

CITY OF CHOICE



**PIETERMARITZBURG
MSUNDUZI**

ANNUAL BUDGET OF
Msunduzi
Municipality
KZN225

2017/18 TO 2019/20
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor’s Report

BUDGET SPEECH BY HIS WORSHIP, THE EXECUTIVE MAYOR OF MSUNDUZI, CHRIS NDLELA, 25th MAY 2016, MSUNDUZI COUNCIL CHAMBERS

Presentation to be done during Council sitting

1.2 It was resolved to recommend to Full Council that:

The Municipal Council of Msunduzi Local Municipality will meet in the Council Chambers of Msunduzi City Hall to consider the draft annual budget for the financial year 2017/18 and the two outer years.

It was resolved

That the Annual Budget of the Municipality for the financial year 2017/18, multi-year and single-year capital appropriations as set out in Tables A2 – A5 of the report dated by the Chief Financial Officer, be APPROVED, as follows:

- (i) Budgeted Financial Performance (Revenue and Expenditure by Standard Classification) as contained in Table A2.
- (ii) Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) as contained in Table A3.
- (iii) Budgeted Financial Performance (Revenue by Source and Expenditure by Type) as contained in Table A4; and

- (iv) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
- (b) That the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in Tables A6 – A10 of the report dated 16 March 2017 by the Chief Financial Officer, be APPROVED, as follows:
- (i) Budgeted Financial Position as contained in Table A6.
 - (ii) Budgeted Cash Flows as contained in Table A7.
 - (iii) Cash Backed Reserves and Accumulated Surplus Reconciliation as contained in Table A8.
 - (iv) Asset Management as contained in Table A9; and
 - (v) Basic Service Delivery Measurement as contained in Table A10.
- (c) That with effect from 1 July 2017, the tariffs as set out on pages 9 - 16 of the report dated 16 March 2017 by the Chief Financial Officer, be APPROVED, as follows:
- (i) the tariffs for electricity
 - (ii) the tariffs for the supply of water
 - (iii) the tariffs for sanitation services
 - (iv) the tariffs for solid waste services
 - (v) the tariffs for rates on different categories
- (d) That all the following budget related policies as per the Annexure (Annual Budget and Medium Term Revenue and Expenditure Framework 2016/17-2018/19 Book) submitted in terms of S7 of Municipal Budget and Reporting Regulations, be APPROVED;-

- a) Budget policy
 - b) Virement policy
 - c) Cash Management and Investment policy
 - d) Funding and Reserves policy
 - e) Credit Control and Debt Collection policy
 - f) Indigent policy
 - g) Supply Chain Management policy
 - h) Assets Management policy
 - i) Grants policy
 - j) Insurance policy
 - k) Borrowing policy
 - l) Rates policy
- (e) That with effect from 1 July 2017 the tariffs for other services, as set out on pages 9 – 16 of the report dated 16 March 2016 by the Chief Financial Officer, be APPROVED.
- (f) That authority be granted to the Municipal Manager to submit the Approved Annual budget and Medium Term Revenue and Expenditure Framework 2017/18 to 2019/20 as per the requirements of Department of Cooperative Governance and Traditional Affairs (COGTA)
- (g) That authority be granted to the Municipal Manager to publish the Approved Annual budget and Medium term Revenue and Expenditure Framework 2017/18 to 2019/20 in terms of Chapter 4 of the Municipal Systems Act of 2000 (as amended).
- (h) That authority be granted to the Municipal Manager to publish the budget related policies on the Internet and in all municipal buildings.

1.3 Executive Summary

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

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low - to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the City has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars No. 51, 54, 55, 58, 59 ,67, 74, 78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Umgeni Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;

- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year’s capital investments needed to be factored into the budget as part of the 2017/18 MTREF process. The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:
 - The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
 - Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
 - Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
 - There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

While the municipality is optimistic about growth prospects in the next few year, there is no provision of such a growth in the municipality’s revenue budget. Ordinarily, the municipality is expected to reflect such a growth in the revenue budget, however, the municipality chose to be cautious and conservative in this case. Taking into account, the MFMA provision that the budget must be funded from realistically anticipated revenue for collection, the municipality opted to use the current revenue base for the purposes of the MTREF but adjustments will be done in future when such a growth in the revenue base materialises. Therefore the constant % increases of revenue over the MTREF must not be read as meaning that the municipality is not anticipating growth in the revenue base of the MTREF. This is rather informed by a conservative or cautious approach in light of the prevailing economic conditions.

Overall, the municipality's operating expenditure has increased by 0.25% and that is informed by the municipality's decision to cap operational costs through doing business in cost effective measures. This is informed by the municipality's desire to ensure that it remains financially sustainable and for that to be achieved, the municipality must budget for credible and sufficient operational budget surpluses. As a result, the municipality's operational budget surplus has increased from R10.3 million to R116 million resulting to an net cash surplus of R178 million.

The above-mentioned cash surplus is based on a conservative assumption of a 90% average debt collection and 100% expenditure for other items except employee related costs in which 90% expenditure is assumed.

