants are called upon to become agents of change.

During the budget speech the Minister of Finance declared this a year of change, renewal and hope. The challenge is to build a South Africa in which all people have a decent standard of living, access to economic opportunities and opportunity to pursue their dreams. These core aspirations informed the Budget to enable and advance with a profound sense of optimism, purpose and resolve.

All of us who have the honour to serve as public representatives and officials should be prepared to subject ourselves to public scrutiny. To ensure the sustainability of the nation's finances the budget is carefully balancing a variety of important priorities. Fast growth is needed to reduce unemployment, poverty and inequality and relieve pressure on the fiscal framework. Tough trade-offs were made to ensure that the budget is a platform for renewal, inclusive growth and job creation. There are risks and spending pressures that need to be carefully navigated but the budget presents a roadmap to maintaining the integrity of public finances, while protecting social services.

The year past has been very difficult, characterised by slow economic growth, recession, rating downgrades and heightened concern regarding the governance and sustainability of key state-owned companies.

The outlook and recovery are matched by a renewed sense of optimism that government can and will work effectively. The responsibilities include creating the right environment for investment, creating sustainable employment, dealing decisively with governance and financial failures and addressing the concentrated and inequitable structure of the economy. We need to provide investors with the certainty required to increase investment. Raising the level of investment and improving the ease of doing business will support job creation. Private sector investment and job creation are critical to reducing unemployment.

Government must ensure the youth are equipped with sufficient skills and crucially look at policies that involve funding youth owned businesses. Through funding small businesses unemployment will be cut. The structure of the economy needs to be transformed to allow for new ideas, businesses and economic activities to emerge and thrive.

The increasing of VAT was unavoidable to ensure the integrity of public finances was maintained. The current zero-rating of basic food items such as maize meal, brown bread, dried beans and rice will limit the impact on the poorest households.

It can be seen how quickly citizens' trust can be eroded by perceptions of poor public governance.

South Africa is a water-scarce country and the climate is changing in ways that make rainfall patterns far less predictable. We need to save water. South Africa is among the highest levels of capita per daily domestic water consumption levels in the world but also some of the highest levels of inequality in reliable access to water. National government will continue to work with municipalities to respond effectively to the water crisis.

Local government continues to face significant financial management and governance challenges. Too many municipalities do not charge tariffs that reflect the full cost of the services they deliver in particular for water services. Many municipalities do not collect the funds that are owed to them and do not adopt credible budgets. This is resulting in not being able to pay their own creditors.

National government already provides extensive capacity support to municipalities but over the period ahead the effectiveness of the different support measures will be reviewed and a new instrument will be introduced to assist the turnaround of some of the most troubled municipalities.

All urban stakeholders are urged to work imaginatively to transform township economies. Let us think beyond car washes and spaza shops, important as they are and find ways to foster productive, high value economic activity in townships owned and managed by township residents. Factories, workshops, tech hubs and locally-owned retail operations need to be established in our townships. By revitalising the township economy and reconfiguring urban centres the unequal spatial planning of our cities will be transformed.

Transformation of the financial services sector is critical as the allocation of capital greatly influences patterns of ownership and production in the economy. South Africa has a strong financial regulatory system and deep and liquid capital markets that are critical strengths.

The Public Audit Act is being amended due to the worrying trend rising in unauthorised, irregular, fruitless and wasteful expenditure.

Public procurement worth hundreds of billions of rand annually is a critical lever to change the production and ownership patterns of the economy to empower black people, women and youth. For this reason, amendments to the Preferential Procurement Regulations became effective in April 2017.

Key changes include:

- Targeted procurement from designated groups, including township and rural enterprises, black women and youth enterprises, cooperatives and people with disabilities, among others*
- Compulsory sub-contracting to designated groups in all projects or contracts above R30 million. Nothing prevents organs of state from applying sub-contracting provisions in projects or contracts below R30 million.*
- Designation of sectors and industries for localization to support industrial development, localization and job creation.*

It further enables government to use public procurement strategically to advance transformation, achieve efficiencies and improve governance. Treasury will increase collaboration with all law enforcement agencies to strengthen efforts to fight fraud, corruption and abuse of SCM system across all spheres to government in order

to restore the integrity of supply chain management. In recent years a large number of deviations from normal procurement processes has reduced the credibility of the supply-chain management system. Deviations can result in anti-competitive practices that open the door to corruption and limit transformation by preventing small businesses from doing business with the state. In future only in rare, well-justified cases will deviations be allowed.

Payment of suppliers on time is regulated by the PFMA and the MFMA. The Director-General of National Treasury will issue a directive to all government departments and public institutions, instructing them to pay suppliers on time, or be charged with financial misconduct. This must be monitored by accounting officers and National Treasury will strengthen oversight mechanisms in this regard. We will work with colleagues in all spheres of government to improve performance of public entities on this critical issue.

Value for money and efficiency in spending remain critical in our drive to ensure the effective management of public resources. The strategic procurement framework is being rolled out that provides for a differentiated approach of procurement based on the characteristics of each commodity. A differentiated approach can achieve efficiencies through economies of scale, reduced duplication and more transparent pricing. Government is considering centralised procurement of certain commodities however compromising competition and support for local economic development will be avoided.

Management of public finances must continue to remain at the core of a capable and people-centred state. South Africa continues to set the gold standard for budget transparency. Looking to the future, true to the South African budget reform approach we are not seeking the easy way out and our efforts will not be superficial. We are prioritising public participation and taking National Treasury to the people. An online budget data portal has been launched aimed at making the use of all budget information easier. Government seeks to build an active citizenry that engages in discussions that are meaningful, together with government, regarding service delivery and policies that affect every citizen.

Given difficult circumstances and choices that had to be made to steer the course and maintain the trajectory of the policy objectives and sustain public finances, tough calls and decisions were made. Incredible perseverance, humanity, selflessness and courage are the core values we must embody to meet our current challenges. Let this be the year of renewal, revitalization and a step change in progress in fostering inclusive economic growth which rolls back unemployment, poverty and inequality.

Let us work together to create a better life for every citizen and inhabitant of our beloved country. Let each of us lend a hand.

The theme for the State of the Province address for 2018 was “Leading with integrity towards growing an inclusive economy, for integrated, targeted and effective service delivery to improve quality of life,”

We must remain focussed on targets we set for ourselves, ensuring not to get side tracked by electioneering campaigns and lose sight of what we have to do, to serve our people to the best of our ability. Our ability to lead with integrity will be measured by the levels of maturity we display as well as the levels of stability we can secure for our people.

We must do everything within our power to play our part in restoring hope, dignity and renewal in our economy by ensuring that good governance practices are implemented, linked with sound and prudent financial and fiscal management, leading with integrity as we contribute to a climate conducive for investment confidence.

KZN resolves to remain firm in delivering a province that can contribute optimally to the realisation of the country's vision as advocated in the National Development Plan and the 14 outcomes of the Medium Term Strategic Framework to ensure better and faster implementation.

The Province is focused on ensuring it is still on track for the Vision 2035 which is "A prosperous Province, with a healthy, secure and skilled population, living in dignity and harmony, and acting as a gateway to Africa and the World".

This is not just a government strategy and plan but a collective commitment and a social compact between government, business, labour and civil society to pursue the NDP objectives.

It has been difficult to grow an inclusive economy and create jobs within the context of slow international and national economic growth. More will have to be done to address unemployment and in particular youth unemployment.

Inclusive, expanded and sustained economic output is a fundamental driver for job creation and shared economic growth. There must be focus on key drivers and sectors of the economy of KZN and increasing access to new entrants in a manner that will create employment.

The agricultural sector has gone through challenging times with unintended consequences due to the recent drought and poor land reform implementation.

KZN is excited about prospects of growing a shared economy in our tourism sector through strong public, private collaboration in building the required tourism infrastructure, to create an environment where local and foreign visitors would love to work, live and play. Investment is required to develop low-end tourism infrastructure in rural areas. We must move from the point where our communities are mere observers in the tourism sector, to where they can become active participants and true ambassadors for our Country.

SMME and cooperative development and support programmes provide the mainstay of the quest for entrepreneurship development to broaden participation in a growing economy. Agreements for partnerships with tertiary institutions have been concluded to provide business development training.

In times of poor economic performance and sluggish employment creation and rising unemployment government cannot be a passive observer ensuring that it procures and renders services. The Expanded Public Works Programme and other government-led job creation programmes provide an important bridging opportunity for new entrants to the labour market. These programmes provide experiential work opportunities for in-service training to enable members of marginalised communities, in particular women and the youth, to prepare themselves for real, meaningful and sustainable employment.

A new programme called Sukuma 10 000 is being launched in this financial year. The programme will be coordinated in the Office of the Premier cutting across all spheres of government, private sector, tertiary institutions, parastatals and other quasi-government organisations, aiming at creating 10 000 new job opportunities. The program targets the youth, women and people with disabilities across the Province and participants have committed to contribute to a portion of this target from their various employment creation programmes to ensure that by the end of the next financial year 10 000 currently unemployed youth will have employment.

A Youth Development Fund will be launching in 2018 and Provincial government will be allocating at least R50 million to capitalise the fund. The fund will provide seed funding for qualifying youth business development and will be able to accept private sector corporate social investment contributions.

Whilst the Province is excited about the prospects of economic growth it remains equally concerned about the persistent gap between skills demand and supply.

One of the primary goals of the government is the eradication of poverty and inequality to ensure that welfare services are delivered timely, effectively and efficiently. It has been noted that although poverty is decreasing there is more work that needs to be done to reduce the number of grant dependent persons and households.

Provincial government aims to attend to all the challenges outlined and reconfirming their commitment to the ward-based approach to attend to matters of the communities via Operation Sukuma Sakhe. Remaining committed to fast tracking and improving the efficiency of implementation of the Poverty Eradication Master Plan, the Social Cohesion and Moral Regeneration Strategy, the KZN Crime Prevention Strategy as well as strategies and plans to accelerate access to land and housing.

The complimentary programmes of Poverty Eradication and Radical Agrarian Socio-Economic Transformation Programme have been linked with Operation Sukuma Sakhe to ensure an integrated, targeted and effective service delivery approach to prioritise the most impoverished wards and households in a structured manner. The implementation of the Poverty Eradication Program has established a footprint in 119 of the poorest wards in the Province.

The present outbreak of Listeriosis has grown into an epidemic which is worrying. Everyone is called upon to heed the advice of the World Health Organization and the Department of Health on how to avoid the further spread of this disease.

Strategic infrastructure development is essential for sustaining both the social and economic growth and development needs of the Province. The focus will be on expanding and maintaining infrastructure required for both social and economic development. The ability to facilitate the coordination of infrastructure delivery will be improved and the monitoring of progress made through the Provincial Infrastructure Master Plan and a process of registering and monitoring the implementation of Catalytic Projects. To achieve this an appropriate portion of the budget needs to be allocated to the development, operation and adequate maintenance to

extend the lifespan of these strategic assets. We must ensure that our infrastructure planning is robust enough and avoid a situation where we discourage potential investors as a result of poor infrastructure planning.

Government is currently concerned about the stability of our water infrastructure. Not only is most of the infrastructure old, there is also a serious disconnect between the various delivery agents in the water sector. Bulk infrastructure for water is funded by the National Department of Water and Sanitation and its Water Boards, whilst reticulation infrastructure is the responsibility of the Water Services Authority at local government level. We need to ensure that we provide at least 75 litres of water per person per day and that we can sustain our economic growth.

As far as energy is concerned, the reticulation of service to household and businesses is rolling out at a steady pace and that we currently have adequate power on the grid to satisfy demand. There is however concern about the slow process of licencing renewable energy generation. This is placing the energy security at risk and has had a negative impact on the manufacturing of such technologies and has therefore been counterproductive to our industrialisation programmes.

Development must be sustainable and the Province's environmental assets and natural resources must therefore be well protected and continually enhanced through synergistic development practices.

Of concern is the onslaught of our wildlife resources such as rhino poaching and the unsustainable harvesting of our marine resources. These criminal activities are not only posing a risk to our environment but also to our economy and the livelihoods of our communities who rely on the tourism activities attracted by these natural resources.

The Province remains committed to honour the climate change resolutions emanating from various COP agreements and the Province remains steadfast in the resolve to pursue a green growth path and embrace the green economy. The Provincial Climate Change Council must assist in ensuring the balance is maintained between development and conservation as well as to focus on opportunities in the green economy.

When we fail in providing governance that is responsive to the needs of our people and if policies are not aligned or impractical and if we squander state resources we fail in our hands. The people of KZN must have confidence in governance structures and must be satisfied with the levels of governance and service delivery. We are committed to being a competent and caring government placing people at the centre.

The Province has created "Team Government" to perform better and step up our ability to manage our departments in a manner that will meet the good governance standards measured by the Auditor-General. As Government we need to improve on the current situation. We are committed to effectively combating fraud and corruption and reducing unauthorised, irregular, fruitless and wasteful expenditure. Zero tolerance is being applied to those who are found guilty of these transgressions.

Provincial Government will be starting lifestyle audits of officials in high risk positions starting with Supply Chain Management Units in collaboration with SARS.

Currently the standard of paying suppliers within 30 days is not being met and special measures are being implemented to improve the reporting on payments and to ensure that appropriate consequence management steps are taken as and when required.

Government is instilling a culture where integrity will be at the core of everything we do, committing to a public-private coalition dedicated to combating fraud and corruption and promoting good governance. It must be noted that we are not portraying a view that all government officials are corrupt or inefficient, there are officials who are more than willing to go the extra mile to serve our people in the true spirit of Batho Pele. It is further our responsibility to develop the capacity of our developmental state, not necessarily by appointing more people but by ensuring we improve efficiencies.

Provincial Government has been providing support across all municipalities via the Back to Basics Programme and based on the reports urgently need to attend to the following local governance matters:

- Improving the level of functionality of public participation structures;
- Managing relations between Municipal and Traditional Leadership structures;
- Eliminating unfunded budgets in municipalities;
- Improving revenue collection and debt management;
- Increasing the number of municipalities with clean audits;
- Improving financial provision for Operation and Maintenance of critical infrastructure;
- Eliminating municipalities defaulting on payment arrangements with ESKOM;
- Preventing water losses; and
- Improving technical capacity to manage growth and development

The reduction of spatial inequalities and increased spatial access to goods and services for all sections and sectors of the community remains a key priority. Focus will be placed on promoting spatial equity and integrated land use management towards balanced urban and rural development.

We are all concerned about the state of fiscal and financial affairs. We understand we have no control over the global economy and current market trends that are inhibiting our growth potential.

There is a need to reduce state expenditure and stringent measures have been implemented to ensure that requests to fill vacancies are assessed against the backdrop of priorities. Municipal budgets have also been affected by the factors and municipal equitable shares had to be revised. This has aggravated the pressure on prudent financial management to achieve an equitable balance between community expectations and the ability to deliver.

Public finances of the Province are in good and safe hands and we must remain positive amid the current challenging situation, knowing we are sacrificing for a brighter future.

We also take very seriously our duty to report to our communities on progress with implementation of these programmes and plans that are aimed at improving the quality of lives for the community.

In concluding the State of the Province address a call for peace, calm and reason was requested as government prepares for the 2019 National and Provincial Elections, nurturing optimism and suppressing negativity and realise that no challenge is beyond our reach.

Let us all commit to eradicate poverty, inequality and unemployment in the Province by:

- Fostering peace, stability and unity;*
- Growing a shared economy to improve the lives of all our people;*
- Developing our skills to become active participants in this economy;*
- Rendering effective and efficient services to our communities;*
- Developing our infrastructure and expand our gateway status;*
- Protecting our environment;*
- Developing all corners of the Province according to it's potential; and*
- Rendering good, clean and accountable governance as we lead with integrity*

Funding for the Youth Development Fund will be prioritised during the tabling of the Adjustments Estimate. The country's current economic climate determines the affordability in terms of the level and speed at which plans are rolled out. Local economic risks remain high around projected revenue collection and debt service burdens.

A fair portion of the provincial contribution to fiscal consolidation is borne by poor performing conditional grants and infrastructure grants that can absorb a delay in the implementation of planned projects.

All cost cutting measures must continue to be adhered to. Every little saving helps to protect service delivery spending in times of continuous budget cuts.

CoGTA will continue to co-ordinate, support, promote and enhance governance, administration and public participation in local government, as well as provide support and build capacity within traditional institutions. The department's role is to promote informal integrated planning and development. This includes developing traditional master settlement plans in consultation with Amakhosi to achieve structured planning in rural areas. CoGTA will further support municipalities with the development of nodal plans for towns and to accommodate growth in small town nodes.

The Department of Arts and Culture will continue to uphold its core mandate of ensuring cultural advance of all people in the province through hosting various cultural events and provision of reading and writing material. The department will also focus on the transformation of existing museums to better portray the diverse cultures of the province.

Provincial Treasury will continue to provide technical support in the development of the Provincial Infrastructure Master Plan. Treasury will further continue to monitor spending of departments with the aim of keeping provincial spending within the budget, focusing in particular on infrastructure spending. Various oversight bodies will continuously be kept informed of the provincial budget performance.

Treasury will continue to enforce compliance with all SCM prescripts in municipalities and establish and maintain a strategic link between financial management reforms and procurement processes. Comprehensive compliance assessments will be undertaken to ensure that incidents of irregular expenditure relating to SCM processes are reduced.

From the 2018/2019 financial year the Municipal Finance unit becomes a stand-alone programme and will continue to be responsible for municipalities' budgets, accounting and reporting as well as the Municipal Support Programme.

Despite budget cuts the province remains committed to the people of KZN ensuring they protect government's key priority programmes as far as possible so as not to lose sight of the vision of ensuring a better life for all.

Fiscal discipline has helped in the past and will again help to deal with budget cuts, remaining focused on key priority programmes. Together we must take joint ownership of the cost-cutting measures. Efficiencies in spending must be improved to enable more funds to be directed to core service delivery programmes for the benefit of the people.

At the Strategic Planning Session, the municipality developed the vision "To be the progressive, prosperous and sustainable economic hub of Zululand by 2035"

The mission statement developed "By creating a conducive environment focused on agricultural, industrial, tourism development in order to attract investment and provision of sustainable basic service delivery"

The Abaqulusi Municipality undertakes to conduct its daily duties incorporating the following core values:

- Integrity
- Transparency
- Fairness
- Competitiveness
- Honesty
- Courage
- Accountability
- Ethical
- Time bound

The goals set by the Abaqulusi Municipality include but are not limited to:

- Reducing levels of infrastructure backlogs by providing basic services, facilities and maintaining existing infrastructure
- Empowering and capacitating institutional structures and promotion of transparent cooperative governance
- Ensure sound financial management and accountability
- Ensure transparency, accountability and community involvement in municipal affairs
- To promote socio-economic growth and job opportunities

- To redress the spatial imbalances and promote sustainable environmental planning

Abaqulusi Municipality is committed as the sphere of government closest to the people to ensure it delivers effective service delivery to improve the quality of life

Although the municipality has some financial challenges and to ensure a better and safe life for all and in keeping with the cost containment measures regulated by the National Treasury, the municipality will be adopting a bold and radical approach in its revenue enhancement and expenditure programs. As a matter of urgency, the municipality will be considering the following:

- ✓ Clean up and compile a credible consumer database
- ✓ Disconnect fraudulent consumers, in all respects
- ✓ Provide and replace water meters in areas where there are no meters
- ✓ Ration water to consumers
- ✓ Migrate to solar street lighting
- ✓ Clean up the indigent register
- ✓ Source funding from National Departments
- ✓ Consider developing a regional shopping mall and satellite zonal shopping centres
- ✓ Devise effective, tried and tested ways of increasing revenue on parking lots
- ✓ Explore possibilities of municipal commuter ranks
- ✓ Bill plots that are not looked after and infected with rodents and snakes
- ✓ Rehabilitate our environment
- ✓ Improve tourist attractions
- ✓ Make a foot print on local economic development
- ✓ Deal with employment costs specifically overtime
- ✓ Review all by-laws, policies and standard operating procedures to ensure alignment with mSCOA
- ✓ Use funds for purposes they are meant for and have time-lined implementation plans
- ✓ S&T usage needs verification and approval. Fraudulent claims should stop
- ✓ Ward IDP

Highlights

- ✓ During the current financial year, the level of the dams increased and the municipality was able to supply and bill consumers for water
- ✓ Appointment of a permanent Municipal Manager and all Section 56 Directors
- ✓ Back to Basics – the municipality is fully functional in terms of the categorisation
- ✓ 2nd year of transacting on mSCOA
- ✓ Disconnecting of electricity meters tampered and increase in revenue
- ✓ Reviewed and adopted organisational structure

I would like to express my appreciation to the members of the Executive Council for their valuable inputs. Collectively difficult by informed decisions were made on how best to serve our community. Thank you to all members of this Council, including all representatives of all political parties and all members of the administration for their contributions made. A budget is defined as “a plan for spending money wisely” and the administration under the Municipal Manager, the CFO and his team are trying to install strict fiscal discipline.

I would further like to thank all members of the public who assisted and took part in putting the municipality on the winning path. Every input, suggestion and all active participation is valued. Abaqulusi Municipality is an example of what can be achieved with a partnership of an active and participating community and a responding Council. We must never forget that this is the purpose of local government and that we are mere servants placed here to serve our community. I would also like to thank all sectors of the community who still need upgrading of services and facilities who have been patiently waiting with us to achieve it. Trust us we are equal to the task.

Mr Speaker I am humbled by the huge task entrusted to me as leader of this Council and the opportunity to table this Draft Budget to better serve our people. My team and I would like to ensure every citizen of Abaqulusi that we shall work tirelessly and leave no stone unturned to create a community of excellence for all with the funds entrusted to us. Trust us we will gradually achieve this

Thank you

Council Resolutions

On 28 March 2018 the Council of Abaqulusi Local Municipality met in the Council Chambers of Abaqulusi Municipality to consider the draft annual budget of the municipality for the financial year 2018/19. The Council noted the following draft resolutions:

1. The Council of Abaqulusi Local Municipality, acting in terms of Section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The Annual Budget of the municipality for the Financial Year 2018/19 and the Multi-Year and Single-Year Capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 50;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 53;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 57; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 61.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 63;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 66;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 68;
 - 1.2.4. Asset management as contained in Table 26 on page 71; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 75.
2. The Council of Abaqulusi Local Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018 the proposed tariffs of Abaqulusi Municipality
3. To give proper effect to the municipality's annual budget, the Council of Abaqulusi Local Municipality approves:
 - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by Section 8 of the Municipal Budget and Reporting Regulations.

4. *The Council of Abaqulusi Local Municipality approves and adopts with effect from 1 July 2018 all budget related policies.*
6. The MFMA Circular No 72 indicates that all municipalities must formulate service Level Standards which must form part of the 2018/19 tabled MTREF budget documentation. The Service Level Standards need to be tabled before the Council for formal adoption.

The setting of standards is an integral part of the service delivery value chain. It provides transparency in understanding performance indicators and strengthens the entire performance management system. In addition, it ensures accountability on the part of the officials responsible for providing the service.

Local government is mostly classified in the service delivery and governance category and as such needs to be clear on what the public at large can expect as a service delivery standard. Rate payers must be placed in a position by which they are able to measure the service outputs against the predetermined service standards. This also serves as a performance rating instrument at an organisational and individual level.

It is for this reason that the municipality must adopt service standards as part of our strategic objectives and report on the achievements.

The service standards must at a minimum incorporate the administrative, technical and economic development categories of the municipality.

The following are to be considered for use:

Administrative service standards

- Turnaround time in dealing with correspondence received
- Turnaround time in opening a consumer account

Technical service standards

- Turnaround time in dealing with reported incidents (water leakage, potholes, power outages, etc.)
- Turnaround time in restoring water and electricity connectivity

Economic development service standards

- Turnaround time in processing rezoning applications
- Turnaround time in processing building plans
- Turnaround time in processing special business applications

1.3 Executive Summary

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

The Municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate funds will be transferred from low- to high priority programmes so as to maintain sound financial stewardship. A critical review will also be undertaken of expenditure on non-essential and 'nice-to-have' items. 2018/19 MTREF was drafted in context of an economy that is not projected to grow supported.

The draft budget for the 2018/19 MTREF period is based on the realisation that revenues and cash flows are expected to remain under pressure in 2018/19 and the municipality must adopt a conservative approach when projecting expected revenues and cash receipts. The municipality must further in terms of MFMA Circular 89 & 91 carefully consider the affordability of tariff increases especially in relation to domestic consumers which makes up the bulk of the municipality's revenue base whilst considering the level and quality of services versus the associated cost.

The draft budget was compiled by ensuring that the financial management processes are transparent, aligned to the accountability cycle and facilitate good governance that is accountable to the local community. Public perception shows high levels of unhappiness with service delivery and perceived corruption at municipalities and sound leadership is required as well as measures put in place to address mismanagement by implementing effective systems to measure, monitor and evaluate performance.

The draft budget supports the provision of basic services to the communities, facilitating social and economic development, promoting a safe and healthy environment in a sustainable manner.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- Ensuring the timely delivery of capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view of removing any bottlenecks to investment and job creation.
- Under spending on repairs and maintenance – often seen as a way to reduce short term spending which shortens the life of assets, increases long term maintenance and refurbishment costs and causes a deterioration in the reliability of our infrastructure
- Spending on non-priorities – including unnecessary travel, luxury furnishings, excessive catering and the use of consultants to perform routine tasks.
- Not just employing more people without any reference to the level of staffing required delivering effective services. The municipality must through fully participating in the Expanded Public Works Program focus on maximizing its contribution to job creation

by ensuring that service delivery and capital projects use labour intensive methods wherever appropriate and implement intern's programmes to provide young people with on-the-job training.

- Collecting outstanding debts – this requires political commitment, sufficient administration capacity and pricing policies that ensure that bills are accurate and affordable.
- Pricing services correctly – the full cost of services must be reflected in the tariffs charged to consumers who can afford to pay. Overly generous subsidies and rebates that result in services running at a loss cannot be entertained.

The following budget principles and guidelines directly informed the compilation of the draft 2018/19 MTREF:

- The 2017/18 Adjustment Budget priorities and targets, as well as the base line allocations contained in the Adjustment Budget.
- Service level standards were used to inform the measurable objectives, targets and backlog eradication goals.
- Tariff and property rate increases should be affordable and try not to exceed inflation as measured by the CPI, except where the price increases in the services that are beyond the control of the municipality, i.e. ESKOM.
- Cost Containment Regulations have been implemented to curtail spending in terms of the regulations.
- No budget has been allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the Division of Revenue Act gazette.

National Treasury has issued a Circular (MFMA Circular No 64) giving guidance to municipalities of what should be done to maximise the revenue generating potential of existing sources of revenue such as property rates and trading services. Further Circulars will be issued by National Treasury to guide municipalities in developing credible revenue frameworks by reaffirming the fundamental principles of costing, revenue management and revenue enhancement.

Revenue management is described as a fundamental and routine financial management function of the municipality's revenue generating business that includes billing and collection activities in respect of trading services and property rates.

Revenue enhancement is about improving by making more, in the case of municipal revenue it is associated with increasing the value of revenue generated. Revenue enhancement can be broken into two components. The first being national policy developments that give rise to additional sources of revenue from government (grant funding) and the second component is the ability of the municipality to grow its own revenue base.

MFMA Circular No 58 advises that the municipality must ensure that the billing systems are accurate; accounts are sent out to residents on a monthly basis and follow-up to collect revenue owed to the municipality.

In terms of MFMA Circular No 64 the main responsibility of the municipality is to deliver services. In terms of Section 75A of the Municipal Systems Act the municipality is allowed to levy and recover fees, charges or tariffs in respect of municipal service delivery functions and recover collection charges and interest on outstanding amounts. The municipality must adopt by-laws to give effect to the implementation and enforcement of the tariff policies.

Revenue generation is everyone's responsibility, not just that of the revenue Section. The municipality must effectively manage all functions that impact protecting and growing the revenue base. The implementation of internal controls along the revenue value chain will aid effective data handovers; utilising system data validation mechanisms and ensuring that service level standards are fundamental to ensuring the integrity of the billing data but are advised to stay away from costly data cleansing exercises.

The following are fundamental to maximising the existing revenue:

- Billing system that correctly reflects all billing and customer information required to issue accurate accounts to consumers.
- All property within the municipal jurisdiction must be correctly valued and the billing system must be updated with any change in property ownership. This is necessary to protect and grow the property rates base.
- Effective business processes to ensure new property development as well as improvements to existing properties are valued as required.
- Correct categorisation of properties.
- Water and electricity meter numbers must be recorded correctly and linked to corresponding property.
- Continual maintenance of water and electricity meters to minimise losses due to leakages or incorrectly metered consumption.
- Accurate meter reading and minimising the amount of meter reading estimates.
- Refuse and sanitation service charges must be included in all billing records and the municipality must ensure these services are not run at a loss.
- Billing queries to be resolved within reasonable timeframes.
- Municipal functions must be adequately staffed with competently skilled individuals who understand the job requirements and how to deliver on it.

The Circular further advises municipalities to table "surplus" budgets. To achieve this the municipality must ensure cost reflective tariffs; operation efficiencies; maximising revenue regenerating potential of own revenue sources and a productive workforce and sound decision making to ensure that the limited financial resources are spent wisely so that value for money is achieved.

National Treasury's MFMA Circular No. 85, 86, 89 and 91 was used to guide the compilation of the Draft 2018/19 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the Draft 2018/21 MTREF

	Adjustment Budget 2017/ 2018	Draft Budget Year 2018/ 2019	Draft Budget Year + 2019/ 2020	Draft Budget Year +2 2020/ 2021
	R Thousand	R Thousand	R Thousand	R Thousand
Total Operating Revenue	503,489	415,114	444,606	474,520
Total Operating Expenditure including non- cash items	512,335	531,415	560,638	591,467
(Surplus) / Deficit for the Year	8,896	116,301	116,031	116,947
Total Capital Expenditure	53,990	51,434	46,735	48,075

Total operating revenue has increased by R 15, 5 million for the 2018/19 financial year when compared to the 2017/18 Adjustment Budget. For the two outer years, operational revenue will increase, equating to a total revenue growth of R 96, 6 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year has been appropriated at R 589, 9 million and translates into a budgeted operating deficit of R 106, 1 million for non-cash items. When compared to the 2017/18 Adjustment Budget, operational expenditure has increased by 6, 1% in the 2018/19 budget and 5, 4% and 5, 5% increases for each of the respective outer years of the MTREF.

The capital budget of R 51,4 million for 2018/19 is 4,7% less when compared to the 2017/18 Adjustment Budget. The decrease is due to MIG allocation which was reduced as no capital funding from own revenue being allocated for 2018/2019. The capital program decreases to R 46,7 million in the 2019/20 financial year due and then increases to R 48 million in 2020/21 due to an increase in MIG. Currently no capital budget will be funded from internally generated funds in each of the financial years of the MTREF but will be relooked before the tabling of the final document in May 2018. Capital from government grants and transfers amounts to R 51,4 million which is R 1,3 million **LESS** than the 2017/18 financial year. MIG amounting to R 36,4 million and INEG of R 15 million

Operating Revenue Framework

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

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

- National Treasury’s guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 92% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality’s Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality’s Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the Draft 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by Main Revenue Source A4

KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	59 010	59 014	63 291	65 000	65 000	60 798	–	65 000	68 575	72 278
Service charges - electricity revenue	2	143 521	160 862	161 915	173 132	176 530	138 585	–	146 382	154 432	162 768
Service charges - water revenue	2	33 944	32 026	13 786	16 912	18 972	32 520	–	33 737	35 593	37 511
Service charges - sanitation revenue	2	21 214	18 401	22 042	20 794	26 550	16 373	–	11 156	11 770	12 399
Service charges - refuse revenue	2	12 446	13 891	18 904	15 325	20 284	13 106	–	8 913	9 404	9 906
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		1 297	1 223	1 268	1 248	1 248	1 256	–	854	901	950
Interest earned - external investments		3 166	1 730	1 973	1 750	1 750	2 027	–	2 119	2 236	2 356
Interest earned - outstanding debtors		–	15	13	3 000	3 000	34	–	100	106	111
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		8 297	8 621	1 155	3 471	3 471	1 078	–	2 000	2 110	2 224
Licences and permits		4 063	4 236	4 172	4 530	4 530	2 068	–	4 200	4 431	4 675
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		113 621	112 829	114 588	139 593	139 593	–	–	139 294	153 616	167 829
Other revenue	2	45 828	60 993	2 762	42 511	42 511	788	–	1 359	1 434	1 513
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		446 406	473 843	405 870	487 265	503 439	268 634	–	415 114	444 606	474 520

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 rates and services charges forms a significant % of the revenue basket for the Municipality.

Service charge revenues comprise more than 48, 22% of the total revenue mix. In the 2018/19 financial year, revenue from services charges is expected to total R 200,1 million. This increases to R 211, 2 million and R 222,5 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 KZN263 SA1 (see page 99).

Property rates is the second largest revenue source totalling 15,6 % or R 65 million rand and increases to R 72, 2 million by 2020/21.

The third largest sources are “other revenue” which consists of various items such as income received from permits and licenses, building plan fees, connection fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related. The anticipated revenue from other revenue is R 8,5 million.

Operating grants and transfers totals R 139,5 million in the 2017/18 financial year and decreases to R139,2 million for 2018/19. Note that the year-on-year growth is 5,5% in the two outer years.

The municipality hopes to receive additional funding which will be applied to address:

- Compensation for rising costs of providing free basic water and electricity to poor households.
- Accelerate provision of access to clean water through bulk and reticulation projects.
- Accelerate provision of access to electricity and improving the sustainability of access through the refurbishment of key infrastructure.
- Expand the collection and use of data on the condition of municipal roads.
- Increase the number of interns with infrastructure-related skills. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts – SA18 – Transfer & Grant Receipts

KZN263 Abaqulusi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		109 287	129 193	129 913	135 598	135 598	135 598	150 041	158 730	172 097
Local Government Equitable Share		96 203	106 246	106 890	117 393	117 393	117 393	130 276	145 195	158 630
Finance Management		1 698	1 600	1 625	1 700	1 700	1 700	1 770	2 235	2 667
Municipal Systems Improvement		1 010	930	-	-	-	-	1 700	1 700	1 800
Integrated National Electrification Programme		9 000	19 000	20 000	15 000	15 000	15 000	15 000	9 600	9 000
EPWP Incentive		1 376	1 417	1 398	1 505	1 505	1 505	1 295		
Other transfers/grants [insert description]										
Provincial Government:		-	-	4 068	4 052	4 052	4 052	4 253	4 486	4 732
Sport and Recreation										
Arts & Culture - Museum				175	183	183	183	192	202	213
Arts & Culture - Library Provincial				3 714	2 963	2 963	2 963	3 111	3 267	3 430
Arts & Culture - Community Library				179	906	906	906	950	1 017	1 089
District Municipality:		-	-	-	-	-	-	-	-	-
Zululnd										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	109 287	129 193	133 981	139 650	139 650	139 650	154 294	163 216	176 829
<u>Capital Transfers and Grants</u>										

National Government:		34 158	39 566	30 155	37 740	37 740	37 740	36 434	37 135	39 075
Municipal Infrastructure Grant (MIG)		34 158	39 566	30 155	37 740	37 740	37 740	36 434	37 135	39 075
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Zululand										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	34 158	39 566	30 155	37 740	37 740	37 740	36 434	37 135	39 075
TOTAL RECEIPTS OF TRANSFERS & GRANTS		143 445	168 759	164 136	177 390	177 390	177 390	190 728	200 351	215 904

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. The municipality must however take into account the labour and other input costs of services, the need to ensure financial sustainability, local economic conditions, the affordability of services, the indigent policy. An appropriate balance between the interests of poor households, other consumers and financial sustainability needs to be maintained as excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of ESKOM bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. Based on NERSA's approval of a 7,32% increase to Eskom as per MFMA Circular 91. The municipality has allowed overall for a 6,84% increase.

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

Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The percentage increase for property rates is 5%. All households receive a rebate on the first R 15,000 and indigent residents a further R 65,000.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 % rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 % (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal

to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100% grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2018/19 financial year based on a 5% increase from 1 July 2018 is contained below:

Table 4 Comparison of proposed rates to be levied for the 2018/19 financial year

Category	Current Tariff (1 July 2017)	Proposed tariff (from 1 July 2018)
	C	C
<i>Residential properties</i>	0,0080325	0,0084341
<i>State owned properties</i>	0,0200812	0,0210853
<i>Business & Commercial</i>	0,0200812	0,0210853
<i>Agricultural</i>	0,0020082	0,0021086
<i>Vacant land</i>	0,0200812	0,0210853
<i>Municipal rateable – Residential</i>	0,0080325	0,0084341
<i>Industrial</i>	0,0200812	0,0210853
<i>Non-permitted use/Illegal usage</i>	0,0200812	0,0210853
<i>Public benefit organisation properties</i>	0,0020082	0,0021086
<i>Special consent</i>	0,0200812	0,0210853

1.3.2 Sale of Water and Impact of 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 tariffs charged are able to cover for the cost of bulk purchases, ongoing operations as well as provision for future infrastructure. This has not been possible due to the severe drought in the Abaqulusi area.

To mitigate the need for water tariff increases, municipalities are encouraged to put in place appropriate strategies to limit water losses to acceptable levels. Water losses have increased from 46% in 2014/15 to 54% in 2015/16 and further increased to 71% in 2016/17.

Zululand District Municipality as well as Abaqulusi municipality has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that the current infrastructure is unlikely to sustain its long-term ability to supply water and the District Municipality will have no other choice but to provide funding for infrastructure upgrades.

A tariff increase of 5% from 1 July 2018 for water is proposed. In addition, 6 kl water per 30-day period will again be granted free of charge to all indigent community members.

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

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2017/18	PROPOSED TARIFFS 2018/19
	Rand per kl	Rand per kl
RESIDENTIAL		
(i) 0 to 6 kl per 30-day period	10.11	10.60
(ii) 6.01 to 15 kl per 30-day period	10.11	10.70
(iii) 15.01 to 30 kl per 30-day period	10.11	11.50
(iv) More than 30.01 per 30-day period	15.00	15.00
BUSINESS		
(i) 0 to 6 kl per 30-day period	10.11	10.60
(ii) 6.01 to 15 kl per 30-day period	10.11	10.70
(iii) 15.01 to 30 kl per 30-day period	10.11	11.50
(iv) More than 30.01 per 30-day period	15.00	15.00

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 6 Comparison between current water charges and increases (Domestic)

Monthly Consumption	Current amount payable	Proposed amount payable	Difference (Increase)	Percentage change
kℓ	R	R	R	
6	60.66	63.60	2.94	5%
10	101.10	107.00	5.90	5%
20	202.20	214.00	11.80	5%
30	303.30	345.00	41.70	5%
50	750.00	750.00	0	
80	1200.00	1200.00	0	
100	1500.00	1500.00	0	

The tariff structure for this financial year has changed to include another block tariff. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R15.00 per kilolitre for consumption in excess of 30kℓ per 30 day period.

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. Eskom increase in the bulk electricity tariff to municipalities which will be effective from 1 July 2018 approved by NERSA of 7,32% increase guidelines for municipalities.

NERSA for the past 5 years in a row has allowed Eskom to increase its tariff to municipalities higher than what municipalities may charge their consumers and this continues to have a negative impact on the municipality's revenue from electricity and is starting to impact on the maintenance of the electrical infrastructure and the Section continues to show a deficit. An analysis of the municipality's consumption patterns is being done to calculate more accurate tariffs and submitted to NERSA for approval. The tariff increase is 6,84%. The Section is supposed to be ring fenced, but due to the theft of electricity due to tampering and bypassing of meters is not possible.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 7 Comparison between current electricity charges and increases (Domestic)

DESCRIPTION	APPROVED TARIFFS 2017/2018	PROPOSED TARIFFS 2018/2019	PROPOSED TARIFFS 2019/2020	PROPOSED TARIFFS 2020/2021
		6.8%	5.5%	5.4%
<u>Domestic (Conventional)</u>				
<i>Basic charge</i>	R 100.00	R 106.84	R 112.72	R 118.80
<i>Cost per unit kWh - 0-50kwh - step tariff 6.8%</i>	R 0.88	R 0.94	R 0.99	R 1.05
<i>Cost per unit kWh - 051-350kwh -step tariff 6.8%</i>	R 1.22	R 1.30	R 1.38	R 1.45

DESCRIPTION	APPROVED TARIFFS 2017/2018	PROPOSED TARIFFS 2018/2019	PROPOSED TARIFFS 2019/2020	PROPOSED TARIFFS 2020/2021
		6.8%	5.5%	5.4%
<i>Cost per unit kWh - 351-600kwh - step tariff 6.8%</i>	R 1.63	R 1.74	R 1.84	R 1.94
<i>Cost per unit kWh - >600kwh - step tariff 6.8%</i>	R 1.89	R 2.02	R 2.13	R 2.25

The step tariff advised by NERSA and implemented since July 2011 results that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines. Electricity losses have increased from 30, 46% in 2014/15 to 47, 41% in 2015/16 and for 2016/17 decreased to 27,8%.

The approved budget for the Energy Section can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R114,6 million per year for five years will be necessary to steer the Municipality out of this predicament. It must be noted that Eskom will receive an amount of R 1 million to perform electrification and this will then have to be maintained by the municipality.

In addition, the Section must raise awareness and promote behaviour change through communication and education to ensure the 10% reduction in energy consumption is achieved. A renewable and cleaner energy plan has to be developed, monitored, evaluated and updated annually. To upgrade street lights to LED fittings and other energy efficiency projects is a costly exercise for which funding must be sourced.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

Sanitation and Impact of Tariff Increases

A tariff increase of 5% for sanitation from 1 July 2018 is proposed. This Section is currently operating at a deficit and it is generally accepted that all service departments should at least break even. This is based on the input cost assumptions related to water. It should be noted that electricity costs contribute approximately 15% of waste water treatment input costs. 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;
- Free sanitation (100% of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R17,2 million for the 2018/19 financial year.

Table 8 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2017/18		PROPOSED TARIFF 2018/19	
	% DISCHARGED	TARIFF PER kl	% DISCHARGED	TARIFF PER kl
		R		R
0 – 30 kl per 30-day period	75	7.84	75	8.25
30.01 – 99 kl per 30-day period	75	9.04	75	9.51
99.01 and above kl per 30-day period	75	9.72	75	10.23

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 9 Comparison between current sanitation charges and increases, single dwelling- houses

Monthly sanitation consumption kl	Current amount Payable R	Proposed amount Payable R	Difference (5% increase) R
30	235.20	247.50	12.30
30.01 to 99	623.76	656.19	32.43
99.01 and above	962.28	1012.77	50.49

Waste Removal and Impact of Tariff Increases

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The service of refuse collection is outsourced which is the main contributor of expenditure as well as the cost of remuneration. This Section is budgeted to have a deficit. It is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

A 5% increase in the waste removal tariff is proposed from 1 July 2018. Higher increases will not be viable in 2018/19 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher can be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2018:

Table 10 Comparison between current waste removal fees and increases

	WASTE REMOVAL 2017/18	WASTE REMOVAL 2018/19
<i>Tariff per container/household per month or part of a month: Areas serviced by means of: (Tariff is multiplied by the number of service rounds per week and the number of containers/households.)</i>	<i>Per month (R)</i>	
<i>Residential</i>	<i>93.23</i>	<i>97.90</i>
<i>Businesses per container</i>	<i>288.19</i>	<i>302.60</i>
<i>Businesses bulk container</i>	<i>2889.55</i>	<i>3034.00</i>

Overall impact of tariff increases on households

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.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to a 5% increase, except for electricity which increases to 6,8% for all households including indigent households.

In terms of Section 64 2(g) of the MFMA a Municipality must for the purposes of the sub-Section take reasonable steps to ensure

- (g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework;

Table 11 KZN263 Table SA14 – Household Bills

KZN263 Abaqulusi - Supporting Table SA14 Household bills

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		475.28	508.55	542.11	574.64	574.64	574.64	5.0%	603.37	636.56	671.57
Electricity: Basic levy		56.08	64.49	69.42	73.59	73.59	73.59	6.8%	78.59	82.92	87.48
Electricity: Consumption		1 373.15	1 579.12	1 699.76	1 801.75	1 801.75	1 801.75	6.8%	1 924.27	2 030.10	2 141.76
Water: Basic levy		33.22	36.54	40.26	42.72	42.72	42.72	5.0%	44.86	47.32	49.93
Water: Consumption		234.52	257.97	–	300.80	300.80	300.80	5.0%	315.84	333.21	351.54
Sanitation		96.27	105.90	121.78	129.21	129.21	129.21	5.0%	135.67	143.13	151.00
Refuse removal		69.20	76.12	87.54	92.88	92.88	92.88	5.0%	97.52	102.89	108.55
Other											
sub-total		2 337.72	2 628.69	2 560.87	3 015.59	3 015.59	3 015.59	6.1%	3 200.13	3 376.13	3 561.82
VAT on Services		327.28	368.02	358.52	422.18	422.18	422.18		448.02	472.66	498.65
Total large household bill:		2 665.00	2 996.71	2 919.39	3 437.77	3 437.77	3 437.77	6.1%	3 648.14	3 848.79	4 060.47
% increase/-decrease			12.4%	(2.6%)	17.8%	–	–		6.1%	5.5%	5.5%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		263.75	282.21	300.84	318.89	318.89	318.89	5.0%	334.83	353.25	372.68
Electricity: Basic levy		56.08	64.49	69.42	73.59	73.59	73.59	6.8%	78.59	82.92	87.48
Electricity: Consumption		587.98	676.18	727.84	771.51	771.51	771.51	6.8%	823.97	869.29	917.10
Water: Basic levy		33.22	36.54	40.26	42.72	42.72	42.72	5.0%	44.86	47.32	49.93
Water: Consumption		195.45	215.00	–	250.69	250.69	250.69	5.0%	263.22	277.70	292.98
Sanitation		96.27	105.90	121.78	129.21	129.21	129.21	5.0%	135.67	143.13	151.00
Refuse removal		69.20	76.12	87.54	92.88	92.88	92.88	5.0%	97.52	102.89	108.55
Other											
sub-total		1 301.95	1 456.44	1 347.68	1 679.49	1 679.49	1 679.49	5.9%	1 778.68	1 876.50	1 979.71
VAT on Services		182.27	203.90	188.68	235.13	235.13	235.13		249.01	262.71	277.16
Total small household bill:		1 484.22	1 660.34	1 536.36	1 914.62	1 914.62	1 914.62	5.9%	2 027.69	2 139.21	2 256.87

% increase/-decrease			11.9%	(7.5%) -1.63	24.6% -4.30	- -1.00	- -		5.9%	5.5%	5.5%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy		56.08	64.49	69.42	73.59	73.59	73.59	6.8%	78.59	82.92	87.48
Electricity: Consumption		-	-	-	-	-	-	-	-	-	-
Water: Basic levy		33.22	36.54	40.26	42.72	42.72	42.72	5.0%	44.86	47.32	49.93
Water: Consumption		96.32	105.95	-	123.54	123.54	123.54	5.0%	129.72	136.85	144.38
Sanitation		96.27	105.90	121.78	129.21	129.21	129.21	5.0%	135.67	143.13	151.00
Refuse removal		69.20	76.12	87.54	92.88	92.88	92.88	5.0%	97.52	102.89	108.55
Other											
sub-total		351.09	389.00	319.00	461.94	461.94	461.94	5.3%	486.36	513.11	541.33
VAT on Services		49.15	54.46	44.66	64.67	64.67	64.67		68.09	71.84	75.79
Total small household bill:		400.24	443.46	363.66	526.61	526.61	526.61	5.3%	554.45	584.95	617.12
% increase/-decrease			10.8%	(18.0%)	44.8%	-	-		5.3%	5.5%	5.5%

Operating Expenditure Framework

The Municipality's expenditure framework for the draft 2018/19 budget and MTREF is informed by the following:

- The asset renewal 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 renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Strict adherences to the principle of **no project plan no budget**. If there is no business plan no funding allocation can be made; and
- Creation of job opportunities by the municipality thus an increase in staff costs.

The following table is a high-level summary of the Draft 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of operating expenditure by type Table A4 by standard classification item

Expenditure By Type	-											
Employee related costs	2	122 588	128 873	130 515	142 024	142 024	142 024	-	149 126	157 327	165 980	
Remuneration of councillors		14 819	15 798	-	17 650	16 179			16 988	17 923	18 909	
Debt impairment	3	16 848	6 150	12 459	6 903	6 328			6 644	7 010	7 395	
Depreciation & asset impairment	2	99 106	82 095	72 361	87 516	80 223	-	-	84 234	88 867	93 754	
Finance charges		1 623	347	16	600	550			578	609	643	
Bulk purchases	2	127 786	143 324	137 150	153 680	153 680	153 680	-	150 000	158 250	166 954	
Other materials	8	-	18 727	20 327	22 176	21 231			22 292	23 518	24 812	
Contracted services		43 121	38 950	53 837	92 020	92 020	-	-	82 500	87 038	91 825	
Transfers and subsidies		15 610	15 721	16 926	18 151	100	100	-	19 053	20 096	21 195	
Other expenditure	4, 5	-	-	-	-	-	-	-	-	-	-	
Loss on disposal of PPE												
Total Expenditure		441 500	449 986	443 592	540 721	512 335	295 804	-	531 415	560 638	591 467	

Table 13 Summary of operating expenditure – Revenue by source -Table A4 by standard classification item

KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	59 010	59 014	63 291	65 000	65 000	60 798	–	65 000	68 575	72 278
Service charges - electricity revenue	2	143 521	160 862	161 915	173 132	176 530	138 585	–	146 382	154 432	162 768
Service charges - water revenue	2	33 944	32 026	13 786	16 912	18 972	32 520	–	33 737	35 593	37 511
Service charges - sanitation revenue	2	21 214	18 401	22 042	20 794	26 550	16 373	–	11 156	11 770	12 399
Service charges - refuse revenue	2	12 446	13 891	18 904	15 325	20 284	13 106	–	8 913	9 404	9 906
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		1 297	1 223	1 268	1 248	1 248	1 256	–	854	901	950
Interest earned - external investments		3 166	1 730	1 973	1 750	1 750	2 027	–	2 119	2 236	2 356
Interest earned - outstanding debtors		–	15	13	3 000	3 000	34	–	100	106	111
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		8 297	8 621	1 155	3 471	3 471	1 078	–	2 000	2 110	2 224
Licences and permits		4 063	4 236	4 172	4 530	4 530	2 068	–	4 200	4 431	4 675
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		113 621	112 829	114 588	139 593	139 593	–	–	139 294	153 616	167 829
Other revenue	2	45 828	60 993	2 762	42 511	42 511	788	–	1 359	1 434	1 513
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		446 406	473 843	405 870	487 265	503 439	268 634	–	415 114	444 606	474 520
Expenditure By Type											
Employee related costs	2	122 588	128 873	130 515	142 024	142 024	142 024	–	149 126	157 327	165 980
Remuneration of councillors		14 819	15 798	–	17 650	16 179	–	–	16 988	17 923	18 909
Debt impairment	3	16 848	6 150	12 459	6 903	6 328	–	–	6 644	7 010	7 395
Depreciation & asset impairment	2	99 106	82 095	72 361	87 516	80 223	–	–	84 234	88 867	93 754
Finance charges		1 623	347	16	600	550	–	–	578	609	643
Bulk purchases	2	127 786	143 324	137 150	153 680	153 680	153 680	–	150 000	158 250	166 954
Other materials	8	–	18 727	20 327	22 176	21 231	–	–	22 292	23 518	24 812
Contracted services		43 121	38 950	53 837	92 020	92 020	–	–	82 500	87 038	91 825
Transfers and subsidies		15 610	15 721	16 926	18 151	100	100	–	19 053	20 096	21 195
Other expenditure	4, 5	–	–	–	–	–	–	–	–	–	–

Loss on disposal of PPE											
Total Expenditure		441 500	449 986	443 592	540 721	512 335	295 804	-	531 415	560 638	591 467
Surplus/(Deficit)		4 906	23 857	(37 722)	(53 456)	(8 896)	(27 171)	-	(116 301)	(116 031)	(116 947)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		49 911	49 687		35 076	35 076	50 076		51 434	46 735	48 075
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Taxation											
Surplus/(Deficit) after taxation		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)

The budgeted allocation for employee related costs for the 2018/19 financial year totals R170,9 million, which equals 33% of the total operating expenditure. The multi-year Salary and Wage Collective Agreement from SALGBC for municipalities ends on the 30th of June and National Treasury have advised the process is under consultation and further communication will be advised. In the interim the municipality has budgeted for 5% for the 2018/2019 financial year and 5,5% and 5,5% in the outer two years. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Finance Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of critical and strategically important vacancies. Excessive overtime has been observed by National Treasury during their analysis of municipal budgets and although it is considered acceptable as long as it related to essential services an excessively high allocation could be an indication of performance inefficiencies as it is an expensive form of remuneration easily abused. If National Treasury finds excessive overtime to be legitimate it will be an indication that the organisational structure is insufficiently funded and funds being rather appropriated against vacancies. The maximum percentage allowable for overtime is of total remuneration.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 90% and the Debt Write-off Policy of the Municipality. For the 2018/19 financial year this amount equates to R 6, 9 million and an amount of R 7, 3 for 2019/20 million which escalates to R7, 7 million by 2020/21. 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.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R84,2 million for the 2018/19 financial and equates to 15,8% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Bulk purchases are directly informed by the purchase of electricity from ESKOM. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. ESKOM increase has been budgeted for at 7,38%.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2018/19 the percentage of this against the group of expenditure is 4,2% (R22,2 million) and continues to grow for the two outer years of which budget allocation is in excess of R 2 million by 2020/21.

Contracted services have increased for the Municipality for the 2018/19 financial year. As part of the compilation of the 2018/19 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2018/19 financial year, this group of expenditure totals R82 million and has escalated overall, clearly demonstrating the need to investigate these contracts before the 2019/20 financial year to try and apply cost containment measures. For the two outer years growth has been limited to 5,5%. As part of the process of identifying further cost efficiencies, a business process re-engineering

project will commence in the 2018/19 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. The reason for the escalation is the additional refuse services for the small towns where refuse was in the past not being collected and the additional security costs as more security guards had to be employed due to theft and damage of infrastructure. Further details relating to contracted services can be seen in Table 64 KZN263 SA1 (see page 100).

Other expenditure comprises of various line items such as insurances, telephone costs, bank charges, Subsistence and travelling, leasing of office equipment, vehicle leases and other costs relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5% for 2018/19 and curbed at 5% for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 KZN263 SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2018/19 financial year.