Table 1 Consolidated Overview of the 2017/18 MTREF

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand					
Total Revenue (excluding capital transfers and contributions)	4,472,946	4,753,249	4,884,967	5,150,590	5,456,522
Total Expenditure	4,452,374	4,742,917	4,769,018	5,020,534	5,310,280
Surplus/(Deficit)	20,572	10,332	115,949	130,057	146,242
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	467,414	459,374	456,612	392,185	386,162
Surplus/(Deficit) for the year	487,986	469,707	572,561	522,241	532,403

Total operating revenue of R 4.885 billion has grown by 3 per cent or R 131.7 million for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. For the two outer years, operational revenue will increase by 5.4 per cent (R 265.6 million) and 5.9 per cent (R 305.9 million) respectively, equating to a total revenue growth of R 703.2 million over the MTREF when compared to the revenue budget of 2016/17 financial year.

Total operating expenditure for the 2017/18 financial year has been appropriated at R4.769 billion and results to a budgeted surplus of R115.9 million. When compared to the 2016/17 Adjustments Budget, operational expenditure has grown overall by 0.55 per cent in the 2017/18 budget and by 5.3 and 5.8 per cent for each of the respective outer years of the MTREF.

The capital budget of R 651.9 million (R 456.6 million grant funding, R38.8 million borrowings and R156.6 million internal funding) for 2017/18 is R219.7 million less when compared to the 2016/17 Adjustment Budget.

1.4 Operating Revenue Framework

In order for the Msunduzi Local Municipality to continue improving the quality of services that is 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 City and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent 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);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- 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 City.

While the municipality is optimistic about growth prospects in the next few year, there is no provision of such a growth in the municipality's revenue budget. Ordinarily, the municipality is

expected to reflect such a growth in the revenue budget, however, the municipality chose to be cautious and conservative in this case. Taking into account, the MFMA provision that the budget must be funded from realistically anticipated revenue for collection, the municipality opted to use the current revenue base for the purposes of the MTREF but adjustments will be done in future when such a growth in the revenue base materialises.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source										
Property rates	602,954	686,396	742,052	798,728	798,728	798,728	798,728	846,651	897,450	951,297
Service charges - electricity revenue	1,486,939	1,566,133	1,784,586	2,008,246	2,008,246	2,008,246	2,008,246	2,038,443	2,076,766	2,115,809
Service charges - water revenue	380,807	452,443	473,021	623,188	623,188	623,188	623,188	716,666	824,166	947,791
Service charges - sanitation revenue	126,301	127,516	126,391	147,839	147,839	147,839	147,839	156,710	166,112	176,079
Service charges - refuse revenue	79,453	81,544	84,240	99,557	99,557	99,557	99,557	105,531	111,863	118,574
Service charges - other										
Rental of facilities and equipment	21,572	23,477	20,222	43,809	48,193	48,193	48,193	22,002	23,322	24,722
Interest earned - external investments	43,343	50,973	68,242	49,270	49,270	49,270	49,270	52,227	55,360	58,682
Interest earned - outstanding debtors	53,055	69,529	60,214	66,349	66,949	66,949	66,949	66,010	69,970	74,169
Dividends received										
Fines, penalties and forfeits	102,751	138,841	72,894	62,368	67,315	67,315	67,315	46,497	49,287	52,244
Licences and permits	81	89	90	92	89	89	89	94	100	106
Agency services	669	578	532	670	20,198	20,198	20,198	710	753	798
Transfers and subsidies	448,122	519,604	466,156	489,491	547,243	547,243	547,243	542,411	566,964	609,267
Other revenue	78,786	89,221	84,164	83,339	276,433	276,433	276,433	291,015	308,476	326,984
Gains on disposal of PPE	36,829	18,537	8,007							
Total Revenue (excluding capital transfers and contributions)	3,461,662	3,824,882	3,990,810	4,472,946	4,753,249	4,753,249	4,753,249	4,884,967	5,150,590	5,456,522

Table 3 Percentage growth in revenue by main revenue source**KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	2017/18 Medium Term Revenue & Expenditure Framework						
	Adjusted Budget	YoY% Increase	Budget Year 2017/18	YoY% Increase	Budget Year +1 2018/19	YoY% Increase	Budget Year +2 2019/20
R thousand							
Revenue By Source							
Property rates	798,728	6.00	846,651	6.00	897,450	6.00	951,297
Service charges - electricity revenue	2,008,246	1.88	2,038,443	1.88	2,076,766	1.88	2,115,809
Service charges - water revenue	623,188	15.00	716,666	15.00	824,166	15.00	947,791
Service charges - sanitation revenue	147,839	6.00	156,710	6.00	166,112	6.00	176,079
Service charges - refuse revenue	99,557	6.00	105,531	6.00	111,863	6.00	118,574
Service charges - other							
Rental of facilities and equipment	48,193	(54.35)	22,002	6.00	23,322	6.00	24,722
Interest earned - external investments	49,270	6.00	52,227	6.00	55,360	6.00	58,682
Interest earned - outstanding debtors	66,949	(1.40)	66,010	6.00	69,970	6.00	74,169
Dividends received							
Fines, penalties and forfeits	67,315	(30.93)	46,497	6.00	49,287	6.00	52,244
Licences and permits	89	6.00	94	6.00	100	6.00	106
Agency services	20,198	(96.48)	710	6.00	753	6.00	798
Transfers and subsidies	547,243	(0.88)	542,411	4.53	566,964	7.46	609,267
Other revenue	276,433	6.00	291,015	6.00	308,476	6.00	326,984
Gains on disposal of PPE							
Total Revenue (excluding capital transfers and contributions)	4,753,249		4,884,967		5,150,590		5,456,522

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 percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2016/17 financial year, revenue from rates and services charges totalled to R3.678 billion or 77 per cent. This increased to R3.759 billion, R4.076 billion and R4.310 billion for 2017/18, 2018/19 and 2019/20 respectively. A notable trend is the increase in the total percentage revenue generated from rates and services charges. The table above excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates are the second largest revenue source totalling 17 per cent or R846.7 million. Other revenue consists of various items such as fines, licences and permits, agency services, sale of produce, training recoveries, landing fees, passenger levy etc.

Operating grants and transfers totals R 542.4 million in the 2017/18 financial year and steadily increases to R 566.9 million by 2018/19, R609.3 million by 2019/20. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN225 Msunduzi - Supporting Table SA18 Transfers and grant receipts

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:									
Operating Transfers and Grants									
National Government:	377,234	475,437	437,999	458,705	461,581	461,581	519,750	551,828	594,131
Local Government Equitable Share	354,313	373,541	395,786	432,307	432,307	432,307	468,430	507,022	544,646
Finance Management	1,550	1,600	1,600	1,625	1,625	1,625	1,700	1,700	1,700
Municipal Systems Improvement	245	808	482						
EPWP Incentive	1,874	2,784	4,032	6,809	6,809	6,809	8,022		
Water Services Operating Subsidy	5,391	1,762							
Public Transport Infrastructure	-	88,849	27,408				21,001	21,553	26,657
Energy Efficiency and Demand Management				8,000	-	-			
Operating costs-MIG	10,350	6,093	8,690	9,964	20,840	20,840	20,596	21,554	21,128
Neighbourhood Development Partnership Technical ass	3,512								
Provincial Government:	70,887	43,754	28,157	10,786	10,786	10,786	22,661	15,136	15,136
Provincial Government:	35,774	3							
Expanded Public Works Grant	1,874	-	-						
Sport and Recreation	-	60	-						
Health	6,242								
Human Settlements	12,198	19,310	11,225				8,025		
Arts and Culture- Community Library Services	-	7,450	6,618	581	581	581	14,636	15,136	15,136
Arts and Culture- Provincialisation	14,800	16,231	9,940	9,805	9,805	9,805			
Arts and Culture-Museum Subsidies	-	478	268	400	400	400			
COGTA	-	222	106						
Other grant providers:	-	413	-	-	-	-	-	-	-
Developer Contribution		413							
Total Operating Transfers and Grants	448,122	519,604	466,156	469,491	472,367	472,367	542,411	566,964	609,267

1.4.1 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.

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. The regulations prescribing the rate ratio for the non-residential categories, public

service infrastructure and agricultural properties relative to residential properties to be 0, 25:1 came into effect on 1 July 2009, whilst the rate ratio for Public Benefit Organizations came into effect on 1 July 2010. The Property Rates Policy of the Municipality has been amended accordingly.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a 6.0 per cent increase from 1 July 2017 is contained below:

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 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). In addition to this rebate, a 100% rebate is granted on property values between R15 001 and R 100 000 is granted in terms of the City's own Property Rates Policy;
- For pensioners, disability grantees and child headed households, a maximum/total rebate of 40 per cent 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 R 3 700.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a 6.0 per cent increase from 1 July 2017 is contained below:

Table 5 Comparison of proposed rates to levied for the 2017/18 financial year

							2016/17	2017/18	
							Cents in the R	Cents in the R	% Incr
(a)	Vacant Land - no rebate granted (net)						0.0216	0.0229	6.00%
(b)	Unauthorised use plus surcharge						0.0371	0.0393	6.00%
(c)	Residential Property						0.0119	0.0126	6.00%
(d)	Other Properties						0.0209	0.0222	6.00%
(e)	Agricultural Property						0.0029	0.0031	6.00%
(f)	Public Service Infrastructure						0.0029	0.0031	6.00%
(g)	Rural Communal Property						0.0162	0.0172	6.00%
(h)	Home Business and DSF properties						0.0162	0.0172	6.00%
(i)	Sectional Title Garages - Separately Registered						0.0119	0.0126	6.00%
(j)	Mining						0.0209	0.0222	6.00%
(k)	Public Benefit Organisations						0.0029	0.0031	6.00%

1.4.2 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:

- Council is working towards ensuring that water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umgeni Water has increased its bulk tariffs with an average of 15 per cent from 1 July 2017.