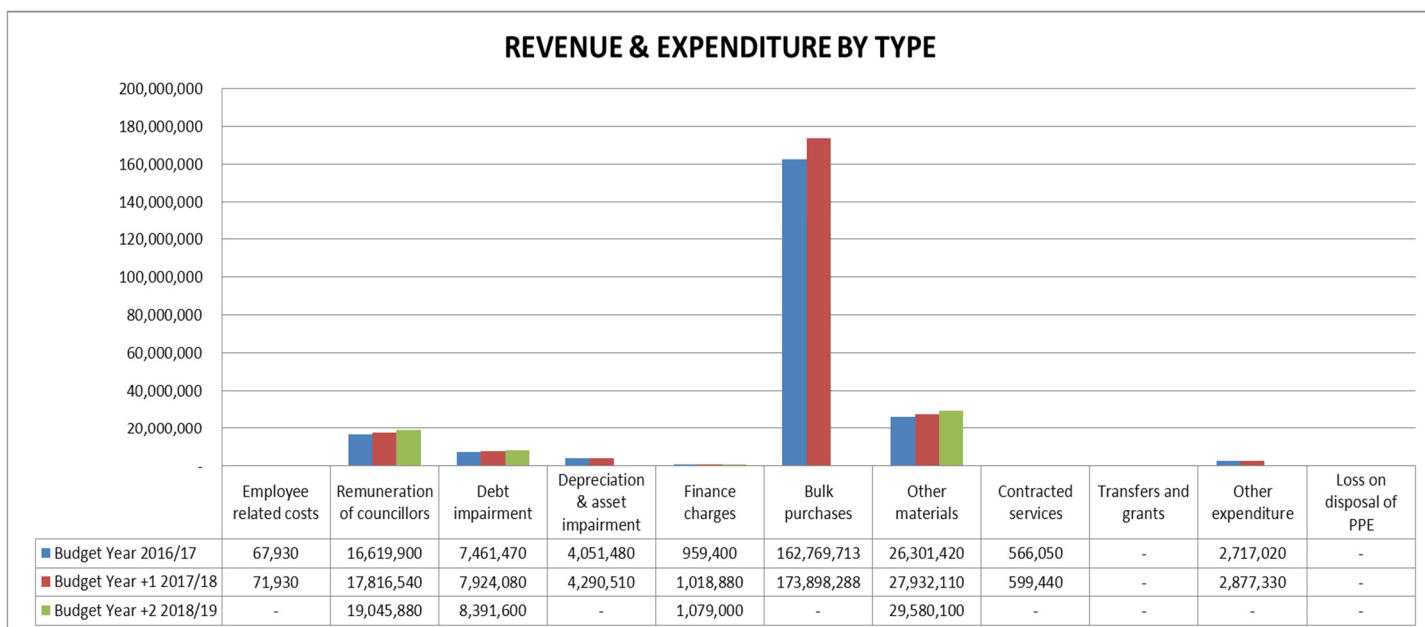


Figure 1 Main operational expenditure categories for the 2018/19 financial year

1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by MFMA Circulars 85, 86, 89 and 91 and the outcome of the 2016/2017 audit qualification the municipality must budget for 8% of its expenditure budget to be allocated to repairs and maintenance and the on-going health of the municipality's infrastructure must be supported by an asset management plan. A further 40% of the municipal budget must be allocated to Capital for the renewal of existing assets and provide a detailed explanation and assurance that the budgeted amount is adequate to secure the on-going health of the municipality's infrastructure supported by reference to its asset management plan. The municipality in the state of local government finances and financial management has been accused of persistent under spending on capital and that the municipality is too reliant on capital grants. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational Repairs and Maintenance Schedule SA1

Repairs and Maintenance by Expenditure Item	8							
Employee related costs								
Other materials		15 064	18 727	18 413	19 482	20 456	21 581	22 768
Contracted Services								
Other Expenditure								
Total Repairs and Maintenance Expenditure	9	15 064	18 727	18 413	19 482	20 456	21 581	22 768

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance is allocated an amount of R 20 million which is more than the adjustment budget of 2017/2018 by R1 million and will increase in the other two years to R 21,5 million to R22,7 million. During the 2017/18 Adjustment Budget this allocation was increased from R18,4 to R19,4 million owing to the challenges faced by the Municipality. Notwithstanding, as part of the 2018/19 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2018/19 equates to R 20,4 million in relation to the Adjustment Budget and continues to grow over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 4,1% for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class (Expenditure other items) – Schedule A9

EXPENDITURE OTHER ITEMS										
Depreciation	7	99 106	82 095	72 325	74 313	58 666	-	61 600	64 988	68 562
Repairs and Maintenance by Asset Class	3	15 064	18 727	18 413	19 482	-	-	20 456	21 581	22 768
Roads Infrastructure		5 921	8 698	11 236	7 150	-	-	7 508	7 920	8 356
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		2 435	4 675	2 685	5 570	-	-	5 849	6 170	6 510
Water Supply Infrastructure		3 311	2 614	1 933	2 500	-	-	2 625	2 769	2 922
Sanitation Infrastructure		1 982	1 590	1 366	1 560	-	-	1 638	1 728	1 823
Solid Waste Infrastructure		-	99	-	275	-	-	289	305	321
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		13 649	17 675	17 219	17 055	-	-	17 908	18 893	19 932
Community Facilities		769	383	448	1 135	-	-	1 192	1 257	1 326
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		769	383	448	1 135	-	-	1 192	1 257	1 326
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		469	600	618	1 000	-	-	1 050	1 108	1 169
Housing		-	-	-	-	-	-	-	-	-
Other Assets		469	600	618	1 000	-	-	1 050	1 108	1 169
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		176	69	104	110	-	-	116	122	129
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	24	182	-	-	191	202	213
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		114 169	100 823	90 739	93 795	58 666	-	82 056	86 569	91 330

<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and upgrading and R&M as a % of PPE</i>	1.0%	1.0%	1.0%	2.0%	0.0%	0.0%	2.0%	2.0%	2.0%

For the 2018/19 financial year, R17,9 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure receives R 5,8 million, road infrastructure of R 7,5 million, water R 2,6 million, sanitation R 1,6 million and refuse R 289 thousand.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy on an annual basis. The applications are strictly reviewed annually and this year tighter controls were implemented to ensure this service is given to only the poorest of the poor. Detail relating to free services, cost of free basis services, revenue foregone owing to free basic services as well as basic service delivery measurement is contained in Table 27 KZN263 A10 (Basic Service Delivery Measurement) on page 75.

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

The municipality's cost for the Free Basic Services is R 16,9 million.

Capital Expenditure

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

Table 16 2018/19 Medium-Term Capital Budget per Vote – Schedule SA6

Strategic Objective	Goal	2014/15	2015/16	2016/17	2018/19 Medium Term Revenue & Expenditure Framework			Budget Year +1 2019/20	Budget Year +2 2020/21
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2018/19		
R thousand									
Basic Service Delivery	Roads	40 911	41 419		37 940		36 434	37 135	39 075
	Storm Water Sanitation	591	12		550				
	Water		192		505				
	Energy Services	13 524	23 365		20 000		15 000	9 600	9 000
	Sportfields & Parks								
	Community Halls	54	19		10				
	Cemeteries				1 100				
	Creches								
	Refuse Removal	26			35				
	Human Settlements								
Municipal Transformation & Institutional Development	Human Resources	20	14		15				

	Management								
	Human Resources Development								
	Council Support Records Management	21	46		5				
	Fleet Management								
	Information Technology	234	128		600	450	400		
Financial Viability & Management	Revenue				200				
	Expenditure	38	122						
	SCM								
	Assets				10				
	Financial Reporting	39							
Good Governance & Community Participation	Communication & Customer Satisfaction								
	Internal Audit								
	Audit Committee								
	Risk Management								
	Integrated Development								
	Planning								
	Performance Management								
	Back to Basics								
	Batho Pele								
Local Economic Development & Social Development	Agriculture								
	SMME's & Informal Traders								
	Poverty Alleviation								
	Tourism								
	Economic Growth								
	Real Estate								
	Sport & Recreation								
	Youth Programmes	65							

Cross Cutting (Spatial, Environment & Disaster Management)	Arts & Culture		1		75				
	Social Welfare								
	Health HIV/AIDS Special Programmes								
	Safety & Security	-	24		100				
	Town Planning				25				
	GIS		16						
	Building Inspectorate								
	Fire & Disaster Management								
	Environmental Health								
Allocations to other priorities									
Total Capital Expenditure		-	42	-	200	-	-	-	-

For 2018/19 no funds from internal funding has been appropriated for the development of infrastructure from internal funding and R 51,4 million from grant funding. In the outer years this amount also remains nil, but the figures will be relooked at before tabling the final document in May 2018 and R46,7 million and R48 million from grant funding respectively for each of the financial years. Roads, storm water, bus route and other rural projects receives the highest allocation of R36,4 million in 2018/19 which equates to 70,8% followed by electricity infrastructure at 29,2% or R15 million.

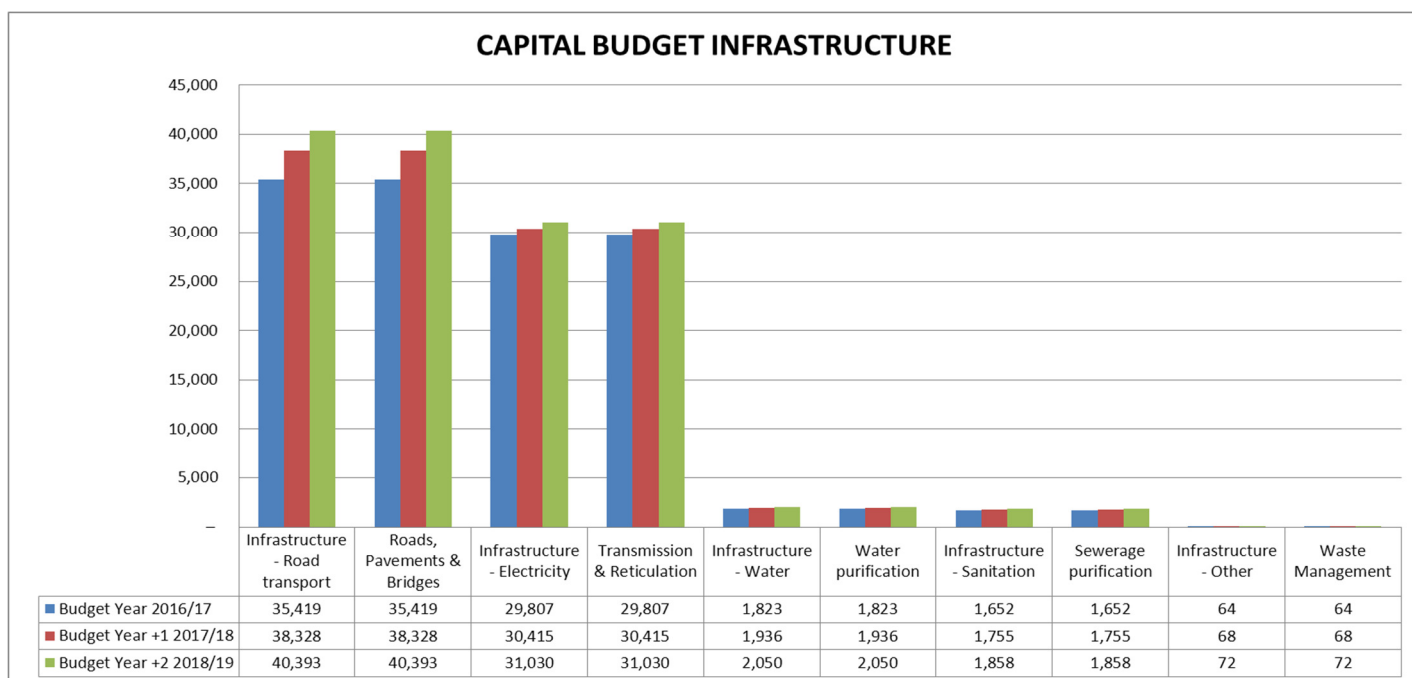
Total net assets represent 70 % or R42, 7 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26, A9 (Asset Management) on page 36. In addition to the Table A9, KZN263 Tables SA34a, b, c and d provides a detailed breakdown of the capital programme relating to new asset construction; capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery development;
- Parks, recreational facilities and swimming pools;
- Firefighting and security equipment;
- Electricity for all (backlog eradication) – from ESKOM and the Municipality;
- Refurbishment and renewal electrical network;
- New electricity infrastructure;
- Public lighting;
- Waste water treatment works;
- Upgrading and renewal of sewers;
- Bulk supply and backlog eradication of water;
- Refurbishment and renewal of water network;
- Backlog eradication of roads;
- Backlog eradication of storm water drainage;
- Rehabilitation of roads; and
- Extension of main entry roads.

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

Figure 2 Capital Infrastructure Programme



Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 A5. It needs to be noted that as part of the 2018/19 MTREF, this expenditure has been factored into the two outer years of the operational budget.

Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of Section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality’s 2018/19 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 17 KZN263 Table SA1 - Budget Summary

KZN263 Abaqulusi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
REVENUE ITEMS:										
Property rates	6									
Total Property Rates		59 010	59 014	63 291	65 000	65 000	60 798	65 000	68 575	72 278
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>										
Net Property Rates		59 010	59 014	63 291	65 000	65 000	60 798	65 000	68 575	72 278
Service charges - electricity revenue	6									
Total Service charges - electricity revenue		145 521	162 862	161 915	176 530	176 530	138 585	149 950	158 197	166 740
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>										
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		2 000	2 000	–	3 398	–	–	3 568	3 765	3 972
Net Service charges - electricity revenue		143 521	160 862	161 915	173 132	176 530	138 585	146 382	154 432	162 768
Service charges - water revenue	6									
Total Service charges - water revenue		36 524	34 826	13 786	18 972	18 972	32 520	35 900	37 875	39 919
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>										
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		2 580	2 800	–	2 060	–	–	2 163	2 282	2 408
Net Service charges - water revenue		33 944	32 026	13 786	16 912	18 972	32 520	33 737	35 593	37 511
Service charges - sanitation revenue										
Total Service charges - sanitation revenue		25 914	22 901	22 042	26 550	26 550	16 373	17 200	18 146	19 126
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>										

<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		4 700	4 500	–	5 756	–	–	6 044	6 376	6 727
Net Service charges - sanitation revenue		21 214	18 401	22 042	20 794	26 550	16 373	11 156	11 770	12 399
Service charges - refuse revenue	6									
Total refuse removal revenue		15 946	17 391	18 904	20 284	20 284	13 106	14 121	14 898	15 702
Total landfill revenue										
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>										
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		3 500	3 500	–	4 960	–	–	5 208	5 494	5 796
Net Service charges - refuse revenue		12 446	13 891	18 904	15 325	20 284	13 106	8 913	9 404	9 906
Other Revenue by source										
Fuel Levy		45 828	60 993	2 334	42 073	42 073				
Other Revenue				105	110	110				
Advertisements				60	50	50	105	200	211	223
Cemeteries				16	15	15	260	350	369	390
Library Membership				24	25	25	17	18	18	19
Development Planning				0	0	0	120	493	520	549
Tender Documents				39	35	35	278	290	306	323
Overdue Books Fines				–	–	–	8	9	9	9
				135	150	150				
				33	33	33				
				16	20	20				
Total 'Other' Revenue	3 1	45 828	60 993	2 762	42 511	42 511	788	1 359	1 434	1 513
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	2	73 915	67 248	69 688	75 874	75 874	75 874	79 668	84 050	88 673
Pension and UIF Contributions		647	14 548	15 163	16 354	16 354	16 354	17 171	18 116	19 112
Medical Aid Contributions		4 942	5 519	6 200	6 732	6 732	6 732	7 069	7 457	7 868
Overtime		12 348	17 213	16 775	17 397	17 397	17 397	18 266	19 271	20 331
Performance Bonus		4 810	5 446	5 682	6 119	6 119	6 119	6 425	6 778	7 151
Motor Vehicle Allowance		8 751	7 022	7 194	7 714	7 714	7 714	8 100	8 545	9 015
Cellphone Allowance		12 839	562	562	771	771	771	810	855	902
Housing Allowances		250	1 025	1 027	1 132	1 132	1 132	1 189	1 254	1 323
Other benefits and allowances		2 052	2 572	2 469	2 980	2 980	2 980	3 129	3 301	3 483
Payments in lieu of leave		2 002	4 067	2 861	3 749	3 749	3 749	3 936	4 153	4 381
Long service awards		32	23	15	16	16	16	17	18	19
Post-retirement benefit obligations	4	–	3 630	2 879	3 186	3 186	3 186	3 345	3 529	3 723

<i>sub-total</i>	5	122 588	128 873	130 515	142 024	142 024	142 024	149 126	157 327	165 980
<u>Less: Employees costs capitalised to PPE</u>										
Total Employee related costs	1	122 588	128 873	130 515	142 024	142 024	142 024	149 126	157 327	165 980
Contributions recognised - capital										
<i>List contributions by contract</i>										
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment		88 655	82 095	72 361	87 516	80 223		84 234	88 867	93 754
Lease amortisation		9 058	-							
Capital asset impairment		1 393	-							
Depreciation resulting from revaluation of PPE	10									
Total Depreciation & asset impairment	1	99 106	82 095	72 361	87 516	80 223	-	84 234	88 867	93 754
Bulk purchases										
Electricity Bulk Purchases		127 786	143 324	137 150	153 680	153 680	153 680	150000000	158250000	166953744
Water Bulk Purchases										
Total bulk purchases	1	127 786	143 324	137 150	153 680	153 680	153 680	150 000	158 250	166 954
Transfers and grants										
Cash transfers and grants		-	-	95	100	100	100	100	100	100
Non-cash transfers and grants		15 610	15 721	16 831	18 051	-	-	18 953	19 996	21 095
Total transfers and grants	1	15 610	15 721	16 926	18 151	100	100	19 053	20 096	21 195
Contracted services										
<i>List services provided by contract</i>		43 121	38 950	9 423	23 793	23 793				
Magnacorp				360	1 500	1 500		6 198	6 539	6 899
Uhaqane M1				1 862	2 500	2 500		4 788	5 051	5 329
PWC				596	480	480		1 200	1 266	1 336
Qomkufa Trading				-	-	-		11 561	12 197	12 868
Ekaya Promotions				6 284	6 900	6 900		250	264	278
RIS Motors				8 958	11 894	11 894		2 485	2 622	2 766
Valuation Roll				9 722	13 000	13 000		1 500	1 583	1 670
Quantum Leap Investments				7	10	10		6 700	7 069	7 457
EOH				35	40	40		89	94	99
ITEC				172	450	450		540	570	601
Daisy Communications				343	372	372		350	369	390

Nashua			1 445	1 800	1 800		30	32	33	
Protea Coin			-	-	-		308	325	343	
Munsoft			-	1 000	1 000		2 000	2 110	2 226	
Payday			-	500	500		100	106	111	
Trafman			-	1 000	1 000		100	106	111	
Nashua			-	1 000	1 000		63	66	70	
Otis			58	2 200	2 200		15	16	17	
Link Up Security							600	633	668	
Mazn Pty Ltd			973	961	961		1 342	1 416	1 494	
Siwella Funerals			162	570	570		600	633	668	
Garlicke & Bousfield			12 268	20 850	20 850		1 000	1 055	1 113	
Vehicle leases			1 169	1 200	1 200		10 000	10 550	11 130	
Vehicle leases							10 000	10 550	11 130	
Steiner Hygiene							134	141	149	
Brandfin							145	153	162	
Matsiya Construction Engineering							219	231	244	
Inside Data South Pty Ltd							136	143	151	
Contour							1 200	1 266	1 336	
Schindler Lifts SA							30	32	33	
KEV							1 333	1 407	1 484	
ADO Research							318	335	354	
Bigen Africa							3 600	3 798	4 007	
Louwsburg Spar							20	21	22	
Mweb							80	84	89	
C Vermaak							400	422	445	
Windeed							36	38	40	
Muncomp							180	190	200	
Telkom							1 200	1 266	1 336	
Auditor-General							2 500	2 638	2 783	
Rheochem							5 000	5 275	5 565	
Netstar							150	158	167	
Marsh							2 000	2 110	2 226	
SALGA							2 000	2 110	2 226	
Allocations to organs of state:	1	43 121	38 950	53 837	92 020	92 020	-	82 500	87 038	91 825
Electricity										
Water										
Sanitation										
Other										

Total contracted services		43 121	38 950	53 837	92 020	92 020	-	82 500	87 038	91 825
Other Expenditure By Type	-									
Collection costs										
Contributions to 'other' provisions										
Consultant fees										
Audit fees										
General expenses	3									
<i>List Other Expenditure by Type</i>										
Total 'Other' Expenditure	1	-	-	-	-	-	-	-	-	-
Repairs and Maintenance by Expenditure Item	8									
Employee related costs										
Other materials		15 064	18 727	18 413	19 482			20 456	21 581	22 768
Contracted Services										
Other Expenditure										
Total Repairs and Maintenance Expenditure	9	15 064	18 727	18 413	19 482	-	-	20 456	21 581	22 768

Explanatory notes to KZN263 Table A1 - Budget Summary

1. *Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).*
2. *The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.*
3. *Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:*
 - a) *The operating surplus/deficit (after Total Expenditure) is negative over the MTREF*
 - b) *Capital expenditure is balanced by capital funding sources, of which*
 - I. *Transfers recognised is reflected on the Financial Performance Budget;*
 - II. *Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.*
4. *The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back can be achieved by 2020/21, even though the deficit shows higher the figures will be revisited before tabling the final document to ensure the deficit is reflected as being smaller or no deficit.*
5. *Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The Section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2020/21 the water backlog will have been very nearly eliminated.*

Table 18 KZN263 Table SA2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

Description	Vote 1 - VOTE 1	Vote 2 - Vote 2 : Finance & Administration	Vote 3 - Vote 3 : Community & Social Services	Vote 4 - Vote 4 : Energy Sources	Vote 5 - Vote 5 : Housing	Vote 6 - Vote 6 : Internal Audit	Vote 7 - Vote 7 : Other	Vote 8 - Vote 8 : Planning and Development	Vote 9 - Vote 9 : Public Safety	Vote 10 - Vote 10 : Road Transport	Vote 11 - Vote 11 : Sport and Recreation	Vote 12 - Vote 12 : Waste Management	Vote 13 - Vote 13 : Waste Water Management	Vote 14 - Vote 14 : Water Management	Total
R thousand															
Revenue By Source															
Property rates		65 000													65 000
Service charges - electricity revenue				149950											149950
Service charges - water revenue														35 900	35 900
Service charges - sanitation revenue													17 200		17 200
Service charges - refuse revenue												14 120			14 120
Service charges - other															-
Rental of facilities and equipment			350												350
Interest earned - external investments		1 500													1 500
Interest earned - outstanding debtors															-
Dividends received															-
Fines, penalties and forfeits									2 000						2 000
Licences and permits									2 200						2 200
Agency services										2 000					2 000
Other revenue		490	1 634					602							2 726
Transfers and subsidies		137 160	4 280	15 000						36 434					192874
Gains on disposal of PPE															-
Total Revenue (excluding capital transfers and contributions)	-	204 150	6 264	164950	-	-	-	602	4 200	38 434	-	14 120	17 200	35 900	485820
Expenditure By Type															
Employee related costs															-
Remuneration of councillors															-
Debt impairment															-
Depreciation & asset impairment															-
Finance charges															-
Bulk purchases															-
Other materials															-
Contracted services															-
Transfers and subsidies															-

Other expenditure															-
Loss on disposal of PPE															-
Total Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	-	204 150	6 264	164950	-	-	-	602	4 200	38 434	-	14 120	17 200	35 900	485820
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)															-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)															-
Transfers and subsidies - capital (in-kind - all)															-
Surplus/(Deficit) after capital transfers & contributions	-	204 150	6 264	164 950	-	-	-	602	4 200	38 434	-	14 120	17 200	35 900	485 20

Explanatory notes to KZN263 Table A2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

1. *Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.*
2. *Note the Total Revenue on this table includes capital revenues (Transfers recognised – Capital) and so does not balance to the operating revenue shown on Table A4.*
3. *Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Electricity, Water, Solid Waste and Waste water functions. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.*
4. *Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Governance & Administration.*

Table 19 KZN263 Table SA3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)

KZN263 Abaqulusi - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits											
Other current investments											
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-	-
Consumer debtors											
Consumer debtors											
Less: Provision for debt impairment											
Total Consumer debtors	2	-	-	-	-	-	-	-	-	-	-
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)											
Leases recognised as PPE											
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	-	-	-	-	-	-	-	-	-	-
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors											
Unspent conditional transfers											

VAT											
Total Trade and other payables	2	-	-	-	-	-	-	-	-	-	-
Non current liabilities - Borrowing											
Borrowing	4										
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		-	-	-	-	-	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance											
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Reserves	-										
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)

Explanatory notes to KZN263 Table A3 - Budgeted Financial Performance (Revenue and Expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 20 Surplus/ (Deficit) calculations for the trading services

Vote Description	2016/17	2018/19 Medium Term Revenue & Expenditure Framework				
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand						
Revenue by Vote						
Vote 1 - VOTE1	39	–	–	–	–	–
Vote 2 - Vote 2 : Finance & Administration	172 106	227 874	227 874	203 934	220 563	238 387
Vote 3 - Vote 3 : Community & Social Services	(1 199)	4 212	4 212	4 980	5 252	5 539
Vote 4 - Vote 4 : Energy Sources	177 368	197 472	197 472	149 950	158 197	166 740
Vote 5 - Vote 5 : Housing	–	–	–	–	–	–
Vote 6 - Vote 6 : Internal Audit	–	–	–	–	–	–
Vote 7 - Vote 7 : Other	–	100	100	–	–	–
Vote 8 - Vote 8 : Planning and Development	181	499	499	52 036	47 370	48 745
Vote 9 - Vote 9 : Public Safety	–	–	–	–	–	–
Vote 10 - Vote 10 : Road Transport	23 103	6 900	6 900	6 070	6 404	6 750
Vote 11 - Vote 11 : Sport and Recreation	7	20	20	–	–	–
Vote 12 - Vote 12 : Waste Management	20 027	15 382	15 382	14 121	14 898	15 702
Vote 13 - Vote 13 : Waste Water Management	22 061	24 379	24 379	17 200	18 146	19 126
Vote 14 - Vote 14 : Water Management	14 157	27 965	27 965	35 900	37 875	39 919
Vote 15 -	–	–	–	–	–	–
Total Revenue by Vote	427 850	504 803	504 803	484 191	508 704	540 908
Expenditure by Vote to be appropriated						
Vote 1 - VOTE1	(79 522)	29 529	26 813	28 154	29 702	31 336
Vote 2 - Vote 2 : Finance & Administration	204 568	123 036	106 739	112 076	118 240	124 743
Vote 3 - Vote 3 : Community & Social Services	16 330	21 736	19 275	20 239	21 352	22 526
Vote 4 - Vote 4 : Energy Sources	218 579	202 778	187 603	196 983	207 817	219 247
Vote 5 - Vote 5 : Housing	2 318	2 563	2 349	2 466	2 602	2 745
Vote 6 - Vote 6 : Internal Audit	871	7 821	7 169	7 528	7 942	8 379
Vote 7 - Vote 7 : Other	479	159	146	153	161	170
Vote 8 - Vote 8 : Planning and Development	28 855	13 244	6 691	7 025	7 412	7 819
Vote 9 - Vote 9 : Public Safety	19	–	–	–	–	–
Vote 10 - Vote 10 : Road Transport	22 845	63 848	57 524	60 400	63 723	67 227
Vote 11 - Vote 11 : Sport and Recreation	14 478	–	–	–	–	–
Vote 12 - Vote 12 : Waste Management	28 388	27 258	24 587	25 816	27 236	28 734
Vote 13 - Vote 13 : Waste Water Management	33 029	34 948	32 870	34 514	36 412	38 414
Vote 14 - Vote 14 : Water Management	51 199	27 061	23 806	24 997	26 371	27 822
Vote 15 -	–	–	–	–	–	–
Total Expenditure by Vote	542 437	553 982	495 572	520 350	548 970	579 163
Surplus/(Deficit) for the year	(114 587)	(49 179)	9 231	(36 160)	(40 265)	(38 254)

2. The electricity trading is not showing signs of improvement over the 2018/19 MTREF from a deficit in the adjustment budget for 2017/18 of approximately R 10 million to a deficit of R 47 million in

2018/19 and increases in the outer two years. This is primarily as a result of the high increases in ESKOM bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers as well as additional requirements from the Section to upgrade the ageing infrastructure which is a non-cash item of depreciation.