Umgeni Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Umgeni Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise funds for infrastructure upgrades, hence the above inflation increase in the bulk cost of water.

An average tariff increase of 15 per cent 1 July 2016 for water is proposed. The specific increases for different categories are detailed in the tariffs of charges and in the extract below.

Table 6 Proposed Water Tariffs

INFRASTRUCTURE SERVICES AND FACILITIES WATER DISTRIBUTION AND SANITATION MANAGEMENT									
							2016/17	2017/18	
							Excl. Vat	Excl. Vat	% Incr
Water Supply Tariffs									
1	Scale 2 (1) – Domestic								
		Basic Charge					R 18.74	R 19.87	6.00%
		0kl to 6kl					R 53.70	R 61.76	15.00%
	2 (2) – Domestic								
		7kl to 30kl per kl					R 18.07	R 20.78	15.00%
	2 (3) – Domestic								
		31kl to 60kl per kl					R 31.23	R 35.91	15.00%
	2 (4) Domestic								
		61kl and over per kl					R 36.45	R 41.92	15.00%
	2 (5) Domestic								
		Flat rate (unmetered households)					R 80.28	R 92.32	15.00%
2	Scale 3A – Flats, Simplexes								
		Basic Charge					R 18.74	R 19.87	6.00%
		Unit					R 17.03	R 19.59	15.00%
3	Scale 3B – Flats (Non-Rateable)								
		Basic Charge					R 18.74	R 19.87	6.00%
		Unit					R 23.44	R 26.95	15.00%
4	Scale 4A (1) – Commercial								
		Basic Charge					R 31.24	R 33.11	6.00%
		0 - 30 kl per kl					R 19.07	R 21.93	15.00%
	4A (2) – Commercial								
		31kl to 60kl per kl					R 21.25	R 24.44	15.00%

INFRASTRUCTURE SERVICES AND FACILITIES								
WATER DISTRIBUTION AND SANITATION MANAGEMENT								
						2016/17	2017/18	
						Excl. Vat	Excl. Vat	% Incr
Water Supply Tariffs								
	4A (3) – Commercial							
		61kl to 100kl per kl				R 24.93	R 28.67	15.00%
	4A (4) – Commercial							
		101kl and over per kl				R 19.07	R 21.93	15.00%
5	Scale 4B – Commercial (Non-Rateable)							
		Basic Charge				R 31.24	R 33.11	6.00%
		Unit				R 23.52	R 27.05	15.00%
6	Scale 5 – Builders, Construction Sites							
		Basic Charge				R 31.24	R 33.11	6.00%
		Unit				R 23.84	R 27.42	15.00%
		Flat Rate - Unmetered Fire Mains				R 200.70	R 230.81	15.00%
7	Scale 6 – Religious Organisations							
		Basic Charge				R 31.24	R 33.11	6.00%
		Unit				R 18.91	R 21.74	15.00%
8	Scale 7 – Registered Welfare & Charitable Institutions & certain Sporting Bodies							
		which are exempted from payment of rates. Including such organizations & institutions exempted by the City Council.						
		Basic Charge				R 31.24	R 33.11	6.00%
		Unit				R 18.91	R 21.74	15.00%
10	Scale 8 – Municipal Departments							
		Unit				R 18.06	R 20.76	15.00%

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 1.88 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

Considering the Eskom increases, the proposed consumer tariff had to be increased by 1.88 per cent to offset the additional bulk purchase cost from 1 July 2017.