- 3. The deficit on the water account remains relatively constant over the MTREF translating into a deficit of R 11 million for each of the respective outer financial years; and in the 2018/19 a deficit of R 11 million is forecast. This is mainly due to the severe drought experienced over the past year in the region and the upgrade of the ageing infrastructure.*
- 4. Note that there are no longer surpluses on these trading accounts that can be utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and are not used to cross-subsidise other municipal services.*

Table 21 KZN263 Table A4 - Budgeted Financial Performance (Revenue and Expenditure)

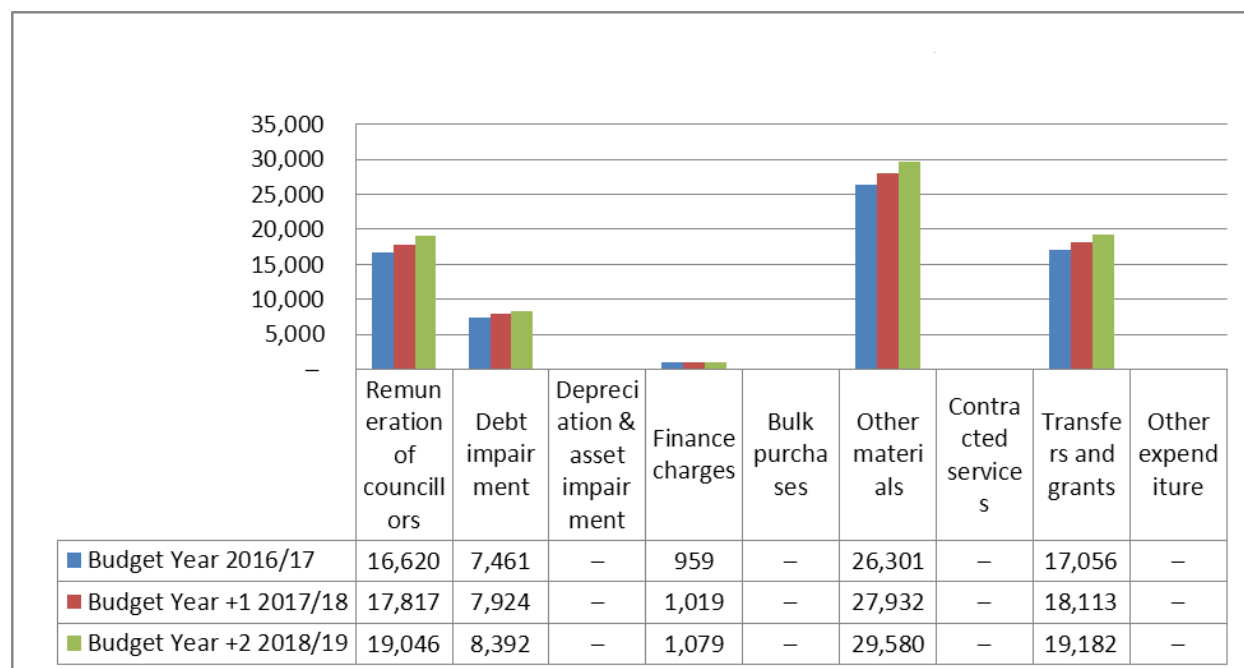
KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	59 010	59 014	63 291	65 000	65 000	60 798	–	65 000	68 575	72 278
Service charges - electricity revenue	2	143 521	160 862	161 915	173 132	176 530	138 585	–	146 382	154 432	162 768
Service charges - water revenue	2	33 944	32 026	13 786	16 912	18 972	32 520	–	33 737	35 593	37 511
Service charges - sanitation revenue	2	21 214	18 401	22 042	20 794	26 550	16 373	–	11 156	11 770	12 399
Service charges - refuse revenue	2	12 446	13 891	18 904	15 325	20 284	13 106	–	8 913	9 404	9 906
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		1 297	1 223	1 268	1 248	1 248	1 256	–	854	901	950
Interest earned - external investments		3 166	1 730	1 973	1 750	1 750	2 027	–	2 119	2 236	2 356
Interest earned - outstanding debtors		–	15	13	3 000	3 000	34	–	100	106	111
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		8 297	8 621	1 155	3 471	3 471	1 078	–	2 000	2 110	2 224
Licences and permits		4 063	4 236	4 172	4 530	4 530	2 068	–	4 200	4 431	4 675
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		113 621	112 829	114 588	139 593	139 593	–	–	139 294	153 616	167 829
Other revenue	2	45 828	60 993	2 762	42 511	42 511	788	–	1 359	1 434	1 513
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		446 406	473 843	405 870	487 265	503 439	268 634	–	415 114	444 606	474 520
Expenditure By Type											
Employee related costs	2	122 588	128 873	130 515	142 024	142 024	142 024	–	149 126	157 327	165 980
Remuneration of councillors		14 819	15 798	–	17 650	16 179	–	–	16 988	17 923	18 909
Debt impairment	3	16 848	6 150	12 459	6 903	6 328	–	–	6 644	7 010	7 395
Depreciation & asset impairment	2	99 106	82 095	72 361	87 516	80 223	–	–	84 234	88 867	93 754
Finance charges		1 623	347	16	600	550	–	–	578	609	643
Bulk purchases	2	127 786	143 324	137 150	153 680	153 680	153 680	–	150 000	158 250	166 954
Other materials	8	–	18 727	20 327	22 176	21 231	–	–	22 292	23 518	24 812

Contracted services		43 121	38 950	53 837	92 020	92 020	-	-	82 500	87 038	91 825
Transfers and subsidies		15 610	15 721	16 926	18 151	100	100	-	19 053	20 096	21 195
Other expenditure	4, 5	-	-	-	-	-	-	-	-	-	-
Loss on disposal of PPE											
Total Expenditure		441 500	449 986	443 592	540 721	512 335	295 804	-	531 415	560 638	591 467
Surplus/(Deficit)		4 906	23 857	(37 722)	(53 456)	(8 896)	(27 171)	-	(116 301)	(116 031)	(116 947)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		49 911	49 687		35 076	35 076	50 076		51 434	46 735	48 075
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Taxation											
Surplus/(Deficit) after taxation		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)

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

1. Total revenue is R 415,1 million in 2018/19 and escalates to R474,5 million by 2020/21. This represents a year-on-year increase of 5% for the 2018/19 financial year and 5,5% for the 2020/21 financial year.
2. Revenue to be generated from property rates is R 65 million in the 2018/19 financial year and increases to R 72,2 million by 2020/21 which represents 15,66% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.5% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R200,1 million for the 2018/19 financial year and increasing to R 222,5 million by 2020/21. A notable trend is the growth in the total percentage revenue generated from services charges which remains constant at 5%, 5,5% and 5,5% in 2018/19, 2019/20 and 2020/21.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 5,5 for the two outer years. The percentage share of this revenue source increases due to the new formula that was implemented for the Equitable Share allocation.
5. The following graph illustrates the major expenditure items per type.

Figure 3 Expenditure by Major Type

6. *Bulk purchases have significantly increased over the 2018/19 to 2020/21 period escalating from R 150 million to R 166,9 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from ESKOM.*
7. *Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.*

Table 22 KZN263 Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN263 Abaqulusi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - VOTE1		-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 : Finance & Administration		-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3 : Community & Social Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Vote 4 : Energy Sources		-	-	-	15 000	15 000	15 000	15 000	15 000	9 600	9 000
Vote 5 - Vote 5 : Housing		-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 : Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 7 - Vote 7 : Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Vote 8 : Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 9 - Vote 9 : Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10 : Road Transport		-	-	-	35 076	35 076	35 076	35 076	36 434	37 135	39 075
Vote 11 - Vote 11 : Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12 : Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13 : Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14 : Water Management		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	50 076	50 076	50 076	50 076	51 434	46 735	48 075
Single-year expenditure to be appropriated	2										
Vote 1 - VOTE1		-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 : Finance & Administration		-	-	(13 403)	830	-	-	-	-	-	-
Vote 3 - Vote 3 : Community & Social Services		-	-	-	695	-	-	-	-	-	-
Vote 4 - Vote 4 : Energy Sources		-	-	-	19 500	850	-	-	-	-	-
Vote 5 - Vote 5 : Housing		-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 : Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 7 - Vote 7 : Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Vote 8 : Planning and Development		-	-	-	25	-	-	-	-	-	-
Vote 9 - Vote 9 : Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10 : Road Transport		-	-	-	207	-	-	-	-	-	-
Vote 11 - Vote 11 : Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12 : Waste Management		-	-	-	35	-	-	-	-	-	-
Vote 13 - Vote 13 : Waste Water Management		-	-	-	1 550	-	-	-	-	-	-

Vote 14 - Vote 14 : Water Management		-	-	-	1 505	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	(13 403)	24 347	850	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	(13 403)	74 423	50 926	50 076	50 076	51 434	46 735	48 075
Capital Expenditure - Functional											
Governance and administration		313	311	(12 557)	830	400	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		313	311	(12 557)	830	400	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		119	44	139 749	695	-	-	-	-	-	-
Community and social services		119	20	139 706	695	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	24	42	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		40 911	41 435	45 964	35 308	37 740	-	-	36 434	37 135	39 075
Planning and development		-	16	2	25	-	-	-	-	-	-
Road transport		40 911	41 419	45 962	35 283	37 740	-	-	36 434	37 135	39 075
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		14 141	23 568	99 879	22 590	15 850	-	-	15 000	9 600	9 000
Energy sources		13 524	23 365	99 924	19 500	15 850	-	-	15 000	9 600	9 000
Water management		-	192	(45)	1 505	-	-	-	-	-	-
Waste water management		591	12	-	1 550	-	-	-	-	-	-
Waste management		26	-	-	35	-	-	-	-	-	-
Other											
Total Capital Expenditure - Functional	3	55 484	65 359	273 035	59 423	53 990	-	-	51 434	46 735	48 075
Funded by:											
National Government		49 911	49 687	-	50 076	50 076	-	-	51 434	46 735	48 075
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	49 911	49 687	-	50 076	50 076	-	-	51 434	46 735	48 075
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		5 612	7 334	-	9 347	1 930	-	-	-	-	-
Total Capital Funding	7	55 523	57 021	-	59 423	52 006	-	-	51 434	46 735	48 075

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2018/19 R 51,4 million has been allocated for the capital budgets, which total 100%. This allocation decreases to R 46,7 million in 2019/20 and then increases to R48 million in 2020/21
3. Single-year capital expenditure has not been appropriated for the 2018/19 financial year and also over the MTREF remains zero respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. For 2018/19, capital transfers totals R 51,4 million and decreases to R48 million by 2020/21. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 KZN263 Table A6 - Budgeted Financial Position

KZN263 Abaqulusi - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Current assets											
Cash		10 565	16 580	11 709	11 709	11 709	11 709		11 709	11 709	11 709
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	-	-	-	-	-	-	-	-
Other debtors		18 191	44 082	42 529	58 088	58 088	58 088		58 088	58 088	58 088
Current portion of long-term receivables		-	-	4 393	-	-	-		-	-	-
Inventory	2	11 943	12 493	8 522	7 027	7 027	7 027		7 027	7 027	7 027
Total current assets		40 699	73 155	67 153	76 824	76 824	76 824	-	76 824	76 824	76 824
Non current assets											
Long-term receivables		-	-	-	-	-	-		-	-	-
Investments		-	-	-	-	-	-		-	-	-
Investment property		25 390	34 767	13 543	26 946	26 946	26 946		26 946	26 946	26 946
Investment in Associate		-	-	-	-	-	-		-	-	-
Property, plant and equipment	3	-	-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-		-	-	-
Biological		-	-	-	-	-	-		-	-	-
Intangible		202	1 713	1 222	92	92	92		92	92	92
Other non-current assets		3 854	-	3 855	3 855	3 855	3 855		3 855	3 855	3 855
Total non current assets		29 446	36 480	18 620	30 892	30 892	30 892	-	30 892	30 892	30 892
TOTAL ASSETS		70 145	109 634	85 773	107 717	107 717	107 717	-	107 717	107 717	107 717
LIABILITIES											
Current liabilities											
Bank overdraft	-	-	-	-	-	-	-		-	-	-
Borrowing	4	-	-	-	-	-	-		-	-	-
Consumer deposits		13 103	13 592	13 757	13 592	13 592	13 592		13 592	13 592	13 592
Trade and other payables	4	-	-	-	-	-	-		-	-	-
Provisions		1 381	-	-	-	-	-		-	-	-
Total current liabilities		14 484	13 592	13 757	13 592	13 592	13 592	-	13 592	13 592	13 592
Non current liabilities											
Borrowing		-	-	-	-	-	-		-	-	-

Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		14 484	13 592	13 757	13 592	13 592	13 592	-	13 592	13 592	13 592
NET ASSETS	5	55 661	96 042	72 015	94 124	94 124	94 124	-	94 124	94 124	94 124
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 469 444	3 734 102	1 492 971	1 393 322	1 393 322	1 393 322		1 393 322	1 393 322	1 393 322
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	1 469 444	3 734 102	1 492 971	1 393 322	1 393 322	1 393 322	-	1 393 322	1 393 322	1 393 322

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 41) providing a detailed analysis of the major components of a number of items, including:
 - *Call investments deposits;*
 - *Consumer debtors;*
 - *Property, plant and equipment;*
 - *Trade and other payables;*
 - *Provisions non-current;*
 - *Changes in net assets; and*
 - *Reserves*
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24 KZN263 Table A7 - Budgeted Cash Flow from Operating activities Statement

KZN263 Abaqulusi - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		60 900	61 332	-	65 013	65 013			65 000	68 575	72 278
Service charges		224 763	283 614	215 044	249 213	249 213			217 171	229 116	241 487
Other revenue		13 731	-	281 240	14 235	14 235			5 054	5 332	5 620
Government - operating	1	114 773	112 829	156 395	139 593	139 593			-	-	-
Government - capital	1	49 911	49 687	-	35 076	35 076			51 434	46 735	48 075
Interest		3 166	1 746	-	1 750	1 750			2 219	2 341	2 467
Dividends		-	-	-	-	-			-	-	-
Payments											
Suppliers and employees		(403 580)	(401 053)	(544 715)	(443 739)	(406 376)			-	-	-
Finance charges		(458)	(926)	(16)	(600)	(550)			-	-	-
Transfers and Grants	1	(15 610)	(15 721)	(17 752)	(22 127)	(18 578)			-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		47 596	91 507	90 196	38 414	79 375	-	-	340 878	352 099	369 927
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		677	(294)	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(59 670)	(65 359)	(141)	(35 076)	(35 076)	(35 076)	-	(51 434)	(46 735)	(48 075)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(58 994)	(65 653)	(141)	(35 076)	(35 076)	(35 076)	-	(51 434)	(46 735)	(48 075)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	692	-	-	-	-	-	-	-	-
Payments											

Repayment of borrowing		(5 117)	(14 369)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5 117)	(13 677)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(16 515)	12 177	90 055	3 338	44 299	(35 076)	-	289 444	305 364	321 852
Cash/cash equivalents at the year begin:	2	53 151	1 445	13 622	13 622	13 622	13 622		13 622	303 066	608 430
Cash/cash equivalents at the year end:	2	36 636	13 622	103 677	16 960	57 921	(21 454)		303 066	608 430	930 282

Table 25 KZN263 Table A8 - Cash & Investments Backed Reserves / Accumulated Surplus Reconciliation**KZN263 Abaqulusi - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	36 636	13 622	103 677	16 960	57 921	(21 454)	-	303 066	608 430	930 282
Other current investments > 90 days		(26 071)	2 958	(91 968)	(5 251)	(46 212)	33 163	-	(291 357)	(596 721)	(918 573)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		10 565	16 580	11 709	11 709	11 709	11 709	-	11 709	11 709	11 709
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(16 523)	(42 323)	(72 954)	(55 156)	(52 692)	-	-	(60 958)	(60 958)	(60 961)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(16 523)	(42 323)	(72 954)	(55 156)	(52 692)	-	-	(60 958)	(60 958)	(60 961)
Surplus(shortfall)		27 088	58 903	84 663	66 865	64 401	11 709	-	72 667	72 667	72 670

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. *The budgeted cash flow statement is the first measurement in determining if the budget is funded.*
2. *It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.*
3. *It can be seen that the cash levels of the Municipality decreased significantly over the 2014/15 to 2015/16 period owing directly to a net decrease in cash for the 2016/17 financial year of R 56, 4 million.*
4. *The approved 2017/18 MTREF provided for a net increase in cash of R 66,8 million for the 2017/18 financial year, during the Adjustment Budget the resulting changed to an overall projected cash position of R 11,7 million at year end.*
5. *As part of the 2017/18 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.*
6. *The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.*
7. *Cash and cash equivalents totals R 72,6 million as at the end of the 2018/19 financial year and remains at R72,6 million by 2020/21.*

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

1. *The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.*
2. *In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.*
3. *The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".*
4. *Non-compliance with Section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.*
5. *From the table it can be seen that for the period 2018/19 to 2020/21 the surplus remains constant at R 72 million.*

6. *As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to Section 18 of the MFMA.*
7. *As can be seen the draft budget has been modelled to a current deficit of R116 million in 2018/19 remaining constant at R116 million by 2020/21. These figures will be revisited before the tabling of the final budget in May 2018.*

Table 26 KZN263 Table A9 - Asset Management

KZN263 Abaqulusi - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	55 523	65 359	45 318	60 523	15 450	-	51 434	46 735	48 075
<i>Roads Infrastructure</i>		40 929	41 419	25 078	35 076	-	-	36 434	37 135	39 075
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		13 524	23 365	20 000	19 500	15 000	-	15 000	9 600	9 000
<i>Water Supply Infrastructure</i>		-	192	-	1 505	-	-	-	-	-
<i>Sanitation Infrastructure</i>		591	12	-	1 550	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		26	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		55 070	64 987	45 078	57 631	15 000	-	51 434	46 735	48 075
Community Facilities		65	44	-	1 195	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		65	44	-	1 195	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		234	128	211	615	450	-	-	-	-
Furniture and Office Equipment		154	199	29	875	-	-	-	-	-
Machinery and Equipment		-	-	-	207	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-

Infrastructure		-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-
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								
<i>Roads Infrastructure</i>		40 929	41 419	25 078	35 076	-	36 434	37 135	39 075
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		13 524	23 365	20 000	19 500	15 000	15 000	9 600	9 000
<i>Water Supply Infrastructure</i>		-	192	-	1 505	-	-	-	-
<i>Sanitation Infrastructure</i>		591	12	-	1 550	-	-	-	-
<i>Solid Waste Infrastructure</i>		26	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-
Infrastructure		55 070	64 987	45 078	57 631	15 000	51 434	46 735	48 075
Community Facilities		65	44	-	1 195	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-
Community Assets		65	44	-	1 195	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-

Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		234	128	211	615	450	-	-	-	-
Furniture and Office Equipment		154	199	29	875	-	-	-	-	-
Machinery and Equipment		-	-	-	207	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		55 523	65 359	45 318	60 523	15 450	-	51 434	46 735	48 075
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		178 543	178 543	178 543	178 543	178 543	178 543	178 543	178 543	178 543
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		572 862	572 862	572 862	572 862	572 862	572 862	572 862	572 862	572 862
Water Supply Infrastructure		290 010	290 010	290 010	290 010	290 010	290 010	290 010	290 010	290 010
Sanitation Infrastructure		126 000	126 000	126 000	126 000	126 000	126 000	126 000	126 000	126 000
Solid Waste Infrastructure		2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108	2 108
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		1 169 523	1 169 523	1 169 523	1 169 523	1 169 523	1 169 523	1 169 523	1 169 523	1 169 523
Community Facilities		79 612	79 612	79 612	79 612	79 612	79 612	79 612	79 612	79 612
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		79 612	79 612	79 612	79 612	79 612	79 612	79 612	79 612	79 612
Heritage Assets		3 855	3 855	3 855	3 855	3 855	3 855	3 855	3 855	3 855
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713	1 713
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-

Libraries										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	1 254 702	1 254 702	1 254 702	1 254 702	1 254 702	1 254 702	1 254 702	1 254 702
EXPENDITURE OTHER ITEMS										
Depreciation	7	99 106	82 095	72 325	74 313	58 666	-	61 600	64 988	68 562
Repairs and Maintenance by Asset Class	3	15 064	18 727	18 413	19 482	-	-	20 456	21 581	22 768
<i>Roads Infrastructure</i>		5 921	8 698	11 236	7 150	-	-	7 508	7 920	8 356
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		2 435	4 675	2 685	5 570	-	-	5 849	6 170	6 510
<i>Water Supply Infrastructure</i>		3 311	2 614	1 933	2 500	-	-	2 625	2 769	2 922
<i>Sanitation Infrastructure</i>		1 982	1 590	1 366	1 560	-	-	1 638	1 728	1 823
<i>Solid Waste Infrastructure</i>		-	99	-	275	-	-	289	305	321
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		13 649	17 675	17 219	17 055	-	-	17 908	18 893	19 932
Community Facilities		769	383	448	1 135	-	-	1 192	1 257	1 326
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		769	383	448	1 135	-	-	1 192	1 257	1 326
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		469	600	618	1 000	-	-	1 050	1 108	1 169
Housing		-	-	-	-	-	-	-	-	-
Other Assets		469	600	618	1 000	-	-	1 050	1 108	1 169
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		176	69	104	110	-	-	116	122	129
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	24	182	-	-	191	202	213
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		114 169	100 823	90 739	93 795	58 666	-	82 056	86 569	91 330
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and upgrading and R&M as a % of PPE</i>		1.0%	1.0%	1.0%	2.0%	0.0%	0.0%	2.0%	2.0%	2.0%

Explanatory notes to Table A9 - Asset Management

- 1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.*
- 2. National Treasury has recommended that municipalities should allocate at least 40 % of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Municipality is not able to meet both these recommendations.*
- 3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.*

Table 27 KZN263 Table A10 - Basic Service Delivery Measurement

KZN263 Abaqulusi - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		17 237	34 261	67	67	67	67	67	67	67
Piped water inside yard (but not in dwelling)		14 020	-	65	65	65	65	65	65	65
Using public tap (at least min.service level)	2	14	14	14	14	14	14	14	14	14
Other water supply (at least min.service level)	4	12	12	7	7	7	7	7	7	7
<i>Minimum Service Level and Above sub-total</i>		31 283	34 287	153	153	153	153	153	153	153
Using public tap (< min.service level)	3	3 207	3 207	3 207	3 207	3 207	3 207	3 207	3 207	3 207
Other water supply (< min.service level)	4	1 919	1 919	1 919	1 919	1 919	1 919	1 919	1 919	1 919
No water supply		40 232	40 232	40 232	40 232	40 232	40 232	40 232	40 232	40 232
<i>Below Minimum Service Level sub-total</i>		45 358	45 358	45 358	45 358	45 358	45 358	45 358	45 358	45 358
Total number of households	5	76 641	79 645	45 511	45 511	45 511	45 511	45 511	45 511	45 511
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		68 157	68 157	68 157	68 157	68 157	68 157	68 157	68 157	68 157
Flush toilet (with septic tank)		4 506	4 506	4 506	4 506	4 506	4 506	4 506	4 506	4 506
Chemical toilet		11 208	11 208	11 208	11 208	11 208	11 208	11 208	11 208	11 208
Pit toilet (ventilated)		22 379	22 379	22 379	22 379	22 379	22 379	22 379	22 379	22 379
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		106 250	106 250	106 250	106 250	106 250	106 250	106 250	106 250	106 250
Bucket toilet		919	919	919	919	919	919	919	919	919
Other toilet provisions (< min.service level)		53 876	53 876	53 876	53 876	53 876	53 876	53 876	53 876	53 876
No toilet provisions		28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842
<i>Below Minimum Service Level sub-total</i>		83 637	83 637	83 637	83 637	83 637	83 637	83 637	83 637	83 637
Total number of households	5	189 887	189 887	189 887	189 887	189 887	189 887	189 887	189 887	189 887
Energy:										
Electricity (at least min.service level)		19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
<i>Below Minimum Service Level sub-total</i>		3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243

Total number of households	5	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024
<u>Refuse:</u>										
Removed at least once a week		11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
<i>Minimum Service Level and Above sub-total</i>		11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
Removed less frequently than once a week		1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270
Using communal refuse dump		1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763
Using own refuse dump		105 738	105 738	105 738	105 738	105 738	105 738	105 738	105 738	105 738
Other rubbish disposal		3 816	3 816	3 816	3 816	3 816	3 816	3 816	3 816	3 816
No rubbish disposal		15 010	15 010	15 010	15 010	15 010	15 010	15 010	15 010	15 010
<i>Below Minimum Service Level sub-total</i>		127 597	127 597	127 597	127 597	127 597	127 597	127 597	127 597	127 597
Total number of households	5	138 854	138 854	138 854	138 854	138 854	138 854	138 854	138 854	138 854
<u>Households receiving Free Basic Service</u>	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)		-	-	-	-	-	-	-	-	-
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>	8									
Water (6 kilolitres per indigent household per month)		2 580	2 800	-	2 060	-	-	2 163	2 282	2 408
Sanitation (free sanitation service to indigent households)		4 700	4 500	-	5 756	-	-	6 044	6 376	6 727
Electricity/other energy (50kwh per indigent household per month)		2 000	2 000	-	3 398	-	-	3 568	3 765	3 972
Refuse (removed once a week for indigent households)		3 500	3 500	-	4 960	-	-	5 208	5 494	5 796
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		12 780	12 800	-	16 174	-	-	16 983	17 917	18 902
<u>Highest level of free service provided per household</u>										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
<u>Revenue cost of subsidised services provided (R'000)</u>	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Property rates exemptions, reductions and rebates and impermissable 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	6									
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. *Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.*
2. *The Municipality continues to make good progress with the eradication of backlogs:*
 - a. *Water services – backlog will remain the same in 2018/19 as in 2017/18. These households are largely found in ‘rural areas’ and will need to be moved to formal areas so that they can receive services.*
 - b. *Sanitation services – backlog will remain the same over the MTREF*
 - c. *Electricity services – backlogs will be reduced in ESKOM supplied areas*
 - d. *Refuse services – backlog will be reduced in 2018/19, and in the outer two years of the MTREF. However, it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.*
3. *The budget provides for all households applying as indigent in 2018/19 to be registered and on approval from EXCO be entitled to receive Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.*
4. *It is anticipated that these Free Basic Services will cost the municipality R 16,9 million in 2018/19, increasing to R 18,9 million in 2020/21. This is covered by the municipality’s equitable share allocation from national government.*
5. *In addition to the Free Basic Services, the Municipality also ‘gives’ households R 18, 1 million in free services in 2018/19. This “tax expenditure” needs to be seen within the context of the municipality’s overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the “free services” represent about 3, 15% of total operating revenue.*

Part 2 – Supporting Documentation**Overview of the Annual Budget Process**

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

The Budget Steering Committee consists of EXCO and MANCOM of the municipality meeting under the chairpersonship of the Finance Portfolio.

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

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

The above process was followed during the preparation of the budget.

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 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2017. Key dates applicable to the process were:

- **August 2017:**
- Table IDP Process Plan to EXCO and Council for approval
- Submit Annual Performance Report to Treasury

February 2018

- **Strategic Planning Session**
- **28 March 2018 Draft Budget**
- *Submit Draft budget, tariffs, SDBIP's to EXCO for recommendation to Council Submit Draft IDP to EXCO for recommendation to Council*
- **1 April – 17 April 2018 – Public consultation;**
- **25 April – 5 May 2018 – Balancing of budget**
- **28 April 2018 - Closing date for written comments;**
- **25 May 2018 - Tabling of the 2018/19 MTREF before Council for consideration and approval.**

IDP and Service Delivery and Budget Implementation Plan

On the 1st of July 2017 the Abaqulusi Municipality implemented a new five-year IDP for the period July 2017 to June 2022 to inform and guide the current elected public representatives in their term of office. This document which is for the 2nd year of the five year period outlines the Municipality's intent in terms of the agreed six strategic focus areas that are required to overcome Abaqulusi challenges, achieve its vision, and give effect to its other strategic considerations

It started in October 2017 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2018/19 MTREF in August.

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.

Registration of community needs;

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

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modelling and Key Planning Drivers

Full compliance was done by the municipality during the compilation of the 2018/19 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 2018/19 MTREF:

- *Municipality growth*
- *Policy priorities and strategic objectives*
- *Asset maintenance*
- *Economic climate and trends (i.e. inflation, ESKOM increases, household debt, migration patterns)*
- *Performance trends*
- *The approved 2017/18 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, 86, 89 and 91 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The draft 2018/19 MTREF will be tabled before Council on the 28th of March 2018 for community consultation and will be published on the municipality's website, and hard copies made available at customer care offices, municipal notice boards and various libraries. The final will be tabled before Council on the 25th of May 2018.

All documents in the appropriate format (electronic and printed) will be 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 will be utilised to facilitate the community consultation process and include public briefing sessions. The applicable date and venue will be published in all the local newspapers and an average attendance of 3,000 members of the community will be catered for. Other stakeholders involved in the consultation include churches, non-governmental institutions, community-based organisations and taxi associations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2018/19 MTREF. Feedback and responses to the submissions received will be available on request. The following are some of the issues and concerns raised as well as comments received during last year's consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large Sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

The changes affecting the final 2018/19 MTREF will be compared to the draft 2018/19 MTREF that will be tabled for community consultation will be included.

Overview of alignment of annual budget with IDP

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

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

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

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

The aim of this cycle is 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 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 table highlights the IDP's five strategic objectives for the 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

Key Performance Area: Basic Service Delivery and Infrastructure Development			
Goal: To reduce levels of infrastructure backlogs by providing Basic Services, Facilities and maintaining existing infrastructure.			
Key Focus Area	IDP Ref. No.	Development Objectives	Development Strategies
1. Roads	1	Expand accessibility in various wards by 2022.	<ul style="list-style-type: none"> • Constructing New Gravel Roads • Constructing new tarred and paved roads • Constructing new cause ways • Spatially capture roads infrastructure
	2	Maintain existing Roads in rural & urban areas by 2022.	<ul style="list-style-type: none"> • Upgrading of gravel roads to tar • Re-gravelling of roads • Rehabilitation of existing tar roads • Blading of roads • Spatially capture road infrastructure
2. Storm Water	3	Building and maintaining Storm Water Infrastructure by 2022.	<ul style="list-style-type: none"> • Construction of new storm water drains • Cleaning of storm water drains • Spatially capture storm water infrastructure
3. Sanitation	4	Expand accessibility in various wards by 2022.	<ul style="list-style-type: none"> • Establishment of new sewer lines • Provision of VIP in rural areas • Spatially capture sanitation infrastructure
	5	Maintain and replace existing Sanitation Infrastructure by 2022.	<ul style="list-style-type: none"> • Replace old sanitation pipes • Upgrading of sewer main lines • Upgrade of the WWTW
4. Water	6	Expand accessibility in various wards by 2022.	<ul style="list-style-type: none"> • Installation of new water connections • Upgrade of water main lines • Spatially capture water infrastructure
	7	Maintain and replace existing Water Infrastructure by 2022.	<ul style="list-style-type: none"> • Replace old water Pipes • Repairs to water lines • Repairs to existing water pumps • Maintain purification treatment plants
5. Electricity	8	Expand electrical accessibility in various wards by 2022.	<ul style="list-style-type: none"> • Installation of New electrical connections

	9	<p>Expand and Maintain existing network electricity in urban and rural areas by 2022.</p> <p>Provide alternative energy</p>	<ul style="list-style-type: none"> • Installation of Electrical Meters • Installation and repairs of High Mast Lights • General Infrastructure- maintenance on mini and major substations • Upgrade existing transformers • Repairs to Robots • Provision of solar geysers and street lights • Provision of solar panels in urban and rural areas • Spatially capture electricity infrastructure • Master sector plans to be in place
6. Sport fields & Parks	10	Expand accessibility and maintenance of Sports fields and Parks in various wards by 2022.	<ul style="list-style-type: none"> • Construction and maintenance of new Sports fields and Parks in various wards • Upgrade and revamp existing Sports fields and Parks
7. Community Halls	11	Expand accessibility and maintenance of Community Halls in various wards by 2022.	<ul style="list-style-type: none"> • Construction and maintenance of New Community Halls • Upgrade and revamp existing Community Halls
8. Cemeteries	12	Expand accessibility and maintenance of Community Cemeteries in various wards by 2022.	<ul style="list-style-type: none"> • Construction and maintenance of Cemeteries • Upgrade and revamp existing Cemeteries • Fencing of all unused cemeteries
9. Crèches	13	Enhance Early Childhood Development by 2022	<ul style="list-style-type: none"> • Building of new crèches
10. Refuse Removal	14	Expand accessibility of Refuse Services in various wards by 2022.	<ul style="list-style-type: none"> • Identify new areas and settlements to offer Refuse Services • Integrated waste management plan
11. Human Settlements	15	To provide sustainable human settlements to the people of Abaqulusi by 2022	<ul style="list-style-type: none"> • Identify and Secure land prior to project approval • Ensure appointment of experienced and qualified implementing agents • Land disposal policy for public use • Strengthen Intergovernmental Relations • Land identification and release • facilitation of bulk service provision • Facilitate Land Release • Approval and implementation of the Housing Sector Plan

			<ul style="list-style-type: none"> • Set up housing consumer education programme • Linking of the HSP to SDF, IDP and Comprehensive CIF • Middle income housing development •
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ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT STRATEGIC DOCUMENTS

This KPA is aligned with the following national, provincial and district strategies to ensure integrated and sustainable provision of infrastructure that will lead to better living conditions for all our people.

National Development Plan identified the following primary challenges pertaining to this

KPA:

- *Infrastructure is poorly located, inadequate, and under- maintained;*
- *Public services are uneven and often of poor quality;*
- *Corruption levels are high; and*

Cabinet Outcomes:

6. *An efficient, competitive and responsive economic infrastructure network*
7. *Vibrant, equitable and sustainable rural communities with food security for all*
8. *Sustainable human settlements and improved quality of households' life*

KZN Provincial Growth and Development Plan/Strategy

3. *Human and Community Development*
4. *Strategic Infrastructure*

Back to Basics Program:

1. *Basic Services: Creating decent living conditions*

Zululand District Growth and Development Plan

4. *Strategic Infrastructure*

Batho Pele Principles:

2. *Service Standards*
3. *Access*
7. *Redress*
1. *Value for money*

Abaqulusi municipality

The goal, focus areas, Action plans and eventual projects of the municipality is all directly aligned with the broader governmental strategic documents to ensure the strategic use of scarce resources to provide new and maintain existing services in the municipality. The compilation of a maintenance Plan as well as an infrastructure delivery plan will ensure transparency and the curbing of unrealistic expectations while striving towards reaching the Municipality's vision and giving effect to the national and provincial strategies.

The implementation of the Strategies for the 10 identified Focus Areas will ensure that the community of Abaqulusi Municipality enjoys an improved quality of life with the concomitant opportunities and that our places where we live, work and play are situated in an environment conducive to an ever increasing quality of life.

Key Performance Area: Municipal Transformation and Institutional Development

Goal: Empower and capacitate institutional structures and promotion of transparent cooperative governance.

Key Focus Area	IDP Ref. No.	Development Objective	Development Strategies
1. Human Resources Management	16	To ensure that the municipality practice sound Human Resources management by 2022.	<ul style="list-style-type: none"> • Conduct Workshops on labour relations • Ensure functionality of Local Labour Forum • Formulate, review and adopt new and existing HR Policies. • Review and adopt Employment Equity plan • Develop and adopt recruitment Plan and strategy • Develop and adopt Retention strategy • Review and adopt organizational structure • Review Job descriptions • Fast track filling of critical vacant posts
2. Human Resource Development	17	To ensure that the new and existing staff are capacitated to fulfil their functions and promote career development and comply with safety measures by June 2022.	<ul style="list-style-type: none"> • Develop/Review Workplace Skills Plan. • Develop/Review Induction Plan. • Ensure functionality of OHS Committee and other HRD related committees. • Develop/Review training policy • Develop/Review Wellness Programme. • Facilitate skills audit for municipal employees.

			<ul style="list-style-type: none"> • Facilitate skills audit for councillors • Facilitate Female councillors empowerment • Continued professional development (CPD) for all professionals serving in the municipality • MFMP training for Staff and Councillors
3. Council Support	18	To ensure that Council and its committee fulfil their executive and legislative functions and play an effective oversight role over administration by 2022	<ul style="list-style-type: none"> • Develop and adopt Council Annual Programme • Monitoring and implementation of the Council Annual Programme • Monitoring the execution of Council resolutions • Provision of Administrative Support to Council and its Committees
4. Records Management	19	To ensure effective management of all internal and external records by 2022	<ul style="list-style-type: none"> • Implementation of Records Management Policy
5. Fleet Management	20	To ensure effective management of fleet by 2022	<ul style="list-style-type: none"> • Implementation of Fleet Management Policy
6. Information Technology	21	To provide a secure ICT infrastructure which delivers appropriate levels of Confidentiality, integrity, availability, stability and growth by 2022.	<ul style="list-style-type: none"> • Development and monitoring of ICT infrastructure and relevant security mechanisms with provision of reports. • Workshop of ICT Policies and Procedures to staff. • Development of IntraNet to provide basic information on Email and Internet security standards for users. • Ensure ICT secure procedures are followed. • Ensure security mechanisms are in place to ensure confidentiality and integrity of data. • Upgrade, and maintain relevant equipment and infrastructure to ensure stability of ICT infrastructure • Providing ICT Tools of trade. • Upgrading to new technologies. • Updating/Upgrading to new software as part of the new technology drive forward.

			<ul style="list-style-type: none"> • <i>Renewal and expansion of DR and Data Backup Systems</i> • <i>Develop compliance/IntraNet calendar for staff on the IntraNet as reference model to assist in providing staff with deadline dates for ALL reports.</i> • <i>Develop backup and replicate information for future reference</i> • <i>Procure CAD software for engineering drawings</i>
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ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT STRATEGIC DOCUMENTS

This KPA is aligned with the following national, provincial and district strategies to ensure that the internal institution is structured and operating in a way that ensure optimal service provision.

National Development Plan identified the following primary challenges pertaining to this

KPA:

- *Public services are uneven and often of poor quality;*
- *Corruption levels are high; and*
- *South Africa remains a divided society.*

Cabinet Outcomes:

5. *A skilled and capable workforce to support an inclusive growth path*
9. *A responsive, accountable, effective and efficient local government system and inclusive citizenship*
6. *An efficient, effective and development orientated public service and an empowered, fair*

KZN Provincial Growth and Development Plan/Strategy

2. *Human Resource Development*

Back to Basics Program:

2. *Good Governance*
3. *Public Participation*
5. *Institutional Capacity*

Zululand District Growth and Development Plan

2. *Human Resource Development*
3. *Human and Community Development*
6. *Governance and Policy*

Batho Pele Principles:

- 1: Consultation
- 2: Service Standards
- 3: Access
- 4: Courtesy
- 5: Information
- 8: Value for money
- 6: Openness and transparency

Abaqulusi municipality

The goal, focus areas, development strategies and eventual projects of the municipality are all directly aligned with the broader governmental strategic documents to ensure that the internal structure of the Municipality is established in such a way that the organization has the capacity to warrant optimised service delivery to the people in its area.

The focus of this KPA is to be a service provider to the organisation itself. The mandate of this KPA provides the responsible officials with the task to ensure effective, efficient, capable and qualified human and administrative resources that will see to it that the institution can effectively do its service delivery. The contribution of this KPA can make or break the organisation it therefore need to be strong, capable and virtuous.

Key Performance Area: Financial Viability & Management**Goal: Ensure sound financial management and accountability**

Key Focus Area	IDP Ref. No.	Development Objective	Development Strategies
1. Revenue	22	Ensure the Municipal Revenue Streams are optimised	<ul style="list-style-type: none"> • Conducting Daily control check and balances of cashiers and banking of cash • Conducting Monthly updating of valuation roll and financial system to secure correct billing of rates • Monitor Billing vs Payment system • Update Indigent Register • Visiting satellite offices regularly to verify and secure financial procedures and income • Implement Revenue enhancement committee resolutions • Amendment to the credit control policy

			<ul style="list-style-type: none"> • Timeous and accurate reading of meters • Handing over of long outstanding/selling of debtors • Ensure reconciliations are performed daily, weekly and monthly respectively
2. Expenditure	23	To ensure effective expenditure control	<ul style="list-style-type: none"> • Ensure payment of service providers within 30 days • Ensure reconciliations are performed daily, weekly and monthly respectively • Verification of all orders and invoices correctness before payment is done using check list and financial system and procedures • Timeous payment of salaries and third parties • Timeous submission of VAT and PAYE to SARS • Verification of correct allocation of orders
3. SCM	24	To strengthen the Supply Chain Unit and Processes	<ul style="list-style-type: none"> • Develop Municipal Procurement Plan • Implement suppliers database in line with National Treasury's Central Suppliers Database • Review SCM Policy • Submission of Irregular expenditure report to COGTA on a monthly basis • Provide training and skills development to officials involved in procurement processes • Verification of Service Providers
4. Assets	25	To Maintain Fixed Assets of the Municipality	<ul style="list-style-type: none"> • Maintain fixed assets register on a monthly basis • Updating of all purchases and spot check visits to offices • Maintaining the Fixed Assets Register in terms of the Fixed Assets Policy and GRAP 17 monthly • Quarterly verification of inventory • Ensure reconciliations are performed daily, weekly and monthly respectively •

5. Financial Reporting	26	Ensure that financial reporting conforms to all legal and institutional requirements	<ul style="list-style-type: none"> • Develop Draft Budget annually • Develop and Adopt Final Budget annually • Develop and adopt Final Budget Process Plan annually • Submission of Monthly Section 71, Quarterly Section 52 & Half Year Section 72 Report • Develop Adjustment budget in line with section 72 reports • Annual adoption of policies and procedures • Ensure reconciliations are performed daily, weekly and monthly respectively •
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ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT STRATEGIC DOCUMENTS

This KPA is aligned with the following national, provincial and district strategies to ensure that the institution provides services to its personnel, consumers and suppliers.

National Development Plan identified the following primary challenges pertaining to this

KPA:

- Public services are uneven and often of poor quality;
- Corruption levels are high; and

Cabinet Outcomes:

6. An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship
9. A responsive, accountable, effective and efficient local government system

KZN Provincial Growth and Development Plan/Strategy

6. Governance and Policy

Back to Basics Program:

2. Good Governance
4. Financial Management
5. Institutional Capacity

Zululand District Growth and Development Plan

6. Governance and Policy

Batho Pele Principles:

1: Consultation

2: Service Standards

3: Access

4: Courtesy

5: Information

8: Value for money

6: Openness and transparency

Abaqulusi municipality

The goal, focus areas, development strategies and eventual projects of the municipality are all directly aligned with the broader governmental strategic documents to ensure that the financial affairs of the municipality confirms to legal requirements, strife towards an approved audit report and do all payment timeously.

The focus of this KPA is to be a service provider to the organisation itself as well as it's consumers and suppliers. The mandate of this KPA provides the responsible officials with the task to ensure the responsible, honest management of tax payers' money. This KPA is mainly targeted on legal compliance and need to be implemented with absolute accountability, skill and without any prejudice.

Key Performance Area: Good Governance and Community Participation**Goal: To be a Responsible, accountable, effective and efficient developmental Municipality**

Key Focus Area	IDP Ref. No.	Development Objective	Development Strategies
1. Communication and customer satisfaction	27	To revive and strengthen Communications by 2022	<ul style="list-style-type: none"> Develop/adopt communication strategy Review the Communication Strategy
	28	To engage and improve customer satisfaction by 2022	<ul style="list-style-type: none"> Develop a customer care centre Appoint a customer care committee Conduct customer service satisfaction surveys on regular basis Establish "suggestion boxes" at all municipal offices

			<ul style="list-style-type: none"> • Utilisation of the municipal “hotline” system • Establish additional municipal satellite offices
2. Internal Audit	29	To provide an assurance on the effectiveness of governance, risk management and internal control by 2022	<ul style="list-style-type: none"> • Develop and implement the annual internal audit coverage plan • Develop and implement quality assurance programmes to assess the effectiveness of internal audit unit • Discuss and submit internal audit reports to Management, Audit Committee and MPAC • Appoint audit steering committee • Develop and implement the audit committee annual plan • Develop and implement the audit committee assessment tool
3. Audit Committee	30	To ensure the effectiveness of the Audit Committee by 2022	<ul style="list-style-type: none"> • Develop and implement the audit committee annual plan • Develop and implement the audit committee assessment tool • Submission of audit committee reports to Council on a quarterly basis • Evaluate and track the implementation of audit committee resolutions
4. Risk Management	31	To improve the effectiveness of risk management within the organisation by 2022	<ul style="list-style-type: none"> • Conduct the risk assessment and develop the risk register • Appoint risk management committee and assess the functionality thereof • Incorporate risk action plans into departmental SDBIP • Monitor the implementation of risks mitigation plans by Department • Identify and assess new emerging risks throughout the period
5. Integrated Development Planning	32	To ensure effective decision-making, budgeting and management of resources	<ul style="list-style-type: none"> • Develop and implement the IDP/Budget process plan • Engage in Community Consultation Process (IDP Rep Forums, Road-shows, Izimbizos)

			<ul style="list-style-type: none"> • Develop, review and adopt IDP annually
6. Performance Management	33	To promote a system of transparency and accountability within the municipality	<ul style="list-style-type: none"> • Review and adopt the PMS Framework • Cascading of PMS to all levels
7. Back to Basics	34	To Create an all-inclusive participatory developmental municipality by 2022	<ul style="list-style-type: none"> • Regular reporting on the status of the municipality to National and Provincial CoGTA
8. Batho Pele	35	To enhance service delivery through the improvement of public consultation and communications by 2022	<ul style="list-style-type: none"> • Develop and adopt Batho Pele Policy, procedural Manuel, Service Delivery Charter and Service Delivery Improvement Plan • Hosting of Batho Pele Campaigns

ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT STRATEGIC DOCUMENTS

This KPA is aligned with the following national, provincial and district strategies to ensure that the governance of the institution is legal complaint, corruption free and accountable.

National Development Plan identified the following primary challenges pertaining to this

KPA:

1. Public services are uneven and often of poor quality;
2. Corruption levels are high; and

Cabinet Outcomes:

1. An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship
2. A responsive, accountable, effective and efficient local government system

KZN Provincial Growth and Development Plan/Strategy

1. Governance and Policy

Back to Basics Program:

1. Good Governance

2. Financial Management
3. Institutional Capacity

Zululand District Growth and Development Plan

1. Governance and Policy

Batho Pele Principles:

- 1: Consultation
- 2: Service Standards
- 3: Access
- 4: Courtesy
- 5: Information
- 8: Value for money
- 6: Openness and transparency

Abaqulusi municipality

The goal, focus areas, development strategies and eventual projects of the municipality are all directly aligned with the broader governmental strategic documents to ensure the municipality functions optimum with the ambit of its developmental mandate. The municipality must ensure the promoting of an active citizenry to strengthen development, democracy, and accountability and to be servants to the community.

Communities must actively partake in the local sphere of government through information sharing workshops, capacitation of ward structures and dissemination of important issues through various media platforms.

The mandate of this KPA as reflected in the Strategic plan is to make sure that the citizens are involved in governance and the organisation is accountable to them.

Key Performance Area: Local Economic Development and Social Development

Goal: To promote socio-economic growth and job opportunities.

Key Focus Area	IDP Ref No	Development Objective	Development Strategies
1. Agriculture	36	Unleashing agricultural potential in Abaqulusi by 2022	<ul style="list-style-type: none"> • Coordinate the establishment of agri-business forums, farmers associations • Provide support to the agricultural production

			<ul style="list-style-type: none"> • Coordinate agricultural activities • Establish cooperatives in all areas • Assist in Developing Agri-processing Hub • Develop Agriculture Sector Plan
2. SMME's and informal traders	37	Continuous assistance of entrepreneurship by 2022	<ul style="list-style-type: none"> • Train SMME's according to their needs to meet the standard • Coordinate intergovernmental structure to create job opportunities
3. Poverty alleviation	38	Reduce poverty in all wards by 2022	<ul style="list-style-type: none"> • Train the vulnerable community on income generating project • Deliver poverty alleviation project in all wards to create business opportunities
4. Tourism	39	Promote and identify tourism opportunities by 2022	<ul style="list-style-type: none"> • Co-ordinate tourism events and awareness campaigns in the municipality • Organise workshops and Road shows • Establish tourism industry and project focusing on tourism • Develop Tourism Sector Plan and Promote heritage route • Introduce historically disadvantaged people into tourism
5. Economic growth	40	Promote economic development by 2022	<ul style="list-style-type: none"> • Develop and implement investment strategy • Develop and implement marketing strategy • Develop commercial centres In the Municipality • Review, adopt and implement the LED strategy • Develop a Mining strategy • Community empowerment on small business start-ups • To assist with business retention for existing businesses and provide incentives for new businesses
6. Real estate	41	Proper Acquisition and disposal of real estate according to municipality by-laws by 2022	<ul style="list-style-type: none"> • Develop and Implement Land disposal Policy • Develop real estate by-laws • To enhance real estate capacity

7. Sport and Recreation	42	Promote Sports and Recreation in Abaqulusi by 2022	<ul style="list-style-type: none"> Establish Sport and recreation Committee (Sport Council) Conduct sport talent promotion and competitions Provide DSR with a platform to support federations and players in different sport codes
8. Youth programmes	43	Establish and promote youth development programmes by 2022	<ul style="list-style-type: none"> Establish Youth Committee (Youth Council) Conduct youth empowerment sessions Provide government departments and private sector with a platform to support the youth in their different developmental needs.
9. Arts and culture	44	Establish and promote cultural programmes by 2022	<ul style="list-style-type: none"> Establish Art & Culture Committee (art & Culture Council) Conduct artist' talent promotion and competitions Provide department of arts and culture with a platform to support artists in their different art codes.
10. Social welfare	45	Ensure availability of social services programmes to the community of AbaQulusi by 2022	<ul style="list-style-type: none"> Establish Social services stakeholder Committee Support DSD in out rolling social development programmes.
11. Health HIV/AIDS	46	Establish and promote healthy living and HIV/AIDS awareness programmes BY 2022	<ul style="list-style-type: none"> Establish health and HIV/AIDS Committee (AIDS Council) Conduct awareness programmes Provide department of health with a platform to support the community in their different health needs.
12. Special Programmes	47	Establish and promote community empowerment programmes for children, aged, disabled and vulnerable groups by 2022	<ul style="list-style-type: none"> Establish Special programmes Committee (Children , Gender , elderly and Disability Councils) Conduct empowerment sessions and awareness campaigns Support NGO'S by sourcing assistance from potential sponsors and funders
13. Safety and Security	48	Enhancing safety and security by 2022	<ul style="list-style-type: none"> Participate in the CPF and Neighbourhood watch meetings

- | | | | |
|--|--|--|---|
| | | | <ul style="list-style-type: none"> • Conduct crime-awareness programmes in communities |
|--|--|--|---|

ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT STRATEGIC DOCUMENTS

This KPA is aligned with the following national, provincial and district strategies to ensure that the institution complies with its mandate to promote an enabling environment for the economy to grow and to ensure social upliftment by providing facilities and support.

National Development Plan identified the following primary challenges pertaining to this KPA:

- Bringing about faster economic growth, higher investment, and greater labour absorption; Focussing on key capabilities of people and the state;
- Building a capable and developmental state; and

Cabinet Outcomes:

4. Decent employment through inclusive economic growth
5. A skilled and capable workforce to support an inclusive growth path
6. An efficient, competitive and responsive economic infrastructure network
7. Vibrant, equitable and sustainable rural communities with food security for all
8. Sustainable human settlements and improved quality of household's life
10. Environmental assets and natural resources that is well protected and continually enhanced

KZN Provincial Growth and Development Plan/Strategy

1. Job Creation

Back to Basics Program:

1. Creating decent living conditions

Zululand District Growth and Development Plan

1. Job Creation

Batho Pele Principles:

- 1: Consultation

2: Service Standards

3: Access

4: Courtesy

5: Information

8: Value for money

6: Openness and transparency

Abaqulusi municipality

The goal, focus areas, development strategies and eventual projects of the municipality are all directly aligned with the broader governmental strategic documents to ensure the municipality provides an enabling environment for its citizens that will lead to economic opportunities and social upliftment. The municipality's action plans focus on equipping our community with the necessary skills and facilities to become actively involved in the socio-economic enhancement of individuals and groups.

Key Performance Area: Cross Cutting (Spatial, Environment and Disaster Management)

Goal: To redress the spatial imbalances and promote sustainable environmental planning.

Key Focus Area	IDP Ref. No.	Development Objective	Development Strategies
1. Town Planning	49	To ensure effective management of current and desirable land uses by 2022	<ul style="list-style-type: none"> • Review and implementation of the Spatial Development Framework • Implementation of SPLUMA and SPLUMA By-Law • Implementation of Precinct Plans • Preparation of the AbaQulusi wall-to-wall scheme and Land Audit in compliance with the Spatial Planning and land Use Management Act 2013 • Co-ordination of the Municipal Planning Tribunal • Facilitation of Township Establishment • Identification of developmental land • Conduct Information Workshops • Set up enforcement procedures • Conduct investigation on the probability of the adopt a spot land

2. GIS	50	To have an effective and efficient GIS System by 2022	<ul style="list-style-type: none"> • Ensure GIS system is updated regularly • Renewal of GIS Licence annually • Integrate GIS System with other municipal departments
3. Building Inspectorate	51	To ensure the sustainability of the built environment by 2022	<ul style="list-style-type: none"> • Timeous Assessment of building plans • Workshop Built environment professionals • Training to current staff and peace officers
4. Fire & Disaster Management	52	Ensure Effective & Efficient response to community emergencies by 2022	<ul style="list-style-type: none"> • Strengthen stakeholder relations • Decentralisation of services by establishing disaster satellite offices • Establishment of Disaster Management Unit • Acquiring relevant and sufficient Disaster Equipment regularly
5. Environmental health	53	Establish and promote a healthy environment in Abaqulusi by 2022	<ul style="list-style-type: none"> • Establish Environmental issues committee (Enviro Council) • Conduct awareness programmes • Provide department of environmental affairs with a platform to support the municipality and the community in their different art environmental needs

ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT STRATEGIC DOCUMENTS

This KPA is aligned with the following national, provincial and district strategies to ensure that the municipality works in a way that is sustainable and provide a safe environment for its citizens.

National Development Plan identified the following primary challenges pertaining to this

KPA:

- Spatial divides hobble inclusive development;
- Corruption levels are high

Cabinet Outcomes:

3. All people in South Africa are and feel safe
7. Vibrant, equitable and sustainable rural communities with food security for all
8. Sustainable human settlements and improved quality of household's life enhanced
10. Environmental assets and natural resources that are well protected and continually

KZN Provincial Growth and Development Plan/Strategy

3. *Human and Community Development*
4. *Strategic Infrastructure*
5. *Response to Climate Change*
7. *Spatial Equity*

Back to Basics Program:

1. *Creating decent living conditions*

Zululand District Growth and Development Plan

5. *Environmental Sustainability*
7. *Spatial Equity*

Batho Pele Principles:

- 1: *Consultation*
- 2: *Service Standards*
- 3: *Access*
- 4: *Courtesy*
- 5: *Information*
- 8: *Value for money*
- 6: *Openness and transparency*

Abaqulusi municipality

The goal, focus areas, development strategies and eventual projects of the municipality are all directly aligned with the broader governmental strategic documents to ensure the municipality strive to safeguard a sustainable, safe and well preserved environment for its current citizens and future generations.

The municipality's integrated approach to provide an enabling and conducive environment where people enjoy better living conditions and a safe life are reflected in the action plans that is part of this document.