INFRASTRUCTURE SERVICES AND FACILITIES ELECTRICITY DISTRIBUTION MANAGEMENT City Electrical Engineers								
						2016/17	2017/18	
						Excl. Vat	Excl. Vat	% Incr
Scale S0: Domestic Indigent 20 Amp								
Qualifying indigent consumers will receive the first 70kWh of electricity free.								
Conditional on being on Prepaid with 20 Amps Current limiting breaker								
3	Energy Charge only (cents)	No Basic Charge				104.63	106.60	1.88%
Scale S1: Domestic Life Line Tariff 20 Amp								
4	Energy Charge only (cents)					120.82	123.09	1.88%
	No Basic Charge							
Scale S2: Domestic Straight Line Tariff - 40 Amps 1 phase								
5.1	Energy Charge only (cents)					120.82	123.09	1.88%
	Basic Charge (Included in the Municipal Bill/or deducted by Vending System) per month					R 98.99	R 100.85	1.88%
Scale S3.1: Domestic Straight Line Tariff - 40 Amps to 60 Amps 1 phase								
5.2	Energy Charge only (cents)					139.95	142.58	1.88%
	Basic Charge (Included in the Municipal Bill/or deducted by Vending System) per month					0.00	0.00	
Scale S3.2: High End Straight Line Tariff - 60 to 100 Amps 1 phase - ENERGY CHARGED FOR DOMESTIC DISCOUNTED BY 20%								
5.3	Energy Charge only (cents)					158.52	161.50	1.88%
	Low End - Basic Charge - 20 to 40 A Supply (Included in the Municipal Bill/or deducted by Vending System) per month					R 98.99	R 100.85	1.88%
	Medium End - Basic Charge - 60 A Supply (Included in the Municipal Bill/or deducted by Vending System) per month					R 123.74	R 126.06	1.88%
	High End - Basic Charge - 80 A Supply (Included in the Municipal Bill/or deducted by Vending System) per month					R 154.67	R 157.58	1.88%
Scale S4: 3 Phase Straight Line Tariff - 100 Amps 3 phase - FOR DOMESTIC ONLY								
5.4	Energy Charge only (cents)					158.52	161.50	1.88%
	Low End - Basic Charge - 20 A Supply (Included in the Municipal Bill/or deducted by Vending System) per month					R 148.49	R 151.28	1.88%
	Medium End - Basic Charge - 40 A Supply (Included in the Municipal Bill/or deducted by Vending System) per month					R 296.97	R 302.55	1.88%
	High End - Basic Charge - 60 A Supply (Included in the Municipal Bill/or deducted by Vending System) per month					R 464.02	R 472.74	1.88%
Scale TD1: Time Of Use Domestic Single Phase								
Supply Metered by a Smart Meter (Conditional on Municipality rolling out Smart Meters to Community)								
6	Scale TD.1 Time Of Use Domestic Single Phase							
	Basic Charge per month					R 47.98	R 48.88	1.88%
	Capacity charge per kVA per month					R 8.82	R 8.98	1.88%
	Energy charge c/kWh (Periods as per shown in table below - public holidays treated as normal day)							
	High Demand: (June, July, August)							
		Peak				307.14	312.91	1.88%
		Standard				101.00	102.90	1.88%
		Off Peak				60.05	61.18	1.88%
	Low Demand: (Other Months)							
		Peak				107.87	109.90	1.88%
		Standard				77.80	79.26	1.88%
		Off Peak				53.53	54.53	1.88%

Comparison between current electricity charges and increase (Domestic)

Monthly Consumption KWH	Current payable	Proposed amount payable	Difference (increase)	Percentage Change
100	87.22	88.86	1.64	1.88%
250	218.06	222.16	4.10	1.88%
500	436.1	444.3	8.20	1.88%
750	654.16	666.46	12.30	1.88%
1000	872.21	888.61	16.40	1.88%
2000	1744.41	1777.2	32.79	1.88%

The inadequate electricity bulk capacity and impact on service delivery and development remains a challenge for the City. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines. The City has embarked on an upgrade programme that will see the stabilising of the electricity distribution network.

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 tariffs- as a result tariff increases would be unaffordable for the consumers. As part of the 2017/18 MTREF, funding has been allocated to electricity infrastructure upgrade and the main funding source is DBSA loan.

1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 6.0 per cent for sanitation from 1 July 2017 is proposed.

INFRASTRUCTURE SERVICES AND FACILITIES WATER DISTRIBUTION AND SANITATION MANAGEMENT								
Sewerage Tariffs								
						2016/17 Excl. Vat	2017/18 Excl. Vat	% Incr
Based on the relevant Water Scale Sewerage Tariffs								
1	Scale 2 – Domestic/House					R 136.36	R 144.54	6.00%
2	Home Business					R 153.74	R 162.97	6.00%
3	Scale 3A – Flats/Simplexes per kl					R 7.23	R 7.67	6.00%
4	Scale 4A – Business/Commercial per kl							
	0 - 400					R 7.39	R 7.84	6.00%
	401 - 1000					R 6.90	R 7.32	6.00%
	Greater than 1000					R 5.70	R 6.05	6.00%
	Subject to a maximum of					R 29,748.63	R 31,533.55	6.00%
5	Vacant Land					R 136.36	R 144.54	6.00%
6	Scale 6 – Worship Places					R 260.13	R 275.74	6.00%
7	Scale 8M – Municipal Departments per kl					R 7.39	R 7.84	6.00%

1.4.4 Waste Removal and Impact of Tariff Increases

A 6.0 per cent increase in the waste removal tariff is proposed from 1 July 2017

The following table compares current and proposed amounts payable from 1 July 2017:

COMMUNITY SERVICES AND SOCIAL EQUITY								
WASTE MANAGEMENT								
Refuse Removal Tariffs								
						2016/17	2017/18	
						Excl. Vat	Excl. Vat	% Incr
Standard charges for Domestic and Commercial Refuse Removal								
Based on relevant Electricity Scale								
Refuse Removal Tariffs								
1	Domestic							
		Single phase up to 80A				R 88.19	R 93.48	6.00%
		Three phase up to 100A				R 88.19	R 93.48	6.00%
		Prepayment Meter				R 88.18	R 93.47	6.00%
2	Home Business							
		Single phase up to 80A				R 133.69	R 141.71	6.00%
		Three phase up to 100A				R 133.69	R 141.71	6.00%
		Prepayment Meter				R 133.69	R 141.71	6.00%
3	Small Power Users - Business/Commercial							
		Single phase up to 80A				R 252.66	R 267.81	6.00%
		Three phase up to 100A				R 252.66	R 267.81	6.00%
4	Large Power Users – Business/Commercial							
		Supply taken at 400V				R 252.66	R 267.81	6.00%
		Supply taken at 6.6 or 11kV				R 252.66	R 267.81	6.00%
5	Flats/Simplexes					R 74.73	R 79.22	6.00%
6	Qualifying indigent consumers will receive 100% rebate in respect of the applicable charge.							
7	Previously PHB Housing and Informal Settlements (MASS HOUSING) - per household per month							
						R 17.76	R 18.83	6.00%
8	Central Business District							
						R 335.99	R 356.15	6.00%
		Main cbd bordered by East(Massukwane), Winston/Victoria, Bulwer, Boschoff, Alan Paton, Prince Alfred, Railway, Pine. Greytown Rd form East To Trichy, Balhambra Way from Greytown Road to Newholme Way, Khan Road from Greytown Road to Deccan Road, Mysore Road from Greytown Road to Bangalore Road, Alan Paton up till King Edward Ave.						
9	For areas not being billed but supplied with prepaid electricity meters to cover the cost of co-operative supplied refuse collection services.							
							R 15.00	NEW
10	Recycling per business and domestic household based on an average value of 1kg of mixed recyclables, per week							
							R 1.98	NEW
11	Recycling to be added to the prepaid metering system, per week							
							R 1.98	NEW
Note: Home Business								
Refers to a property previously rated as residential where an owner or lessee runs a small business from the premises and which is still primarily used as a place of residence by that owner or lessee and where special consent has been obtained in terms of the Town Planning scheme to run this business on the premises.								

1.4.5 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.

Table 7 MBRR Table SA14 – Household bills

KZN225 Msunduzi - Supporting Table SA14 Household bills

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	585.00	530.00	561.80	595.51	593.50	593.50	6.0%	629.11	666.86	706.87
Electricity : Basic levy	24.57	27.03	30.33	32.65	32.65	32.65	1.9%	33.23	33.85	34.49
Electricity : Consumption	647.80	722.20	810.31	872.22	872.22	872.22	1.9%	888.62	905.33	922.35
Water: Basic levy	15.76	15.76	17.68	19.65	18.74	18.74	1.2%	19.88	21.08	22.34
Water: Consumption	332.16	360.96	390.56	434.11	433.68	433.68	14.9%	498.72	528.48	560.40
Sanitation	115.14	121.58	128.63	136.35	136.35	136.35	6.0%	144.53	153.20	162.39
Refuse removal	74.47	78.64	83.20	88.19	88.19	88.19	6.0%	94.19	99.84	105.83
Other										
sub-total	1,794.90	1,856.17	2,022.51	2,178.68	2,175.33	2,175.33	5.9%	2,308.28	2,408.64	2,514.67
VAT on Services										
Total large household bill:	1,794.90	1,856.17	2,022.51	2,178.68	2,175.33	2,175.33	5.9%	2,308.28	2,408.64	2,514.67
% increase/-decrease		3.4%	9.0%	7.7%	(0.2%)	-		6.1%	4.3%	4.4%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	390.00	353.33	374.53	397.00	397.00	397.00	6.0%	420.67	446.00	473.33
Electricity : Basic levy	24.57	27.03	30.33	32.65	32.65	32.65	1.9%	33.26	35.25	37.37
Electricity : Consumption	323.90	361.10	405.15	436.10	436.10	436.10	1.8%	444.00	470.50	498.50
Water: Basic levy	15.76	15.76	17.68	19.65	18.74	18.74	1.2%	19.88	21.08	22.34
Water: Consumption	262.96	285.76	309.19	343.66	343.66	343.66	14.9%	394.82	418.38	443.65
Sanitation	115.14	121.58	128.63	136.36	136.36	136.36	6.0%	144.54	153.21	162.40
Refuse removal	74.47	78.64	83.20	88.19	88.19	88.19	6.0%	93.48	99.09	105.04
Other										
sub-total	1,206.80	1,243.20	1,348.71	1,453.61	1,452.70	1,452.70	6.7%	1,550.65	1,643.51	1,742.63
VAT on Services	114.35	124.58								
Total small household bill:	1,321.15	1,367.78	1,348.71	1,453.61	1,452.70	1,452.70	6.7%	1,550.65	1,643.51	1,742.63
% increase/-decrease		3.5%	(1.4%)	7.8%	(0.1%)	-		6.7%	6.0%	6.0%
			-1.40	-6.58	-1.01	-1.00				
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	195.00	176.67	187.27	198.51	198.33	198.33	5.8%	210.00	223.33	236.67
Electricity : Basic levy	-	-	-	-	-	-		-	-	-
Electricity : Consumption	194.34	216.66	243.09	261.66	261.66	261.66	1.9%	266.58	282.57	299.52
Water: Basic levy	15.83	16.71	17.68	19.65	19.65	19.65	1.2%	19.88	21.08	22.34
Water: Consumption	198.64	210.56	227.83	253.23	252.98	252.98	14.9%	290.92	308.28	326.90
Sanitation	-	-	-	-	-	-		-	-	-
Refuse removal	-	-	-	-	-	-		-	-	-
Other										
sub-total	603.81	620.60	675.87	733.05	732.62	732.62	7.4%	787.38	835.26	885.43
VAT on Services	57.23	62.15								
Total small household bill:	661.05	682.75	675.87	733.05	732.62	732.62	7.4%	787.38	835.26	885.43
% increase/-decrease		3.3%	(1.0%)	8.5%	(0.1%)	-		7.5%	6.1%	6.0%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)
4. Note this is for a SINGLE household.