Table 29 KZN263 Table SA4 - Reconciliation between the IDP Strategic Objectives and Budgeted Revenue

KZN263 Abaqulusi - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Basic Service Delivery	Roads			41 106	40 122		37 994			36 434	37 135	39 075
	Storm Water											
	Sanitation			25 914	22 891		26 550			27 878	29 411	31 028
	Water			28 251	34 902		18 972			19 921	21 016	22 172
	Energy Services			145 521	162 862		191 530			204 554	215 805	227 674
	Sportfields & Parks											
	Community Halls			342	441		96			101	107	113
	Cemeteries			177	191		130			137	144	152
	Creches											
	Refuse Removal			15 946	17 441		20 284			21 298	22 470	23 706
Municipal Transformation & Institutional Development	Human Resources Management									1 295		
	Human Resources Development			248	-		1 505					
	Council Support			1 049	1 025		5			5	6	6
	Records Management											
	Fleet Management						2 000			2 100	2 216	2 337
Financial Viability & Management	Revenue									223 087	235 357	248 301
	Expenditure			206 917	215 511		212 464					
	SCM Assets			3 549	938							

	Financial Reporting									
Good Governance & Community Participation	Communication & Customer Satisfaction									
	Internal Audit									
	Audit Committee									
	Risk Management									
	Integrated Development Planning									
	Performance Management	11 866	4 425							
	Back to Basics									
	Batho Pele									
Local Economic Development & Social Development	Agriculture									
	SMME's & Informal Traders									
	Poverty Alleviation									
	Tourism		50		100					
	Economic Growth									
	Real Estate									
	Sport & Recreation									
	Youth Programmes									
	Arts & Culture	2 925	2 783		4 081		4 253	4 487	4 734	
	Social Welfare									
	Health HIV/AIDS									
	Special Programmes									
	Safety & Security	12 353	10 959		4 443		4 665	4 921	5 192	
Cross Cutting (Spatial, Environment & Disaster Management)	Town Planning						284	299	316	
	GIS	153	8 987		270					
	Building Inspectorate									
	Fire & Disaster Management									

	Environmental Health												
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)			1	496 317	523 530	-	520 424	-	-	546 011	573 372	604 806	

Table 30 KZN263 Table SA5 - Reconciliation between the IDP Strategic Objectives and Budgeted Operating Expenditure

KZN263 Abaqulusi - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Basic Service Delivery	Roads			26 460	29 282		59 171			62 129	65 546	69 151
	Storm Water											
	Sanitation			40 454	22 152		43 721			45 907	48 432	51 096
	Water			47 514	3 685		37 453			39 326	41 488	43 770
	Energy Services			195 409	200 106		231 967			243 565	256 961	271 094
	Sportfields & Parks											
	Community Halls			25 308	21 990		16 711			17 547	18 512	19 530
	Cemeteries			1 363	1 546		2 581			2 710	2 859	3 017
	Creches											
	Refuse Removal			21 059	20 756		30 783			32 322	34 099	35 975
Human Settlements			1 893	1 980		2 562			2 691	2 839	2 995	
Municipal Transformation & Institutional Development	Human Resources Management			3 837	4 911		5 085			5 339	5 633	5 943
	Human Resources Development											
	Council Support			8 662	15 325		16 540			17 367	18 322	19 330
	Records Management			104 226	78 001		58 441			61 364	64 739	68 299
	Fleet Management			1 266	1 129		1 414			1 485	1 566	1 653
	Information Technology			3 458	4 307		5 356			5 624	5 933	6 260
Financial Viability & Management	Revenue									31 967	33 725	35 580
	Expenditure			35 887	28 634		30 444					
	SCM											
	Assets			6 290	5 559		5 121			5 377	5 673	5 985
	Financial Reporting											

Good Governance & Community Participation	Communication & Customer Satisfaction										
	Internal Audit										
	Audit Committee										
	Risk Management										
	Integrated Development Planning	75 026	75 380		6 757			7 095	7 485	7 896	
	Performance Management										
	Back to Basics										
	Batho Pele										
Local Economic Development & Social Development	Agriculture										
	SMME's & Informal Traders										
	Poverty Alleviation										
	Tourism	371	409		582			612	645	681	
	Economic Growth										
	Real Estate										
	Sport & Recreation				4 691			4 925	5 196	5 482	
	Youth Programmes										
	Arts & Culture	2 456	2 691		3 876			4 069	4 293	4 529	
	Social Welfare										
	Health HIV/AIDS										
	Special Programmes	326	392		559			586	619	653	
	Safety & Security	27 576	28 996		27 570			28 949	30 541	32 220	
Cross Cutting (Spatial, Environment & Disaster Management)	Town Planning							13 750	14 506	15 304	
	GIS	(14 449)	7 403		13 095						
	Building Inspectorate										
	Fire & Disaster Management										
	Environmental Health										
Allocations to other priorities											
Total Expenditure		1	614 392	554 635	-	604 480	-	-	634 704	669 613	706 442

Table 31 KZN263 Table SA6 - Reconciliation between the IDP Strategic Objectives and Budgeted Capital Expenditure**KZN263 Abaqulusi - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Basic Service Delivery	Roads			40 911	41 419		37 940				36 434	37 135	39 075
	Storm Water												
	Sanitation			591	12		550						
	Water				192		505						
	Energy Services			13 524	23 365		20 000			15 000	9 600	9 000	
	Sportfields & Parks												
	Community Halls			54	19		10						
	Cemeteries						1 100						
	Creches												
	Refuse Removal			26			35						
Human Settlements													
Municipal Transformation & Institutional Development	Human Resources Management			20	14		15						
	Human Resources Development												
	Council Support			21	46		5						
	Records Management												
	Fleet Management												
Financial Viability & Management	Information Technology			234	128		600	450		400			
	Revenue						200						
	Expenditure			38	122								
	SCM												
	Assets			39			10						
Financial Reporting													

Good Governance & Community Participation	Communication & Customer Satisfaction									
	Internal Audit									
Local Economic Development & Social Development	Audit Committee									
	Risk Management									
	Integrated Development Planning									
	Performance Management									
	Back to Basics									
	Batho Pele									
	Agriculture									
	SMME's & Informal Traders									
	Poverty Alleviation									
	Tourism									
	Economic Growth									
	Real Estate									
	Sport & Recreation	65								
	Youth Programmes		1		75					
Arts & Culture										
Social Welfare										
Health HIV/AIDS										
Special Programmes										
Safety & Security	-	24		100						
Cross Cutting (Spatial, Environment & Disaster Management)	Town Planning				25					
	GIS		16							
	Building Inspectorate									
	Fire & Disaster Management									
	Environmental Health									
Allocations to other priorities		3								
Total Capital Expenditure		1	-	42	-	200	-	-	-	-

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, assesses and reviews organisational performance which in turn is directly linked to individual 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 4 Planning, budgeting and reporting cycle

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:

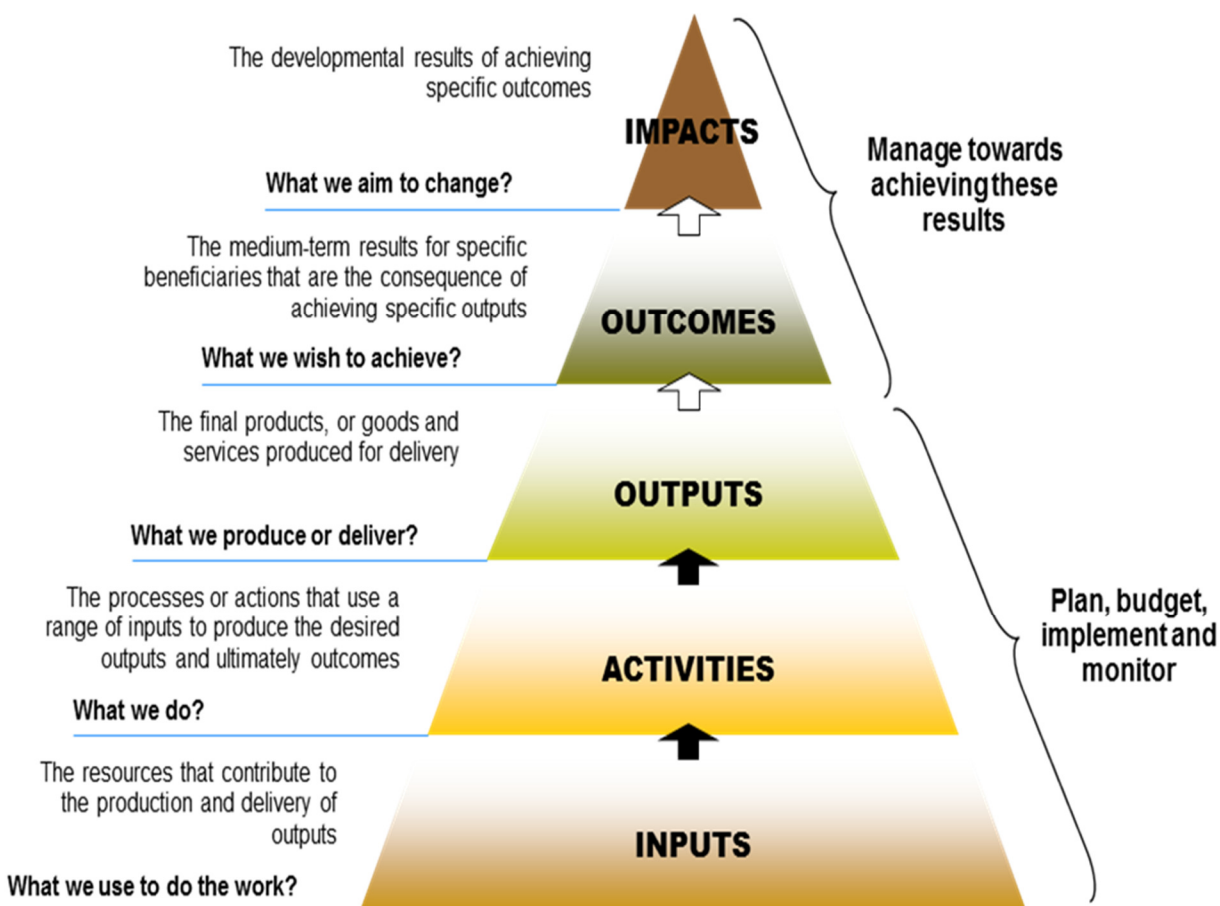


Figure 5 Definition of performance information concepts

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

Table 32 KZN263 Table SA7 - Measurable performance objectives

KZN263 Abaqulusi - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - vote name	SEE ATTACHED									
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										

Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF.

Table 33 KZN263 Table SA8 - Performance Indicators and Benchmarks

KZN263 Abaqulusi - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.5%	3.3%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.0%	4.1%	0.0%	0.2%	0.2%	0.0%	0.0%	0.2%	0.2%	0.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
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%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.8	5.4	4.9		5.7	5.7	-	5.7	5.7	5.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.8	5.4	4.9	5.7	5.7	5.7	-	5.7	5.7	5.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	1.2	0.9	0.9	0.9	0.9	-	0.9	0.9	0.9
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		105.7%	121.4%	76.8%	107.9%	102.2%	0.0%	0.0%	106.4%	106.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		105.7%	121.4%	76.8%	107.9%	102.2%	0.0%	0.0%	106.4%	106.4%	106.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	4.1%	9.3%	11.6%	11.9%	11.5%	21.6%	0.0%	14.0%	13.1%	12.2%
<u>Creditors Management</u>											

Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Indicators											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.5%	27.2%	32.2%	29.1%	28.2%	52.9%	0.0%	35.9%	35.4%	35.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	28.5%	30.3%	0.0%	32.9%	0.0%	0.0%		40.5%	39.9%	39.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.4%	4.0%	4.5%	4.0%	0.0%	0.0%		4.9%	4.9%	4.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	22.6%	17.4%	17.8%	18.1%	16.0%	0.0%	0.0%	20.4%	20.1%	19.9%
IDP regulation financial viability indicators	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	20.7	-	166.4	198.7	198.7	198.7	-	117.8	117.9	124.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	6.7%	15.4%	16.7%	19.9%	18.8%	22.1%	0.0%	21.8%	20.7%	19.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.4	0.5	3.6	0.5	1.7	(0.9)	-	8.8	16.7	24.2

Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Abaqulusi Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2018/19 MTREF:

- Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is 0% and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady, from 0% in 2014/15 to 0% by 2017/18. It is estimated that the cost of borrowing as a percentage of the operating expenditure will be at 0 % in 2018/19 and will then remain at 0 % at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 % which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2018/19 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

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. As part of the planning guidelines that informed the compilation of the 2018/19 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective, hence the ration remains at 0%.
- The gearing ratio is a measure of the total long term borrowings over funds and reserves. The ratio remains at 0%.

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 1. For the 2017/18 MTREF the current ratio is 0,9 and in the 2018/19 financial year and remains at 0,9 for the two outer years of the MTREF. Going forward the municipality will have to maintain the ratio above 1.

- 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. For the 2017/18 financial year the ratio was 0.9 and as part of the financial planning strategy it has remained at 0.9 in the 2018/19 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

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, and credit control and debt collection.

Creditors Management

- The Municipality has not 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 will manage to ensure a 100% compliance rate to this legislative obligation. This is required to have a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

Other Indicators

- The electricity distribution losses have decreased from 30.46% to 46.88%. The initiatives to ensure these targets are controlled and lowered during the 2018/19 financial year include managing illegal connections and theft of electricity by auditing all systems, including prepaid meters.
- The water distribution losses continue to increase from 46% in 2015/16 to 56,057% in 2017/18. The municipality will have to introduce a water leakage report and action centre. Also, areas currently not metered will have to have meters installed to ensure residents pay for water consumed. It is planned to further try and reduce distribution losses from 50% in 2018/19 to 20% by 2020/21.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services and all indigents must apply annually and these applications will be scrutinized to ensure they are genuine.

For the 2018/19 financial year registered indigents have been provided for in the budget with this figured increasing by 2020/21. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

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 A10 (Basic Service Delivery Measurement) on page 75

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 in the process of applying to the Department of Water Affairs to become the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The water is generated from the Municipality's own water sources, such as boreholes and small dams.

The waste water plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2018/19 medium term capital budget.

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;*
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.*

The following are some of the steps that need to be undertaken to address these challenges:

- Infrastructure shortcomings will be addressed through the capital budget in terms of a 5-year upgrade plan;*
- The filling of vacancies has commenced and the Waste Water Section will embark on an in-house training programme, especially for operational personnel;*
- The Section is working in consultation with the Department of Water Affairs to address catchment management.*

Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Review of credit control and debt collection procedures/policies

The policy adopted last year is credible, sustainable, manageable and informed by affordability and value for money. During the 2018/19 financial year there will be a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, an Integrated Indigent Exit Programme will have to be developed to link the registered indigent households to development, skills and job opportunities. The programme will further seek to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 92% on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

Asset Management, Infrastructure Investment and Funding Policy

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. An Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy will prescribe the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

Supply Chain Management Policy

The amended Supply Chain Management Policy must be adopted by Council in May 2018. The amendments must be extensively consulted on before the adoption in May 2018.

Budget and Virements Policy

The Budget and Virements Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virements Policy was amended to ensure it is mSCOA compliant and needs to be approved by Council in May 2018 in respect of both Operating and Capital Budget Fund Transfers.

Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy needs to be approved by Council in May 2018. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks. The amendment is to ensure the policy is GRAP compliant.

Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy will be compiled during the 2018/19 MTREF with the emphasis on affordability and long-term sustainability. The policy will dictate the approach to longer term financial modelling. The outcomes will then be filtered into the budget process. The model and scenario planning outcomes will be taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy will be the emphasis on financial sustainability. Amongst others, the following will be modelled as part of the financial modelling and scenario planning process:

- Approved 2017/18 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above existing policies are available on the Municipality's website, and all new policies will be placed on the website once adopted by Council. These include the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

Overview of budget assumptions

External factors

Owing to 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

There are five key factors that have been taken into consideration in the compilation of the 2018/19 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; and
- The increase in the cost of remuneration. Employee related costs comprise 33% of total operating expenditure in the 2018/19 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure 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.

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than 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 rate of revenue collection is currently expressed as a percentage (92%) of annual billings. Cash flow is assumed to be 92% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' 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 multi-year Salary and Wage Collective Agreement from SALGBC has expired and consultations are still ongoing until National Treasury advise the outcome, the municipality has budget for an annual increase of 5 % for the 2018/19 financial year and for the two outer years 5,5% and 5,4%.

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 97 % is achieved on operating expenditure and 98% on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

Overview of budget funding

Medium-term outlook: operating revenue

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

Table 34 Breakdown of the Operating Revenue over the Medium-Term Revenue & Expenditure Framework

KZN263 Abaqulusi - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	2018/19 Medium Term Revenue & Expenditure Framework			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
Financial Performance									
Property rates	59 010	59 014	63 291	65 000	65 000	60 798	65 000	68 575	72 278
Service charges	211 125	225 181	216 648	226 162	242 336	200 584	200 188	211 199	222 585
Investment revenue	3 166	1 730	1 973	1 750	1 750	2 027	2 119	2 236	2 356
Transfers recognised - operational	113 621	112 829	114 588	139 593	139 593	-	139 294	153 616	167 829
Other own revenue	59 485	75 089	9 370	54 759	54 759	5 224	8 513	8 981	9 472
Total Revenue (excluding capital transfers and contributions)	446 406	473 843	405 870	487 265	503 439	268 634	415 114	444 606	474 520

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, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

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

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 92 % annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

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

The proposed tariff increases for the 2018/19 MTREF on the different revenue categories are:

Table 35 Proposed tariff increases over the medium-term – Revenue Category

KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	2018/19 Medium Term Revenue & Expenditure Framework			Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
Revenue By Source										
Property rates	2	59 010	59 014	63 291	65 000	65 000	60 798	65 000	68 575	72 278
Service charges - electricity revenue	2	143 521	160 862	161 915	173 132	176 530	138 585	146382	154432	162768
Service charges - water revenue	2	33 944	32 026	13 786	16 912	18 972	32 520	33 737	35 593	37 511
Service charges - sanitation revenue	2	21 214	18 401	22 042	20 794	26 550	16 373	11 156	11 770	12 399
Service charges - refuse revenue	2	12 446	13 891	18 904	15 325	20 284	13 106	8 913	9 404	9 906

Revenue to be generated from property rates is R 65 million in the 2018/19 financial year and increases to R72, 2 million by 2020/21 which represents 15,6% of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered strategic revenue source further supplementary valuation processes will be undertaken during the 2018/19 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 200,1 million for the 2018/19 financial year and increasing to R 222,5

million by 2020/21. For the 2018/19 financial year services charges amount to 48, 22% of the total revenue base and remains constant over the medium-term.

Operational grants and subsidies amount to R 139,2 million, R 153,6 million and R 167,8 million for each of the respective financial years of the MTREF, or 33,55% , 34,55% and 35,37% of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R2,1 million, R2,2 million and R 2,3 million for the respective three financial years of the 2018/19 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 36 KZN263 SA15 – Detail Investment Particulars by type

KZN263 Abaqulusi - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
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										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
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:		-	-	-	-	-	-	-	-	-

Table 37 KZN263 SA16 – Investment Particulars by Maturity

Investments by Maturity	Ref	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1					
Parent municipality						
ABSA (Notice Deposit)		-				-
ABSA (Guarantee ESKOM)		-				-
ABSA (Call)		70				70
ABSA (Call)		1				1
ABSA (Call)		799				799
ABSA (Call)		2 355				2 355
SIMS		0				0
FIRST NATIONAL		-				-
INVESTEC BANK		-				-
STANDARD BANK		53				53
STANDARD BANK		1 070				1 070
NEDBANK		5 404				5 404
		-				-
Municipality sub-total		9 752		-	-	9 752
Entities						
						-
						-
						-
						-
						-
						-
						-
Entities sub-total		-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1	9 752		-	-	9 752

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The draft MTREF therefore provides for a budgeted deficit of R 116 million and then R 116 million and R116 in each of the financial years which are for the non-cash items of depreciation and provisions. The municipality is seriously busy with an exercise of auditing of meters for electricity in the 2018/19 financial year.

Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

Table 38 Sources of Capital Revenue over the MTREF – Medium Term Revenue & Expenditure Framework A5 Capital

Funded by:									
National Government		49 911	49 687		50 076	50 076	51 434	46 735	48 075
Provincial Government		–	–						
District Municipality		–	–						
Other transfers and grants		–	–						
Transfers recognised - capital	4	49 911	49 687	–	50 076	50 076	51 434	46 735	48 075
Public contributions & donations	5	–	–						
Borrowing	6	–	–						
Internally generated funds		5 612	7 334		9 347	1 930			
Total Capital Funding	7	55 523	57 021	–	59 423	52 006	51 434	46 735	48 075

Figure 6 Sources of capital revenue for the 2018/19 financial year

Capital grants and receipts represents R 0 million from own funding and R51,4 million from grant funding for the 2018/19 financial year.

The following table is a detailed analysis of the Municipality's borrowing liability. (SA 17)

Table 39 KZN263 Table SA 17 - Detail of Borrowings Categorised by Type

KZN263 Abaqulusi - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										

Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-
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 liabilities										
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 liabilities										
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 7 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source, it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Table 40 KZN263 Table SA 18 - Capital transfers and Grant Receipts

KZN263 Abaqulusi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
- Operating Transfers and Grants										
National Government:		109 287	129 193	129 913	135 598	135 598	135 598	150 041	158 730	172 097
Local Government Equitable Share		96 203	106 246	106 890	117 393	117 393	117 393	130 276	145 195	158 630
Finance Management		1 698	1 600	1 625	1 700	1 700	1 700	1 770	2 235	2 667
Municipal Systems Improvement		1 010	930	-	-	-	-	1 700	1 700	1 800
Integrated National Electrification Programme		9 000	19 000	20 000	15 000	15 000	15 000	15 000	9 600	9 000
EPWP Incentive		1 376	1 417	1 398	1 505	1 505	1 505	1 295		
Other transfers/grants [insert description]										
Provincial Government:		-	-	4 068	4 052	4 052	4 052	4 253	4 486	4 732
Sport and Recreation										
Arts & Culture - Museum				175	183	183	183	192	202	213
Arts & Culture - Library Provincial				3 714	2 963	2 963	2 963	3 111	3 267	3 430
Arts & Culture - Community Library				179	906	906	906	950	1 017	1 089
District Municipality:		-	-	-	-	-	-	-	-	-
Zuluand										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	109 287	129 193	133 981	139 650	139 650	139 650	154 294	163 216	176 829
Capital Transfers and Grants										

National Government:		34 158	39 566	30 155	37 740	37 740	37 740	36 434	37 135	39 075
Municipal Infrastructure Grant (MIG)		34 158	39 566	30 155	37 740	37 740	37 740	36 434	37 135	39 075
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Zuluand										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	34 158	39 566	30 155	37 740	37 740	37 740	36 434	37 135	39 075
TOTAL RECEIPTS OF TRANSFERS & GRANTS		143 445	168 759	164 136	177 390	177 390	177 390	190 728	200 351	215 904

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 understand 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., and*
- *Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).*

Table 41 KZN263 Table A7 - Budget Cash Flow from Operating Activities Statement

KZN263 Abaqulusi - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		60 900	61 332	-	65 013	65 013			65 000	68 575	72 278
Service charges		224 763	283 614	215 044	249 213	249 213			217 171	229 116	241 487
Other revenue		13 731	-	281 240	14 235	14 235			5 054	5 332	5 620
Government - operating	1	114 773	112 829	156 395	139 593	139 593			-	-	-
Government - capital	1	49 911	49 687	-	35 076	35 076			51 434	46 735	48 075
Interest		3 166	1 746	-	1 750	1 750			2 219	2 341	2 467
Dividends		-	-	-	-	-			-	-	-
Payments											
Suppliers and employees		(403 580)	(401 053)	(544 715)	(443 739)	(406 376)			-	-	-
Finance charges		(458)	(926)	(16)	(600)	(550)			-	-	-
Transfers and Grants	1	(15 610)	(15 721)	(17 752)	(22 127)	(18 578)			-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		47 596	91 507	90 196	38 414	79 375	-	-	340 878	352 099	369 927
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		677	(294)	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(59 670)	(65 359)	(141)	(35 076)	(35 076)	(35 076)		(51 434)	(46 735)	(48 075)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(58 994)	(65 653)	(141)	(35 076)	(35 076)	(35 076)	-	(51 434)	(46 735)	(48 075)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	692	-	-	-	-	-	-	-	-
Payments											

Repayment of borrowing		(5 117)	(14 369)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5 117)	(13 677)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(16 515)	12 177	90 055	3 338	44 299	(35 076)	-	289 444	305 364	321 852
Cash/cash equivalents at the year begin:	2	53 151	1 445	13 622	13 622	13 622	13 622		13 622	303 066	608 430
Cash/cash equivalents at the year end:	2	36 636	13 622	103 677	16 960	57 921	(21 454)		303 066	608 430	930 282

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2014/15 and 2017/18 financial year moving from a positive cash balance of R36 million to a balance of R16,9 million with the approved 2017/18 MTREF. With the 2017/18 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition, the Municipality will have to undertake an extensive debt collection process to boost cash levels in the 2018/19 financial year. These initiatives and interventions still translate into a negative cash position for the Municipality and it is projected that cash and cash equivalents on hand will decrease by the financial year end. For the 2018/19 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase in 2018/19 and steadily increase by 2020/21. This schedule will be revisited before the final draft is presented in May 2018.

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 42 KZN263 Table A8 - Cash backed reserves / accumulated surplus reconciliation**KZN263 Abaqulusi - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	36 636	13 622	103 677	16 960	57 921	(21 454)	-	303 066	608 430	930 282
Other current investments > 90 days		(26 071)	2 958	(91 968)	(5 251)	(46 212)	33 163	-	(291 357)	(596 721)	(918 573)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		10 565	16 580	11 709	11 709	11 709	11 709	-	11 709	11 709	11 709
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(16 523)	(42 323)	(72 954)	(55 156)	(52 692)	-	-	(60 958)	(60 958)	(60 961)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(16 523)	(42 323)	(72 954)	(55 156)	(52 692)	-	-	(60 958)	(60 958)	(60 961)
Surplus(shortfall)		27 088	58 903	84 663	66 865	64 401	11 709	-	72 667	72 667	72 670

From the above table it can be seen that the cash and investments available total R 11,7 million in the 2018/19 financial year and remains constant to 2020/21, 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. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2017/18 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2018/19 financial year no provision has been made for this liability as the total unspent conditional grant liability has been factored into the 2018/19 capital programme of the Municipality. The Municipality will apply for the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants needs to be motivated as part of existing projects.*
- *There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.*
- *Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations. The municipality will not have a liability as VAT is normally claimed from SARS.*
- *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, as was experienced by the Municipality in 2017/18 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.*

The 2018/19 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. Nevertheless, from a pure cash flow perspective (cash out flow versus cash inflow) the budget is not funded as expenditure is more than the anticipated revenue. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

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 43 KZN263 SA10 – Funding compliance measurement

KZN263 Abaqulusi Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	36 636	13 622	103 677	16 960	57 921	(21 454)	-	303 066	608 430	930 282
Cash + investments at the yr end less applications - R'000	18(1)b	2	27 088	58 903	84 663	66 865	64 401	11 709	-	72 667	72 667	72 670
Cash year end/monthly employee/supplier payments	18(1)b	3	1.4	0.5	3.6	0.5	1.7	(0.9)	-	8.8	16.7	24.2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(0.8%)	(7.5%)	(2.0%)	(0.4%)	(21.0%)	(106.0%)	(19.7%)	(0.5%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	90.8%	96.0%	171.5%	95.0%	90.7%	0.0%	0.0%	104.9%	104.9%	104.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	6.2%	2.2%	4.5%	2.4%	2.1%	0.0%	0.0%	2.5%	2.5%	2.5%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	(1.1%)	47.1%	68.9%	70.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	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 - incr(decr)	18(1)a	11	N.A.	142.3%	6.4%	23.8%	0.0%	0.0%	(100.0%)	0.0%	0.0%	0.0%
Long term receivables % change - incr(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)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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. The forecasted cash and cash equivalents for the 2018/19 MTREF shows a surplus of R11,7 million increasing to R26 million in 2019/20 and R34,1 million in 2020/21.

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 detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 68. 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. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

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. For the 2018/19 MTREF the indicative outcome is a deficit of R116 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Property Rates/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 factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 5%). The result is intended to be an approximation of the real increase in revenue. However, 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. It can be seen that the outcome is at 100% for each of the respective financial years. Given that the assumed collection rate was based on a 92% performance target, the cash flow statement has been conservatively determined. 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.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0% over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

Capital payments percentage 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. 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, grants 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. It can be seen that borrowing equates to 0% of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 104.

Transfers/grants revenue as a percentage 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 % 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.

Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

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. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 KZN263 SA34C on page 155.

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. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 SA34b on page 152

Expenditure on grants and reconciliations of unspent funds

Table 45 KZN263 SA19 – Expenditure on Transfers and Grant Programmes

KZN263 Abaqulusi - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
- Operating expenditure of Transfers and Grants										
National Government:		109 287	129 193	129 913	135 598	135 598	135 598	150 041	158 730	172 097
Local Government Equitable Share		96 203	106 246	106 890	117 393	117 393	117 393	130 276	145 195	158 630
Finance Management		1 698	1 600	1 625	1 700	1 700	1 700	1 770	2 235	2 667
Municipal Systems Improvement		1 010	930	-	-	-	-	1 700	1 700	1 800
Integrated National Electrification Programme		9 000	19 000	20 000	15 000	15 000	15 000	15 000	9 600	9 000
EPWP Incentive		1 376	1 417	1 398	1 505	1 505	1 505	1 295		
Other transfers/grants [insert description]										
Provincial Government:		-	-	4 068	4 052	4 052	4 052	4 253	4 486	4 732
Sport and Recreation										
Arts & Culture - Museum				175	183	183	183	192	202	213
Arts & Culture - Library Provincial				3 714	2 963	2 963	2 963	3 111	3 267	3 430
Arts & Culture - Community Library				179	906	906	906	950	1 017	1 089
District Municipality:		-	-	-	100	-	-	-	-	-
Zululand				-	100	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		109 287	129 193	133 981	139 750	139 650	139 650	154 294	163 216	176 829
Capital expenditure of Transfers and Grants										

National Government:	34 158	39 566	30 155	37 740	37 740	-	36 434	37 135	39 075
Municipal Infrastructure Grant (MIG)	34 158	39 566	30 155	37 740	37 740		36 434	37 135	39 075
Other capital transfers/grants [insert desc]									
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
Zuluand									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total capital expenditure of Transfers and Grants	34 158	39 566	30 155	37 740	37 740	-	36 434	37 135	39 075
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	143 445	168 759	164 136	177 490	177 390	139 650	190 728	200 351	215 904

Table 44 KZN263 SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN263 Abaqulusi - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		109 287	129 193	129 913	135 598	135 598	135 598	150 041	158 730	172 097
Conditions met - transferred to revenue		109 287	129 193	129 913	135 598	135 598	135 598	150 041	158 730	172 097
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		4 353	5 522	4 068	4 052	4 052	4 052	4 253	4 486	4 732
Conditions met - transferred to revenue		4 353	5 522	4 068	4 052	4 052	4 052	4 253	4 486	4 732
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		113 640	134 715	133 981	139 650	139 650	139 650	154 294	163 216	176 829
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		34 158	39 566	30 155	37 740	37 740		36 434	37 135	39 075
Current year receipts										
Conditions met - transferred to revenue		34 158	39 566	30 155	37 740	37 740	-	36 434	37 135	39 075
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										

Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	
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		34 158	39 566	30 155	37 740	37 740	-	36 434	37 135	39 075
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		147 798	174 281	164 136	177 390	177 390	139 650	190 728	200 351	215 904
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

Councillor and employee benefits

Table 45 KZN263 SA22 - Summary of Councillor and Staff Benefits

KZN263 Abaqulusi - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>	1									
Basic Salaries and Wages			14 819		17 650			18 533	19 552	20 628
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		-	14 819	-	17 650	-	-	18 533	19 552	20 628
% increase	4		-	(100.0%)	-	(100.0%)	-	-	5.5%	5.5%
<u>Senior Managers of the Municipality</u>	2									
Basic Salaries and Wages		4 660			7 500			7 875	8 308	8 765
Pension and UIF Contributions		-								
Medical Aid Contributions		-								
Overtime		-								
Performance Bonus		-								
Motor Vehicle Allowance	3	-								
Cellphone Allowance	3	6								
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		4 666	-	-	7 500	-	-	7 875	8 308	8 765
% increase	4		(100.0%)	-	-	(100.0%)	-	-	5.5%	5.5%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		73 915	67 248		75 300			79 065	83 413	88 001

Pension and UIF Contributions		647	14 548		16 225			17 037	17 974	18 962
Medical Aid Contributions		4 942	5 519		6 677			7 011	7 397	7 804
Overtime		12 348	17 213		12 704			13 339	14 073	14 847
Performance Bonus		4 810	5 446		6 026			6 327	6 675	7 043
Motor Vehicle Allowance	3	8 751	7 022		7 839			8 231	8 683	9 161
Cellphone Allowance	3	12 839	562		762			801	845	891
Housing Allowances	3	250	1 025		1 129			1 186	1 251	1 320
Other benefits and allowances	3	2 052	2 572		2 979			3 128	3 300	3 482
Payments in lieu of leave		2 002	4 067		2 124			2 230	2 353	2 482
Long service awards		32	23		16			17	18	19
Post-retirement benefit obligations	6	–	3 630		3 186			3 345	3 529	3 723
Sub Total - Other Municipal Staff		122 588	128 873	–	134 969	–	–	141 717	149 512	157 735
% increase	4		5.1%	(100.0%)	–	(100.0%)	–	–	5.5%	5.5%
Total Parent Municipality		127 254	143 692	–	160 119	–	–	168 125	177 372	187 127
			12.9%	(100.0%)	–	(100.0%)	–	–	5.5%	5.5%

Table 46 KZN263 SA23 – Disclosure - Salaries, allowances and benefits (Political Office Bearers / Councillors / Senior Managers)

KZN263 Abaqulusi - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		761 348					761 348
Chief Whip			696 008					696 008
Executive Mayor			931 799					931 799
Deputy Executive Mayor			761 348					761 348
Executive Committee			4 872 058					4 872 058
Total for all other councillors			9 627 776					9 627 776
Total Councillors	8	-	17 650 337	-	-			17 650 337
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 500 000					1 500 000
Chief Finance Officer			1 200 000					1 200 000
Director Technical Services			1 200 000					1 200 000
Director Corporate Services			1 200 000					1 200 000
Director Community Services			1 200 000					1 200 000
Director Development Planning			1 200 000					1 200 000
List of each official with packages >= senior manager								-
								-
Total Senior Managers of the Municipality	8,10	-	7 500 000	-	-	-		7 500 000
A Heading for Each Entity	6,7							
List each member of board by designation								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	25 150 337	-	-	-		25 150 337

Table 47 KZN263 SA24 – Summary of personnel numbers

KZN263 Abaqulusi - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref 1,2	2016/17			Current Year 2017/18			Budget Year 2018/19		
		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)		44	8	36	44	8	36	44	8	36
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5									
Municipal Manager and Senior Managers	3	6			6			6	6	
Other Managers	7									
Professionals		82	–	–	82	–	–	82	–	–
<i>Finance</i>		66			66			66		
<i>Spatial/town planning</i>		8			8			8		
<i>Information Technology</i>		4			4			4		
<i>Roads</i>		4			4			4		
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Technicians		151	–	–	151	–	–	151	–	–
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>		29			29			29		
<i>Electricity</i>		40			40			40		
<i>Water</i>		40			40			40		
<i>Sanitation</i>		40			40			40		
<i>Refuse</i>		2			2			2		
<i>Other</i>										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		21			21			21		
Elementary Occupations		295			295			295		

TOTAL PERSONNEL NUMBERS	9	599	8	36	599	8	36	599	14	36
% increase				-	-	-	-	-	75.0%	-
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

Monthly targets for revenue, expenditure and cash flow

Table 48 KZN263 SA25 - Budgeted monthly Revenue and Expenditure

KZN263 Abaqulusi - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue By Source	-															
Property rates		5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	65 000	68 575	72 278
Service charges - electricity revenue		12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	8 928	146 382	154 432	162 768
Service charges - water revenue		2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	828	33 737	35 593	37 511
Service charges - sanitation revenue		1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	(4 611)	11 156	11 770	12 399
Service charges - refuse revenue		1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	(4 031)	8 913	9 404	9 906
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		71	71	71	71	71	71	71	71	71	71	71	71	854	901	950
Interest earned - external investments		177	177	177	177	177	177	177	177	177	177	177	177	2 119	2 236	2 356
Interest earned - outstanding debtors		8	8	8	8	8	8	8	8	8	8	8	8	100	106	111
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 110	2 224
Licences and permits		183	183	183	183	183	183	183	183	183	183	183	2 183	4 200	4 431	4 675
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies													139 294	139 294	153 616	167 829
Other revenue		88	88	88	88	88	88	88	88	88	88	88	388	1 359	1 434	1 513
Gains on disposal of PPE													-	-	-	-
Total Revenue (excluding capital transfers and contributions)		24 209	24 209	24 209	24 209	24 209	24 209	24 209	24 209	24 209	24 209	24 209	148 820	415 114	444 606	474 520
Expenditure By Type	-															
Employee related costs		12 427	12 427	12 427	12 427	12 427	12 427	12 427	12 427	12 427	12 427	12 427	12 427	149 126	157 327	165 980
Remuneration of councillors		1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	16 988	17 923	18 909
Debt impairment													6 644	6 644	7 010	7 395
Depreciation & asset impairment													84 234	84 234	88 867	93 754
Finance charges													578	578	609	643
Bulk purchases		12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	150 000	158 250	166 954
Other materials		1 858	1 858	1 858	1 858	1 858	1 858	1 858	1 858	1 858	1 858	1 858	1 858	22 292	23 518	24 812

Contracted services		6 875	6 875	6 875	6 875	6 875	6 875	6 875	6 875	6 875	6 875	6 875	6 875	82 500	87 038	91 825
Transfers and subsidies		1 588	1 588	1 588	1 588	1 588	1 588	1 588	1 588	1 588	1 588	1 588	1 588	19 053	20 096	21 195
Other expenditure													-	-	-	-
Loss on disposal of PPE													-	-	-	-
Total Expenditure		36 663	36 663	36 663	36 663	36 663	36 663	36 663	36 663	36 663	36 663	36 663	128 119	531 415	560 638	591 467
Surplus/(Deficit)		(12 455)	(12 455)	(12 455)	(12 455)	(12 455)	(12 455)	(12 455)	(12 455)	(12 455)	(12 455)	(12 455)	20 700	(116 301)	(116 031)	(116 947)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		12 145	3 500	3 500	2 000	14 145	2 000	2 000		12 145			(0)	51 434	46 735	48 075
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													-	-	-	-
Transfers and subsidies - capital (in-kind - all)													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		310)	(8 955)	(8 955)	(10 455)	1 690	(10 455)	(10 455)	(12 455)	(310)	(12 455)	(12 455)	20 700	(64 867)	(69 296)	(68 872)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	(310)	(8 955)	(8 955)	(10 455)	1 690	(10 455)	(10 455)	(12 455)	(310)	(12 455)	(12 455)	20 700	(64 867)	(69 296)	(68 872)

Table 49 KZN263 SA26 - Budgeted monthly Revenue and Expenditure (Municipal Vote)

KZN263 Abaqulusi - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	-															
Vote 1 - VOTE1													-	-	-	-
Vote 2 - Vote 2 : Finance & Administration		16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 994	203 934	220 563	238 387
Vote 3 - Vote 3 : Community & Social Services		415	415	415	415	415	415	415	415	415	415	415	415	4 980	5 252	5 539
Vote 4 - Vote 4 : Energy Sources		12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	149 950	158 197	166 740
Vote 5 - Vote 5 : Housing													-	-	-	-
Vote 6 - Vote 6 : Internal Audit													-	-	-	-
Vote 7 - Vote 7 : Other													-	-	-	-
Vote 8 - Vote 8 : Planning and Development		4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	52 036	47 370	48 745
Vote 9 - Vote 9 : Public Safety													-	-	-	-
Vote 10 - Vote 10 : Road Transport		506	506	506	506	506	506	506	506	506	506	506	506	6 070	6 404	6 750
Vote 11 - Vote 11 : Sport and Recreation													-	-	-	-
Vote 12 - Vote 12 : Waste Management		1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	14 121	14 898	15 702
Vote 13 - Vote 13 : Waste Water Management		1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	17 200	18 146	19 126
Vote 14 - Vote 14 : Water Management		2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	35 900	37 875	39 919
Vote 15 -													-	-	-	-
Total Revenue by Vote		40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	484 191	508 704	540 908
Expenditure by Vote to be appropriated	-															
Vote 1 - VOTE1		2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	28 154	29 702	31 336
Vote 2 - Vote 2 : Finance & Administration		9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 339	112 076	118 240	124 743
Vote 3 - Vote 3 : Community & Social Services		1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 686	20 239	21 352	22 526
Vote 4 - Vote 4 : Energy Sources		16 415	16 415	16 415	16 415	16 415	16 415	16 415	16 415	16 415	16 415	16 415	16 415	196 983	207 817	219 247
Vote 5 - Vote 5 : Housing		206	206	206	206	206	206	206	206	206	206	206	206	2 466	2 602	2 745
Vote 6 - Vote 6 : Internal Audit		627	627	627	627	627	627	627	627	627	627	627	627	7 528	7 942	8 379
Vote 7 - Vote 7 : Other		13	13	13	13	13	13	13	13	13	13	13	13	153	161	170
Vote 8 - Vote 8 : Planning and Development		585	585	585	585	585	585	585	585	585	585	586	586	7 025	7 412	7 819
Vote 9 - Vote 9 : Public Safety													-	-	-	-
Vote 10 - Vote 10 : Road Transport		5 033	5 033	5 033	5 033	5 033	5 033	5 033	5 033	5 033	5 033	5 033	5 034	60 400	63 723	67 227
Vote 11 - Vote 11 : Sport and Recreation													-	-	-	-
Vote 12 - Vote 12 : Waste Management		2 151	2 151	2 151	2 151	2 151	2 151	2 151	2 151	2 151	2 151	2 151	2 151	25 816	27 236	28 734
Vote 13 - Vote 13 : Waste Water Management		2 876	2 876	2 876	2 876	2 876	2 876	2 876	2 876	2 876	2 876	2 876	2 876	34 514	36 412	38 414

Vote 14 - Vote 14 : Water Management		2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	24 997	26 371	27 822
Vote 15 -														-	-	-
Total Expenditure by Vote		43 363	43 363	43 363	43 363	43 363	43 363	43 363	43 363	43 363	43 363	43 363	43 363	520 350	548 970	579 163
Surplus/(Deficit) before assoc.		(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(36 160)	(40 265)	(38 254)
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(36 160)	(40 265)	(38 254)

Table 50 KZN263 SA27 - Budgeted monthly Revenue and Expenditure (Standard Classification)

KZN263 Abaqulusi - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional																
<i>Governance and administration</i>		16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 994	203 934	220 563	238 387
Executive and council													-	-	-	-
Finance and administration		16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 995	16 994	203 934	220 563	238 387
Internal audit													-	-	-	-
<i>Community and public safety</i>		415	415	415	415	415	415	415	415	415	415	415	415	4 980	5 252	5 539
Community and social services		415	415	415	415	415	415	415	415	415	415	415	415	4 980	5 252	5 539
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		4 842	4 842	4 842	4 842	4 842	4 842	4 842	4 842	4 842	4 842	4 842	4 842	58 106	53 774	55 495
Planning and development		4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	4 336	52 036	47 370	48 745
Road transport		506	506	506	506	506	506	506	506	506	506	506	506	6 070	6 404	6 750
Environmental protection													-	-	-	-
<i>Trading services</i>		18 098	18 098	18 098	18 098	18 098	18 098	18 098	18 098	18 098	18 098	18 098	18 098	217 171	229 115	241 487
Energy sources		12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	149 950	158 197	166 740
Water management		2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	35 900	37 875	39 919
Waste water management		1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	17 200	18 146	19 126
Waste management		1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	14 121	14 898	15 702
<i>Other</i>													-	-	-	-
Total Revenue - Functional		40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	40 349	484 191	508 704	540 908
			57 596	57 596	57 596	57 596	57 596	57 596	57 596	57 596	57 596	57 596				
Expenditure - Functional																
<i>Governance and administration</i>		12 313	12 313	12 313	12 313	12 313	12 313	12 313	12 313	12 313	12 313	12 313	12 312	147 757	155 884	164 457
Executive and council		2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	28 154	29 702	31 336
Finance and administration		9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 340	9 339	112 076	118 240	124 743
Internal audit		627	627	627	627	627	627	627	627	627	627	627	627	7 528	7 942	8 379
<i>Community and public safety</i>		1 892	0	1 892	1 892	1 892	1 892	1 892	1 892	1 892	1 892	1 892	3 784	22 705	23 954	25 272
Community and social services		1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 687	1 686	20 239	21 352	22 526
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing		206	206	206	206	206	206	206	206	206	206	206	206	2 466	2 602	2 745

Health												-	-	-	-
Economic and environmental services		5 619	5 619	5 619	5 619	5 619	5 619	5 619	5 619	5 619	5 619	5 619	67 426	71 134	75 046
Planning and development		585	585	585	585	585	585	585	585	585	585	586	7 025	7 412	7 819
Road transport		5 033	5 033	5 033	5 033	5 033	5 033	5 033	5 033	5 033	5 033	5 034	60 400	63 723	67 227
Environmental protection												-	-	-	-
Trading services		23 526	23 526	23 526	23 526	23 526	23 526	23 526	23 526	23 526	23 526	23 525	282 309	297 836	314 217
Energy sources		16 415	16 415	16 415	16 415	16 415	16 415	16 415	16 415	16 415	16 415	16 415	196 983	207 817	219 247
Water management		2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	2 083	24 997	26 371	27 822
Waste water management		2 876	2 876	2 876	2 876	2 876	2 876	2 876	2 876	2 876	2 876	2 876	34 514	36 412	38 414
Waste management		2 151	2 151	2 151	2 151	2 151	2 151	2 151	2 151	2 151	2 151	2 151	25 816	27 236	28 734
Other		13	13	13	13	13	13	13	13	13	13	13	153	161	170
Total Expenditure - Functional		43 363	41 471	43 363	43 363	43 363	43 363	43 363	43 363	43 363	43 363	45 254	520 350	548 970	579 163
Surplus/(Deficit) before assoc.		(3 013)	(1 121)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(4 905)	(36 160)	(40 265)	(38 254)
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	1	(3 013)	(1 121)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(3 013)	(4 905)	(36 160)	(40 265)	(38 254)

Table 51 KZN263 SA28 - Budgeted monthly Capital Expenditure (Municipal Vote)

KZN263 Abaqulusi - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - VOTE1													-	-	-	-
Vote 2 - Vote 2 : Finance & Administration													-	-	-	-
Vote 3 - Vote 3 : Community & Social Services													-	-	-	-
Vote 4 - Vote 4 : Energy Sources			3 500	3 500	2 000	2 000	2 000	2 000					-	15 000	9 600	9 000
Vote 5 - Vote 5 : Housing													-	-	-	-
Vote 6 - Vote 6 : Internal Audit													-	-	-	-
Vote 7 - Vote 7 : Other													-	-	-	-
Vote 8 - Vote 8 : Planning and Development													-	-	-	-
Vote 9 - Vote 9 : Public Safety													-	-	-	-
Vote 10 - Vote 10 : Road Transport		12 145				12 145				12 145			0	36 434	37 135	39 075
Vote 11 - Vote 11 : Sport and Recreation													-	-	-	-
Vote 12 - Vote 12 : Waste Management													-	-	-	-
Vote 13 - Vote 13 : Waste Water Management													-	-	-	-
Vote 14 - Vote 14 : Water Management													-	-	-	-
Vote 15 -													-	-	-	-
Capital multi-year expenditure sub-total	2	12 145	3 500	3 500	2 000	14 145	2 000	2 000	-	12 145	-	-	0	51 434	46 735	48 075
Single-year expenditure to be appropriated																
Vote 1 - VOTE1													-	-	-	-
Vote 2 - Vote 2 : Finance & Administration													-	-	-	-
Vote 3 - Vote 3 : Community & Social Services													-	-	-	-
Vote 4 - Vote 4 : Energy Sources													-	-	-	-
Vote 5 - Vote 5 : Housing													-	-	-	-
Vote 6 - Vote 6 : Internal Audit													-	-	-	-

Vote 7 - Vote 7 : Other													-	-	-	-
Vote 8 - Vote 8 : Planning and Development													-	-	-	-
Vote 9 - Vote 9 : Public Safety													-	-	-	-
Vote 10 - Vote 10 : Road Transport													-	-	-	-
Vote 11 - Vote 11 : Sport and Recreation													-	-	-	-
Vote 12 - Vote 12 : Waste Management													-	-	-	-
Vote 13 - Vote 13 : Waste Water Management													-	-	-	-
Vote 14 - Vote 14 : Water Management													-	-	-	-
Vote 15 -													-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	12 145	3 500	3 500	2 000	14 145	2 000	2 000	-	12 145	-	-	0	51 434	46 735	48 075

Table 52 KZN263 SA29 - Budgeted monthly Capital Expenditure (Standard Classification)

KZN263 Abaqulusi - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
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		3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	36 434	37 135	39 075
Planning and development																
Road transport		3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	3 036	36 434	37 135	39 075
Environmental protection																
Trading services		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	15 000	9 600	9 000
Energy sources		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	15 000	9 600	9 000
Water management																
Waste water management																
Waste management																
Other																
Total Capital Expenditure - Functional	2	4 286	4 286	4 286	4 286	4 286	4 286	4 286	4 286	4 286	4 286	4 286	4 286	51 434	46 735	48 075
Funded by:																
National Government		12 145	3 500	3 500	2 000	14 145	2 000	2 000		12 145			(0)	51 434	46 735	48 075
Provincial Government																
District Municipality																
Other transfers and grants																
Transfers recognised - capital		12 145	3 500	3 500	2 000	14 145	2 000	2 000	-	12 145	-	-	(0)	51 434	46 735	48 075

Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds													-	-	-	-
Total Capital Funding		12 145	3 500	3 500	2 000	14 145	2 000	2 000	-	12 145	-	-	(0)	51 434	46 735	48 075

Table 53 KZN263 SA30 - Budgeted Monthly Cash Flow

KZN263 Abaqulusi - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20
Cash Receipts By Source													1		
Property rates	5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	5 417	65 000	68 575	72 278
Service charges - electricity revenue	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	12 496	149 950	158 197	166 740
Service charges - water revenue	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	2 992	35 900	37 875	39 919
Service charges - sanitation revenue	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	1 433	17 200	18 146	19 126
Service charges - refuse revenue	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	1 177	14 121	14 898	15 702
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	71	71	71	71	71	71	71	71	71	71	71	71	854	901	950
Interest earned - external investments	177	177	177	177	177	177	177	177	177	177	177	177	2 119	2 236	2 356
Interest earned - outstanding debtors	8	8	8	8	8	8	8	8	8	8	8	8	100	106	111
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 110	2 224
Licences and permits	183	183	183	183	183	183	183	183	183	183	183	183	2 200	2 321	2 446
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Receipts by Source	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 121	289 444	305 364	321 852
Other Cash Flows by Source															
Transfer receipts - capital	12 145	3 500	3 500	2 000	14 145	2 000	2 000		12 145			(0)	51 434	46 735	48 075
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												-			
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits												-			

Decrease (Increase) in non-current debtors													-			
Decrease (increase) other non-current receivables													-			
Decrease (increase) in non-current investments													-			
Total Cash Receipts by Source	36 265	27 620	27 620	26 120	38 265	26 120	26 120	24 120	36 265	24 120	24 120	24 120	24 120	340 878	352 099	369 927
Cash Payments by Type																
Employee related costs													-			
Remuneration of councillors													-			
Finance charges													-			
Bulk purchases - Electricity													-			
Bulk purchases - Water & Sewer													-			
Other materials													-			
Contracted services													-			
Transfers and grants - other municipalities													-			
Transfers and grants - other													-			
Other expenditure													-			
Cash Payments by Type	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments by Type																
Capital assets	12 145	3 500	3 500	2 000	14 145	2 000	2 000		12 145				(0)	51 434	46 735	48 075
Repayment of borrowing													-			
Other Cash Flows/Payments													-			
Total Cash Payments by Type	12 145	3 500	3 500	2 000	14 145	2 000	2 000	-	12 145	-	-	(0)	51 434	46 735	48 075	
NET INCREASE/(DECREASE) IN CASH HELD	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 120	24 121	289 444	305 364	321 852	
Cash/cash equivalents at the month/year begin:	13 622	37 742	61 863	85 983	110 103	134 224	158 344	182 464	206 585	230 705	254 825	278 946	13 622	303 066	608 430	
Cash/cash equivalents at the month/year end:	37 742	61 863	85 983	110 103	134 224	158 344	182 464	206 585	230 705	254 825	278 946	303 066	303 066	608 430	930 282	

Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

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.

Table 54 KZN263 SA34a - Capital Expenditure on new Assets by Asset Class

KZN263 Abaqulusi - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on new assets by Asset Class/Sub-class	1									
-										
Infrastructure		55 070	64 987	45 078	57 631	15 000	-	51 434	46 735	48 075
Roads Infrastructure		40 929	41 419	25 078	35 076	-	-	36 434	37 135	39 075
Roads		40 929	41 419	25 078	35 076			36 434	37 135	39 075
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		13 524	23 365	20 000	19 500	15 000	-	15 000	9 600	9 000
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks		13 524	23 365	20 000	15 000	15 000		15 000	9 600	9 000
LV Networks					4 500	-				
Capital Spares										
Water Supply Infrastructure		-	192	-	1 505	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains					1 505					
Distribution			192							

Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure	591	12	-	1 550	-	-	-	-	-
Pump Station									
Reticulation	591	12							
Waste Water Treatment Works				1 550					
Outfall Sewers									
Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure	26	-	-	-	-	-	-	-	-
Landfill Sites	26								
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off 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	65	44	-	1 195	-	-	-	-	-
Community Facilities	65	44	-	1 195	-	-	-	-	-
Halls	65	19		20					
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations		24							
Museums		-							
Galleries		-							
Theatres		-							
Libraries		1		75					
Cemeteries/Crematoria				1 100					
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
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	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Municipal Offices									
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									

Load Settlement Software Applications Unspecified										
Computer Equipment		234	128	211	615	450	-	-	-	-
Computer Equipment		234	128	211	615	450				
Furniture and Office Equipment		154	199	29	875	-	-	-	-	-
Furniture and Office Equipment		154	199	29	875					
Machinery and Equipment		-	-	-	207	-	-	-	-	-
Machinery and Equipment					207					
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	55 523	65 359	45 318	60 523	15 450	-	51 434	46 735	48 075

Table 55 KZN263 SA34b - Capital Expenditure on the Renewal of existing Assets by Asset Class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
-										
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 Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-

Bulk Mains	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off 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	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
PurIs	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Municipal Offices	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-

Computer Software and Applications		-	-	-	-	-	-	-	-	-
Load Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 56 KZN263 SA34c - Repairs and Maintenance Expenditure by Asset Class

KZN263 Abaqulusi - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class	1									
-										
Infrastructure		13 649	17 675	17 219	17 055	-	-	17 908	18 893	19 932
Roads Infrastructure		5 921	8 698	11 236	7 150	-	-	7 508	7 920	8 356
<i>Roads</i>		5 921	8 698	11 236	7 000			7 350	7 754	8 181
<i>Road Structures</i>					50			53	55	58
<i>Road Furniture</i>					100			105	111	117
<i>Capital Spares</i>										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
<i>Drainage Collection</i>										
<i>Storm water Conveyance</i>										
<i>Attenuation</i>										
Electrical Infrastructure		2 435	4 675	2 685	5 570	-	-	5 849	6 170	6 510
<i>Power Plants</i>										
<i>HV Substations</i>										
<i>HV Switching Station</i>										
<i>HV Transmission Conductors</i>										
<i>MV Substations</i>		1 549	3 677	1 945	2 000			2 100	2 216	2 337
<i>MV Switching Stations</i>					750			788	831	877
<i>MV Networks</i>					720			756	798	841
<i>LV Networks</i>		886	999	741	2 100			2 205	2 326	2 454
<i>Capital Spares</i>										
Water Supply Infrastructure		3 311	2 614	1 933	2 500	-	-	2 625	2 769	2 922
<i>Dams and Weirs</i>										
<i>Boreholes</i>										
<i>Reservoirs</i>										
<i>Pump Stations</i>										
<i>Water Treatment Works</i>										
<i>Bulk Mains</i>					2 500			2 625	2 769	2 922
<i>Distribution</i>		3 311	2 614	1 933			-	-	-	-

Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure	1 982	1 590	1 366	1 560	-	-	1 638	1 728	1 823
Pump Station									
Reticulation	1 982	1 590	1 366				-	-	-
Waste Water Treatment Works				1 560			1 638	1 728	1 823
Outfall Sewers									
Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure	-	99	-	275	-	-	289	305	321
Landfill Sites		99		275			289	305	321
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off 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	769	383	448	1 135	-	-	1 192	1 257	1 326
Community Facilities	769	383	448	1 135	-	-	1 192	1 257	1 326
Halls	93	102	101	100			105	111	117
Centres							-	-	-
Crèches							-	-	-
Clinics/Care Centres							-	-	-
Fire/Ambulance Stations							-	-	-
Testing Stations	313	101	240	405			425	449	473
Museums	29	30	9	120			126	133	140
Galleries	-	-	-	-			-	-	-
Theatres	-	-	-	-			-	-	-
Libraries	39	150	99	500			525	554	584
Cemeteries/Crematoria	3	1		10			11	11	12
Police	-	-		-			-	-	-
Parks	-	-		-			-	-	-
Public Open Space	291	-		-			-	-	-
Nature Reserves	-	-		-			-	-	-
Public Ablution Facilities	-	-		-			-	-	-
Markets	-	-		-			-	-	-
Stalls	-	-		-			-	-	-
Abattoirs	-	-		-			-	-	-
Airports	-	-		-			-	-	-
Taxi Ranks/Bus Terminals	-	-		-			-	-	-
Capital Spares							-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities									
Capital Spares	1	1	1	1	1	1	1	1	1
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	469	600	618	1 000	-	-	1 050	1 108	1 169
Operational Buildings	469	600	618	1 000	-	-	1 050	1 108	1 169
Municipal Offices	469	600	618	1 000			1 050	1 108	1 169
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									

Load Settlement Software Applications Unspecified										
Computer Equipment		176	69	104	110	-	-	116	122	129
Computer Equipment		176	69	104	110			116	122	129
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment		-	-	24	182	-	-	191	202	213
Machinery and Equipment				24	182			191	202	213
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	15 064	18 727	18 413	19 482	-	-	20 456	21 581	22 768
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as % Operating Expenditure		3.4%	4.2%	4.2%	3.6%	0.0%	0.0%	0.0%	4.1%	4.1%

Table 57 KZN263 SA34d - Capital Budget (Depreciation by Asset Class)

KZN263 Abaqulusi - Supporting Table SA34d Depreciation by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Depreciation by Asset Class/Sub-class										
-										
Infrastructure		62 259	57 319	57 320	62 775	43 520	-	45 695	48 209	50 860
Roads Infrastructure		6 309	24 466	16 734	19 116	10 080	-	10 583	11 166	11 780
Roads		6 309	24 466	16 734	19 116	10 080		10 583	11 166	11 780
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		31 413	-	18 719	21 240	21 240	-	22 302	23 529	24 823
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks		31 413		18 719	21 240	21 240		22 302	23 529	24 823
LV Networks										
Capital Spares										
Water Supply Infrastructure		13 777	13 928	10 381	11 682	6 200	-	6 510	6 868	7 246
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains		13 777	13 928	10 381	11 682	6 200		6 510	6 868	7 246
Distribution										

Distribution Points									
PRV Stations									
Capital Spares									
Sanitation Infrastructure	10 759	11 056	4 421	10 737	4 000	-	4 200	4 431	4 675
Pump Station									
Reticulation	10 759	11 056	4 421	10 737	4 000		4 200	4 431	4 675
Waste Water Treatment Works									
Outfall Sewers									
Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure	-	7 869	7 066	-	2 000	-	2 100	2 216	2 337
Landfill Sites		7 869	7 066		2 000		2 100	2 216	2 337
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off 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	13 191	6 226	5 729	6 485	5 042	-	5 295	5 586	5 893
Community Facilities	13 191	6 226	5 729	6 485	5 042	-	5 295	5 586	5 893
Halls	13 152	6 184	5 687	6 442	5 042		5 295	5 586	5 893
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations	40	42	42	42			-	-	-
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
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	23 424	17 924	8 782	4 522	5 022	-	5 273	5 563	5 869
Operational Buildings	23 424	17 924	8 782	4 522	5 022	-	5 273	5 563	5 869
Municipal Offices	1 899	3 749	4 790	4 522	5 022		5 273	5 563	5 869
Pay/Enquiry Points									
Building Plan Offices									
Workshops	21 525	14 175	3 991				-	-	-
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									

Load Settlement Software Applications Unspecified										
Computer Equipment		231	627	472	510	5 083	-	5 337	5 630	5 940
Computer Equipment		231	627	472	510	5 083	-	5 337	5 630	5 940
Furniture and Office Equipment		-	-	22	22	-	-	-	-	-
Furniture and Office Equipment				22	22			-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	99 106	82 095	72 325	74 313	58 666	-	61 600	64 988	68 562

Table 58 KZN263 SA34e - Capital Budget (Upgrading of Existing Assets by Asset Class)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
-										
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 Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-

PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off 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	-	-	-	-	-	-	-	-	-
Crèches	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Purfs	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Municipal Offices	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-

Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	1	-	-	-	-	-	-	-	-	-
<i>Upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Upgrading of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 59 KZN263 SA35 - Future Financial Implications of the Capital Budget

KZN263 Abaqulusi - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
R thousand								
Capital expenditure	1							
Vote 1 - VOTE1		-	-	-				
Vote 2 - Vote 2 : Finance & Administration		-	-	-				
Vote 3 - Vote 3 : Community & Social Services		-	-	-				
Vote 4 - Vote 4 : Energy Sources		15 000	9 600	9 000				
Vote 5 - Vote 5 : Housing		-	-	-				
Vote 6 - Vote 6 : Internal Audit		-	-	-				
Vote 7 - Vote 7 : Other		-	-	-				
Vote 8 - Vote 8 : Planning and Development		-	-	-				
Vote 9 - Vote 9 : Public Safety		-	-	-				
Vote 10 - Vote 10 : Road Transport		36 434	37 135	39 075				
Vote 11 - Vote 11 : Sport and Recreation		-	-	-				
Vote 12 - Vote 12 : Waste Management		-	-	-				
Vote 13 - Vote 13 : Waste Water Management		-	-	-				
Vote 14 - Vote 14 : Water Management		-	-	-				
Vote 15 -		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		51 434	46 735	48 075	-	-	-	-
Future operational costs by vote	2							
Vote 1 - VOTE1								
Vote 2 - Vote 2 : Finance & Administration								
Vote 3 - Vote 3 : Community & Social Services								
Vote 4 - Vote 4 : Energy Sources								
Vote 5 - Vote 5 : Housing								
Vote 6 - Vote 6 : Internal Audit								
Vote 7 - Vote 7 : Other								
Vote 8 - Vote 8 : Planning and Development								
Vote 9 - Vote 9 : Public Safety								
Vote 10 - Vote 10 : Road Transport								
Vote 11 - Vote 11 : Sport and Recreation								
Vote 12 - Vote 12 : Waste Management								
Vote 13 - Vote 13 : Waste Water Management								
Vote 14 - Vote 14 : Water Management								

Vote 15 -								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
<u>Future revenue by source</u>	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		51 434	46 735	48 075	-	-	-	-

Table 60 KZN263 SA36 - Detailed Capital Budget per Municipal Vote

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>															
Parent Capital expenditure										-	-	-			
Entities: <i>List all capital projects grouped by Entity</i>															
Entity A Water project A															
Entity B Electricity project B															
Entity Capital expenditure									-	-	-	-	-		
Total Capital expenditure									-	-	-	-	-		

Table 61 KZN263 SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
							Year					
R thousand												
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Entities: <i>List all capital projects grouped by Municipal Entity</i>												
Entity Name <i>Project name</i>												

Legislation compliance status

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed four interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained interns through this programme and a majority of them were appointed either in the Municipality or other municipalities.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in June 2018 directly aligned and informed by the 2018/19 MTREF.

6. Annual Report

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

7. MFMA Training

The MFMA training module in electronic format is presented for the Municipality's internal employees and training is on-going.

Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

Other supporting documents

Table 62 KZN263 Table SA1 - Supporting detail to Budgeted Financial Performance

KZN263 Abaqulusi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
REVENUE ITEMS:										
Property rates	6									
Total Property Rates		59 010	59 014	63 291	65 000	65 000	60 798	65 000	68 575	72 278
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>										
Net Property Rates		59 010	59 014	63 291	65 000	65 000	60 798	65 000	68 575	72 278
Service charges - electricity revenue	6									
Total Service charges - electricity revenue		145 521	162 862	161 915	176 530	176 530	138 585	149 950	158 197	166 740
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>										
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		2 000	2 000	–	3 398	–	–	3 568	3 765	3 972
Net Service charges - electricity revenue		143 521	160 862	161 915	173 132	176 530	138 585	146 382	154 432	162 768
Service charges - water revenue	6									
Total Service charges - water revenue		36 524	34 826	13 786	18 972	18 972	32 520	35 900	37 875	39 919
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>										
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		2 580	2 800	–	2 060	–	–	2 163	2 282	2 408
Net Service charges - water revenue		33 944	32 026	13 786	16 912	18 972	32 520	33 737	35 593	37 511
Service charges - sanitation revenue										
Total Service charges - sanitation revenue		25 914	22 901	22 042	26 550	26 550	16 373	17 200	18 146	19 126
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>										

<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		4 700	4 500	-	5 756	-	-	6 044	6 376	6 727
Net Service charges - sanitation revenue		21 214	18 401	22 042	20 794	26 550	16 373	11 156	11 770	12 399
Service charges - refuse revenue	6									
Total refuse removal revenue		15 946	17 391	18 904	20 284	20 284	13 106	14 121	14 898	15 702
Total landfill revenue										
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>										
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		3 500	3 500	-	4 960	-	-	5 208	5 494	5 796
Net Service charges - refuse revenue		12 446	13 891	18 904	15 325	20 284	13 106	8 913	9 404	9 906
Other Revenue by source										
Fuel Levy		45 828	60 993	2 334	42 073	42 073				
Other Revenue				105	110	110				
Advertisements				60	50	50	105	200	211	223
Cemeteries				16	15	15	260	350	369	390
Library Membership				24	25	25	17	18	18	19
Development Planning				0	0	0	120	493	520	549
Tender Documents				39	35	35	278	290	306	323
Overdue Books Fines				-	-	-	8	9	9	9
				135	150	150				
				33	33	33				
				16	20	20				
Total 'Other' Revenue	3	45 828	60 993	2 762	42 511	42 511	788	1 359	1 434	1 513
	1									
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	2	73 915	67 248	69 688	75 874	75 874	75 874	79 668	84 050	88 673
Pension and UIF Contributions		647	14 548	15 163	16 354	16 354	16 354	17 171	18 116	19 112
Medical Aid Contributions		4 942	5 519	6 200	6 732	6 732	6 732	7 069	7 457	7 868
Overtime		12 348	17 213	16 775	17 397	17 397	17 397	18 266	19 271	20 331
Performance Bonus		4 810	5 446	5 682	6 119	6 119	6 119	6 425	6 778	7 151
Motor Vehicle Allowance		8 751	7 022	7 194	7 714	7 714	7 714	8 100	8 545	9 015
Cellphone Allowance		12 839	562	562	771	771	771	810	855	902
Housing Allowances		250	1 025	1 027	1 132	1 132	1 132	1 189	1 254	1 323
Other benefits and allowances		2 052	2 572	2 469	2 980	2 980	2 980	3 129	3 301	3 483
Payments in lieu of leave		2 002	4 067	2 861	3 749	3 749	3 749	3 936	4 153	4 381
Long service awards		32	23	15	16	16	16	17	18	19
Post-retirement benefit obligations	4	-	3 630	2 879	3 186	3 186	3 186	3 345	3 529	3 723

<i>sub-total</i>	5	122 588	128 873	130 515	142 024	142 024	142 024	149 126	157 327	165 980
<u>Less: Employees costs capitalised to PPE</u>										
Total Employee related costs	1	122 588	128 873	130 515	142 024	142 024	142 024	149 126	157 327	165 980
Contributions recognised - capital										
<i>List contributions by contract</i>										
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment		88 655	82 095	72 361	87 516	80 223		84 234	88 867	93 754
Lease amortisation		9 058	-							
Capital asset impairment		1 393	-							
Depreciation resulting from revaluation of PPE	10									
Total Depreciation & asset impairment	1	99 106	82 095	72 361	87 516	80 223	-	84 234	88 867	93 754
Bulk purchases										
Electricity Bulk Purchases		127 786	143 324	137 150	153 680	153 680	153 680	150000000	158250000	166953744
Water Bulk Purchases										
Total bulk purchases	1	127 786	143 324	137 150	153 680	153 680	153 680	150 000	158 250	166 954
Transfers and grants										
Cash transfers and grants		-	-	95	100	100	100	100	100	100
Non-cash transfers and grants		15 610	15 721	16 831	18 051	-	-	18 953	19 996	21 095
Total transfers and grants	1	15 610	15 721	16 926	18 151	100	100	19 053	20 096	21 195
Contracted services										
<i>List services provided by contract</i>		43 121	38 950	9 423	23 793	23 793				
Magnacorp				360	1 500	1 500		6 198	6 539	6 899
Uhaqane M1				1 862	2 500	2 500		4 788	5 051	5 329
PWC				596	480	480		1 200	1 266	1 336
Qomkufa Trading				-	-	-		11 561	12 197	12 868
Ekaya Promotions				6 284	6 900	6 900		250	264	278
RIS Motors				8 958	11 894	11 894		2 485	2 622	2 766
Valuation Roll				9 722	13 000	13 000		1 500	1 583	1 670
Quantum Leap Investments				7	10	10		6 700	7 069	7 457
EOH				35	40	40		89	94	99
ITEC				172	450	450		540	570	601
Daisy Communications				343	372	372		350	369	390

Nashua			1 445	1 800	1 800		30	32	33	
Protea Coin			-	-	-		308	325	343	
Munsoft			-	1 000	1 000		2 000	2 110	2 226	
Payday			-	500	500		100	106	111	
Trafman			-	1 000	1 000		100	106	111	
Nashua			-	1 000	1 000		63	66	70	
Otis			58	2 200	2 200		15	16	17	
Link Up Security							600	633	668	
Mazn Pty Ltd			973	961	961		1 342	1 416	1 494	
Siwella Funerals			162	570	570		600	633	668	
Garlicke & Bousfield			12 268	20 850	20 850		1 000	1 055	1 113	
Vehicle leases			1 169	1 200	1 200		10 000	10 550	11 130	
Vehicle leases							10 000	10 550	11 130	
Steiner Hygiene							134	141	149	
Brandfin							145	153	162	
Matsiya Construction Engineering							219	231	244	
Inside Data South Pty Ltd							136	143	151	
Contour							1 200	1 266	1 336	
Schindler Lifts SA							30	32	33	
KEV							1 333	1 407	1 484	
ADO Research							318	335	354	
Bigen Africa							3 600	3 798	4 007	
Louwsburg Spar							20	21	22	
Mweb							80	84	89	
C Vermaak							400	422	445	
Windeed							36	38	40	
Muncomp							180	190	200	
Telkom							1 200	1 266	1 336	
Auditor-General							2 500	2 638	2 783	
Rheochem							5 000	5 275	5 565	
Netstar							150	158	167	
Marsh							2 000	2 110	2 226	
SALGA							2 000	2 110	2 226	
Allocations to organs of state:	1	43 121	38 950	53 837	92 020	92 020	-	82 500	87 038	91 825
Electricity										
Water										
Sanitation										
Other										

Total contracted services		43 121	38 950	53 837	92 020	92 020	-	82 500	87 038	91 825
Other Expenditure By Type	-									
Collection costs										
Contributions to 'other' provisions										
Consultant fees										
Audit fees										
General expenses	3									
<i>List Other Expenditure by Type</i>										
Total 'Other' Expenditure	1	-	-	-	-	-	-	-	-	-
Repairs and Maintenance by Expenditure Item	8									
Employee related costs										
Other materials		15 064	18 727	18 413	19 482			20 456	21 581	22 768
Contracted Services										
Other Expenditure										
Total Repairs and Maintenance Expenditure	9	15 064	18 727	18 413	19 482	-	-	20 456	21 581	22 768

Table 63 KZN263 Table SA2 – Matrix Financial Performance Budget (Revenue Source / Expenditure type and Department)

KZN263 Abaqulusi - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - VOTE1	Vote 2 - Vote 2 : Finance & Administration	Vote 3 - Vote 3 : Community & Social Services	Vote 4 - Vote 4 : Energy Sources	Vote 5 - Vote 5 : Housing	Vote 6 - Vote 6 : Internal Audit	Vote 7 - Vote 7 : Other	Vote 8 - Vote 8 : Planning and Development	Vote 9 - Vote 9 : Public Safety	Vote 10 - Vote 10 : Road Transport	Vote 11 - Vote 11 : Sport and Recreation	Vote 12 - Vote 12 : Waste Management	Vote 13 - Vote 13 : Waste Water Management	Vote 14 - Vote 14 : Water Management	Total
R thousand	1															
Revenue By Source																
Property rates			65 000													65 000
Service charges - electricity revenue					149 950											149 950
Service charges - water revenue															35 900	35 900
Service charges - sanitation revenue														17 200		17 200
Service charges - refuse revenue												14 120				14 120
Service charges - other																-
Rental of facilities and equipment				350												350
Interest earned - external investments			1 500													1 500
Interest earned - outstanding debtors																-
Dividends received																-
Fines, penalties and forfeits										2 000						2 000
Licences and permits										2 200						2 200
Agency services											2 000					2 000
Other revenue			490	1 634				602								2 726
Transfers and subsidies			137 160	4 280	15 000						36 434					192 874
Gains on disposal of PPE																-
Total Revenue (excluding capital transfers and contributions)		-	204 150	6 264	164 950	-	-	-	602	4 200	38 434	-	14 120	17 200	35 900	85 820
Expenditure By Type																
Employee related costs																-
Remuneration of councillors																-
Debt impairment																-
Depreciation & asset impairment																-
Finance charges																-
Bulk purchases																-
Other materials																-
Contracted services																-
Transfers and subsidies																-
Other expenditure																-
Loss on disposal of PPE																-

Total Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	-	204 150	6 264	164 950	-	-	-	602	4 200	38 434	-	14 120	17 200	35 900	485820
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)															-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)															-
Transfers and subsidies - capital (in-kind - all)															-
Surplus/(Deficit) after capital transfers & contributions	-	204 150	6 264	164 950	-	-	-	602	4 200	38 434	-	14 120	17 200	35 900	485820

Table 64 KZN263 Table SA3 – Supporting detail to Statement of Financial Position

KZN263 Abaqulusi - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits											
Other current investments											
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-	-
Consumer debtors											
Consumer debtors											
Less: Provision for debt impairment											
Total Consumer debtors	2	-	-	-	-	-	-	-	-	-	-
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)											
Leases recognised as PPE											
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	-	-	-	-	-	-	-	-	-	-
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors											
Unspent conditional transfers											

VAT											
Total Trade and other payables	2	-	-	-	-	-	-	-	-	-	-
Non current liabilities - Borrowing											
Borrowing	4										
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		-	-	-	-	-	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance											
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)
Reserves	-										
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	54 817	73 544	(37 722)	(18 380)	26 180	22 905	-	(64 867)	(69 296)	(68 872)

Table 65 KZN263 Table SA9 – Social, Economic and Demographic Statistics and Assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population											
Females aged 5 - 14											
Males aged 5 - 14											
Females aged 15 - 34											
Males aged 15 - 34											
Unemployment											
Monthly household income (no. of households)	-										
No income											
R1 - R1 600											
R1 601 - R3 200											
R3 201 - R6 400											
R6 401 - R12 800											
R12 801 - R25 600											
R25 601 - R51 200											
R52 201 - R102 400											
R102 401 - R204 800											
R204 801 - R409 600											
R409 601 - R819 200											
> R819 200											
Poverty profiles (no. of households)											
< R2 060 per household per month											
Insert description											
Household/demographics (000)											
Number of people in municipal area											
Number of poor people in municipal area											
Number of households in municipal area											
Number of poor households in municipal area											

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Definition of poor household (R per month)											
- Housing statistics											
Formal											
Informal											
Total number of households		-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality											
Dwellings provided by province/s											
Dwellings provided by private sector											
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
Economic											
Inflation/inflation outlook (CPIX)											
Interest rate - borrowing											
Interest rate - investment		-	-	-							
Remuneration increases											
Consumption growth (electricity)											
Consumption growth (water)											
Collection rates											
Property tax/service charges											
Rental of facilities & equipment											
Interest - external investments											
Interest - debtors											
Revenue from agency services											

KZN263 Abaqulusi - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		17 237	34 261	67	67	67	67	67	67	67
Piped water inside yard (but not in dwelling)		14 020	–	65	65	65	65	65	65	65
Using public tap (at least min.service level)	2	14	14	14	14	14	14	14	14	14
Other water supply (at least min.service level)	4	12	12	7	7	7	7	7	7	7
<i>Minimum Service Level and Above sub-total</i>		31 283	34 287	153	153	153	153	153	153	153
Using public tap (< min.service level)	3	3 207	3 207	3 207	3 207	3 207	3 207	3 207	3 207	3 207
Other water supply (< min.service level)	4	1 919	1 919	1 919	1 919	1 919	1 919	1 919	1 919	1 919
No water supply		40 232	40 232	40 232	40 232	40 232	40 232	40 232	40 232	40 232
<i>Below Minimum Service Level sub-total</i>		45 358	45 358	45 358	45 358	45 358	45 358	45 358	45 358	45 358
Total number of households	5	76 641	79 645	45 511	45 511	45 511	45 511	45 511	45 511	45 511
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		68 157	68 157	68 157	68 157	68 157	68 157	68 157	68 157	68 157
Flush toilet (with septic tank)		4 506	4 506	4 506	4 506	4 506	4 506	4 506	4 506	4 506
Chemical toilet		11 208	11 208	11 208	11 208	11 208	11 208	11 208	11 208	11 208
Pit toilet (ventilated)		22 379	22 379	22 379	22 379	22 379	22 379	22 379	22 379	22 379
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		106 250	106 250	106 250	106 250	106 250	106 250	106 250	106 250	106 250
Bucket toilet		919	919	919	919	919	919	919	919	919
Other toilet provisions (< min.service level)		53 876	53 876	53 876	53 876	53 876	53 876	53 876	53 876	53 876
No toilet provisions		28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842	28 842
<i>Below Minimum Service Level sub-total</i>		83 637	83 637	83 637	83 637	83 637	83 637	83 637	83 637	83 637
Total number of households	5	189 887	189 887	189 887	189 887	189 887	189 887	189 887	189 887	189 887
Energy:										
Electricity (at least min.service level)		19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781	19 781
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
<i>Below Minimum Service Level sub-total</i>		3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
Total number of households	5	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024	23 024
Refuse:										

Removed at least once a week		11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
<i>Minimum Service Level and Above sub-total</i>		11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257	11 257
Removed less frequently than once a week		1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270	1 270
Using communal refuse dump		1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763	1 763
Using own refuse dump		105 738	105 738	105 738	105 738	105 738	105 738	105 738	105 738	105 738
Other rubbish disposal		3 816	3 816	3 816	3 816	3 816	3 816	3 816	3 816	3 816
No rubbish disposal		15 010	15 010	15 010	15 010	15 010	15 010	15 010	15 010	15 010
<i>Below Minimum Service Level sub-total</i>		127 597	127 597	127 597	127 597	127 597	127 597	127 597	127 597	127 597
Total number of households	5	138 854	138 854	138 854	138 854	138 854	138 854	138 854	138 854	138 854

Highest level of free service provided per household										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)										
	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Property rates exemptions, reductions and rebates and impermissable 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	6									
Other										
Total revenue cost of subsidised services provided		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000

Table 66 KZN263 SA32 – List of External Mechanisms

KZN263 Abaqulusi - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Magnacorp			Refuse Removal		6 198
Uhaqane M1			Refuse Removal		4 788
PWC			Preparation of AFS		1 200
Qomkufa Trading	Mths		Security		11 561
Ekaya Promotions	Mths		Protective Clothing		250
RIS Motors			Car Rental		2 485
Valuation Roll			Valuation Roll		1 500
Quantum Leap Investments			Grass cutting & cleaning		6 700
EOH			Caretakers at dam		89
ITEC			Office Machine Rental		540
Daisy Communications			Office Machine Rental		350
Nashua			Office Machine Rental		30
Protea Coin			Cash Collection		308
Munsoft			IT Rental		2 000
Payday			Payroll Support		100
Trafman			Traffic Summons System		100
Nashua			Office Machine Rental		63
Otis			Office Machine Rental		15
Link Up Security			After Hours Monitoring		600
Mazn Pty Ltd			Meter Reading		1 342
Siwella Funerals			Indigent Burials		600
Garlicke & Bousfield			Lawyers		1 000
Vehicle leases			Leasing of Graders		10 000
Vehicle leases			Leasing of vehicles		10 000
Steiner Hygiene			Hygiene suppliers		134
Brandfin			Speed Fine Machine Rental		145
Matsiya Construction Engineering			Testing, fault location		219
Inside Data South Pty Ltd			Printing, Posting accounts		136
Contour			Commission on vendor		1 200
Schindler Lifts SA			Servicing of lift		30

KEV			Connections/Disconnections	1 333
ADO Research			Vending machines	318
Bigen Africa			Debt Collection	3 600
Louwsburg Spar			Rental Agreement	20
Mweb			Internet	80
C Vermaak			Louwsburg Services	400
Windeed			Clearance Certificates	36
Muncomp			Records System	180
Telkom			Telephone	1 200
Auditor-General			Audit	2 500
Rheochem			Chemicals	5 000
Netstar			Tracker for own vehicles	150
Marsh			Insurance	2 000
SALGA			Membership	2 000

Our Ref.:
Your Ref.

Enquiries:
Dept.: Finance



✉ 57, VRYHEID 3100

c/o, Mark & High Street

☎ (034) 982-2133

📠 Fax: (034) 982-1939

E-mail: finance@Abaqulusi.gov.za

QUALITY CERTIFICATE

I, **BE NTANZI**, Municipal Manager of **ABAQULUSI MUNICIPALITY**, hereby certify that: (mark as appropriate)

- The monthly budget statement
- Quarterly report on the implementation of the budget and financial state of affairs to the municipality
- Mid-year budget and performance assessment
- Draft Medium Term Budget

For the Draft Medium Term Budget for 2018/19 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

BE NTANZI
MUNICIPAL MANAGER
ABAQULUSI MUNICIPALITY
KZN263

SIGNATURE: _____

DATE: _____

Annexure A - Tariffs

Annexure B - Government Provincial Allocation

Annexure C - "A" Schedule

Annexure D - Signing Budget Locking Certificate

Certification that the adopted budget for 2018/19 is correctly captured and locked on the municipality’s financial management system

(as requested by National Treasury in terms of section 74 of the MFMA, with reference to paragraph 6.3 of MFMA Budget Circular 59 dated 16 March 2012)

I,, in my capacity as accounting officer of the municipality, hereby certify that:

- The adopted annual budget has been captured on the municipality’s financial system;*
- There is 100 per cent reconciliation between the budget on the system and the budget adopted by council;*
- The adopted annual budget on the municipality’s financial system is locked and will not be changed as it serves as the baseline against which to monitor and measure performance; and*
- The relevant budget return forms have been submitted to the local government database.*

I, further certify that the municipality has in place controls to ensure that any changes to the adopted budget will be captured separately and only in accordance with:

- a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and*
- an adjustments budget approved by council.*

Print Name _____

Municipal manager of _____
(name and demarcation code of municipality)

Signature _____

Date _____

This certificate must be submitted to National Treasury by close of business 7 April 2018 at the following email address: lgdocuments@treasury.gov.za.

Also send copies to the Auditor General and the relevant provincial treasury

Annexure E - Service Level Standards

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Solid Waste Removal	
Premise based removal (Residential Frequency)	Weekly
Premise based removal (Business Frequency)	Daily
Bulk Removal (Frequency)	Weekly
Removal Bags provided(Yes/No)	No
Garden refuse removal Included (Yes/No)	No
Street Cleaning Frequency in CBD	Daily
Street Cleaning Frequency in areas excluding CBD	No
How soon are public areas cleaned after events (24hours/48hours/longer)	48 hours
Clearing of illegal dumping (24hours/48hours/longer)	Longer
Recycling or environmentally friendly practices(Yes/No)	No
Licensed landfill site(Yes/No)	Yes
Water Service	
Water Quality rating (Blue/Green/Brown/N0 drop)	No drop
Is free water available to all? (All/only to the indigent consumers)	Only to indigent consumers and consumers in ZDM areas who are not metered
Frequency of meter reading? (per month, per year)	Monthly
Are estimated consumption calculated on actual consumption over (two month's/three months'/longer period)	Read on a monthly basis
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	N/A
Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)	
One service connection affected (number of hours)	4 hours
Up to 5 service connection affected (number of hours)	4 hours
Up to 20 service connection affected (number of hours)	16 hours
Feeder pipe larger than 800mm (number of hours)	24 hours
What is the average minimum water flow in your municipality?	240 mg lt/month
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
How long does it take to replace faulty water meters? (days)	1 hour
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Electricity Service	
What is your electricity availability percentage on average per month?	100%
Do your municipality have a ripple control in place that is operational? (Yes/No)	Yes
How much do you estimate is the cost saving in utilizing the ripple control system?	Via load control
What is the frequency of meters being read? (per month, per year)	Monthly
Are estimated consumption calculated at consumption over (two month's/three months'/longer period)	Read on a monthly basis
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	N/A
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	Immediately where possible
Are accounts normally calculated on actual readings? (Yes/no)	Yes
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
How long does it take to replace faulty meters? (days)	Within 30 days
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	Yes, tender has been drawn up
How effective is the action plan in curbing line losses? (Good/Bad)	Not in use at the moment
How soon does the municipality provide a quotation to a customer upon a written request? (days)	Within 7 days
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	Within 10 days
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	Within 10 days
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	Within 30 days
Sewerage Service	
Are your purification system effective enough to put water back in to the system after purification?	Yes
To what extend do you subsidize your indigent consumers?	Indigent consumers get subsidized 100%
How long does it take to restore sewerage breakages on average	
Severe overflow? (hours)	24 hours
Sewer blocked pipes: Large pipes? (Hours)	4 hours
Sewer blocked pipes: Small pipes? (Hours)	1 hour
Spillage clean-up? (hours)	1 hour

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Replacement of manhole covers? (Hours)	1 hour
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	2 hours
Time taken to repair a single pothole on a minor road? (Hours)	1 hour
Time taken to repair a road following an open trench service crossing? (Hours)	8 hours
Time taken to repair walkways? (Hours)	4 hours
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	One month
Do you have any special rating properties? (Yes/No)	No
Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Yes, it is decreasing
Are the financial statement outsources? (Yes/No)	AFS are compiled in conjunction with PWC
Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?	Yes
How long does it take for a Tax/Invoice to be paid from the date it has been received?	30 days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	No
Administration	
Reaction time on enquiries and requests?	7 working days
Time to respond to a verbal customer enquiry or request? (working days)	7 working days
Time to respond to a written customer enquiry or request? (working days)	7 working days
Time to resolve a customer enquiry or request? (working days)	7 working days
What percentage of calls are not answered? (5%,10% or more)	5%
How long does it take to respond to voice mails? (hours)	N/A
Does the municipality have control over locked enquiries? (Yes/No)	No

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Is there a reduction in the number of complaints or not? (Yes/No)	Yes
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	Not often
Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	60 minutes
How long does it take to renew a vehicle license? (minutes)	60 minutes
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	60 minutes
How long does it take to de-register a vehicle? (minutes)	60 minutes
How long does it take to renew a driver's license? (minutes)	60 minutes
What is the average reaction time of the fire service to an incident? (minutes)	60 minutes
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	N/A
Economic development	
How many economic development projects does the municipality drive?	3
How many economic development programmes are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	5
What percentage of the projects have created sustainable job security?	5%

Province: Municipality(KZN263) - Schedule of Service Delivery Standards Table	
Description Standard	Service Level
Does the municipality have any incentive plans in place to create a conducive environment for economic development? (Yes/No)	No
Other Service delivery and communication	
Is an information package handed to the new customer? (Yes/No)	No
Does the municipality have training or information sessions to inform the community? (Yes/No)	No
Are customers treated in a professional and humanly manner? (Yes/No)	Yes

Annexure G - Policies