1.5 Operating Expenditure Framework

The City's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Funded 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; and

- **Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.**

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Expenditure By Type										
Employee related costs	821,108	881,616	938,283	1,035,660	1,083,226	1,083,226	1,083,226	1,140,659	1,209,107	1,281,653
Remuneration of councillors	37,100	34,657	41,763	43,033	43,033	43,033	43,033	45,185	47,444	49,816
Debt impairment	112,679	222,110	92,508	120,815	120,815	120,815	120,815	103,942	110,178	116,789
Depreciation & asset impairment	453,332	481,107	554,292	506,103	506,103	506,103	506,103	536,470	568,658	602,777
Finance charges	67,174	71,169	75,095	65,460	67,130	67,130	67,130	62,129	52,804	43,801
Bulk purchases	1,453,402	1,586,802	1,799,214	1,936,708	1,963,823	1,963,823	1,963,823	2,073,551	2,192,161	2,324,945
Other materials	139,060	193,317	151,360	180,842	49,928	49,928	49,928	85,667	90,807	96,256
Contracted services	21,066	29,698	65,468	35,108	444,777	444,777	444,777	420,405	445,629	472,367
Transfers and subsidies	4,429	11,572	5,911	148,325	148,325	148,325	148,325	8,901	9,346	9,813
Other expenditure	489,573	620,296	521,580	380,320	315,756	315,756	315,756	292,109	294,399	312,062
Loss on disposal of PPE	12,291									
Total Expenditure	3,611,214	4,132,346	4,245,473	4,452,374	4,742,917	4,742,917	4,742,917	4,769,018	5,020,534	5,310,280

The budgeted allocation for employee related costs for the 2017/18 financial year totals R1.140 billion, which equals to 24 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2017/18 and the two outer years. An amount of R45 million has been set aside to fund critical and strategically important vacancies. In addition, expenditure against overtime was critically reviewed for inefficiencies and significantly streamlined with provisions against this budget item only being provided for emergency services and other critical functions.

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 City's budget. A increase of 5% has been provided for.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the City. For the 2017/18 financial year this amount equates to R103.9 million and escalates to R116.8 million by 2019/20. 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 R536.5 million for the 2017/18 financial year which equates to 11,3 per cent of the total operating expenditure. The asset register, the recent conditional assessment of assets, the current year's capital budget and the new year's proposed capital budget have been taken into account in determining the depreciation budget.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.3 per cent (R62.1 million) of operating expenditure excluding annual redemption for 2017/18 and decreases to R43.8 million by 2019/20. As the capital portion of loans are repaid.

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

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and consumables. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. 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.

For 2017/18 the appropriation against this item of expenditure is R277.9 million and continues to grow to R292.8 million and R310.5 million for the two outer years.

Contracted Services and Other Material have been largely affected by the implementation of mSCOA and they form part of many operational projects as the municipality has adopted a project based budgeting as per mSCOA regulations. Repairs and Maintenance has also contributed to these items. Also included in contracted services are security costs.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved which is why it has decreased quite substantially.

The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.

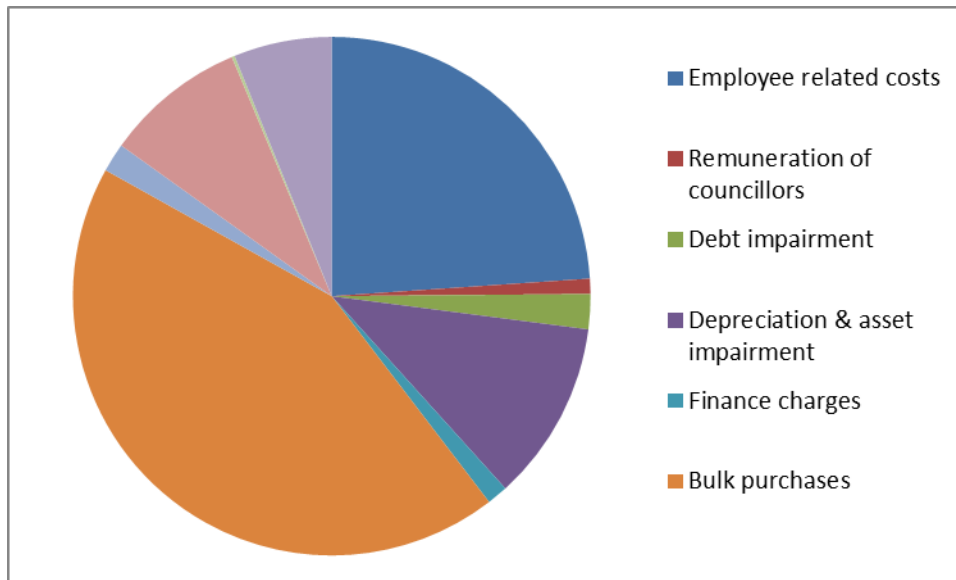


Figure 1 Main operational expenditure categories for the 2017/18 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. 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. The provision for repairs and maintenance is below the norm due to a huge provision on capital budget being towards infrastructure renewal. Considering these cost drivers, the following table is a consolidation by business unit of the repairs and maintenance expenditures:

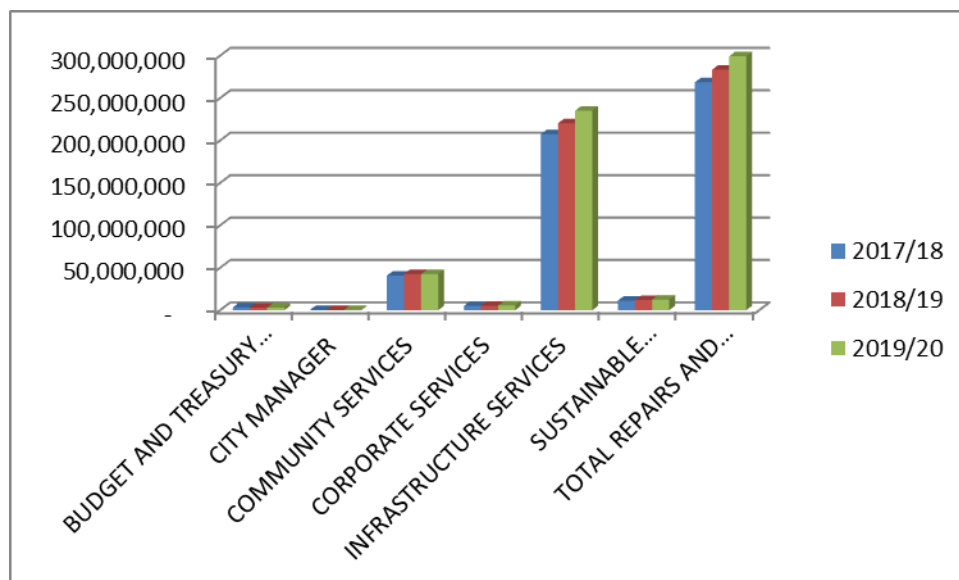


Table 9 Operational repairs and maintenance

2017/18 MTREF

REPAIRS AND MAINTENANCE

	2017/18	2018/19	2019/20
BUDGET AND TREASURY OFFICE	3,423,000	2,914,000	3,055,000
CITY MANAGER	307,000	307,000	307,000
COMMUNITY SERVICES	40,846,000	42,778,000	42,557,000
CORPORATE SERVICES	5,073,000	5,109,000	5,566,000
INFRASTRUCTURE SERVICES	216,804,000	229,653,000	246,446,000
SUSTAINABLE DEVELOPMENT AND CITY ENTERPRISES	11,418,000	11,990,000	12,588,000
TOTAL REPAIRS AND MAINTENANCE	277,871,000	292,751,000	310,519,000

Over the years, operational repairs and maintenance has been identified as a strategic imperative owing to the aging of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance has been continually increasing in the municipality's budget over the past few years. The total allocation for 2017/18 equates to R277.9 million which is a 27 per cent increase from 2016/17. In relation to the total operating expenditure, repairs and maintenance comprises of 5.63%, 5.65% and 5.64% for the respective financial years of the MTREF. This is aligned to capital budget of which 85 per cent of the R&M budget is directed towards the upgrade of infrastructure assets which therefore compensates for the lower repairs and maintenance budget.

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

Table 10 Repairs and maintenance per asset class

KZN225 Msunduzi - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description R thousand	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	57,050	86,063	127,246	135,342	135,342	135,342	207,603	220,342	235,246
Community Assets		24,446	17,218	13,455	13,455	13,455	40,846	42,778	42,557
Heritage assets	46,220	38,222	18,379				1,053	1,106	1,161
Other assets	1,722	14,627		22,547	22,547	22,547	12,510	12,399	11,476
Intangible Assets							7,900	7,950	9,660
Computer Equipment							5,280	5,414	7,144
Furniture and Office Equipment							483	549	964
Machinery and Equipment	22,449	11,658					953	1,001	1,051
Transport Assets	11,618	18,301					1,242	1,213	1,260
Total Repairs and Maintenance E	139,060	193,317	162,844	171,344	171,344	171,344	277,871	292,751	310,519

For the 2017/18 financial year, 79 per cent or R207.6 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 62 per cent (R129.2 million), followed by Roads infrastructure at 19.8 per cent (R41.1 million) and Water Infrastructure at 8.6 per cent (R17.9 million).

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

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.

1.6 Capital expenditure

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

Table 51 2017/18 Medium-term capital budget per vote

KZN225 Msunduzi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

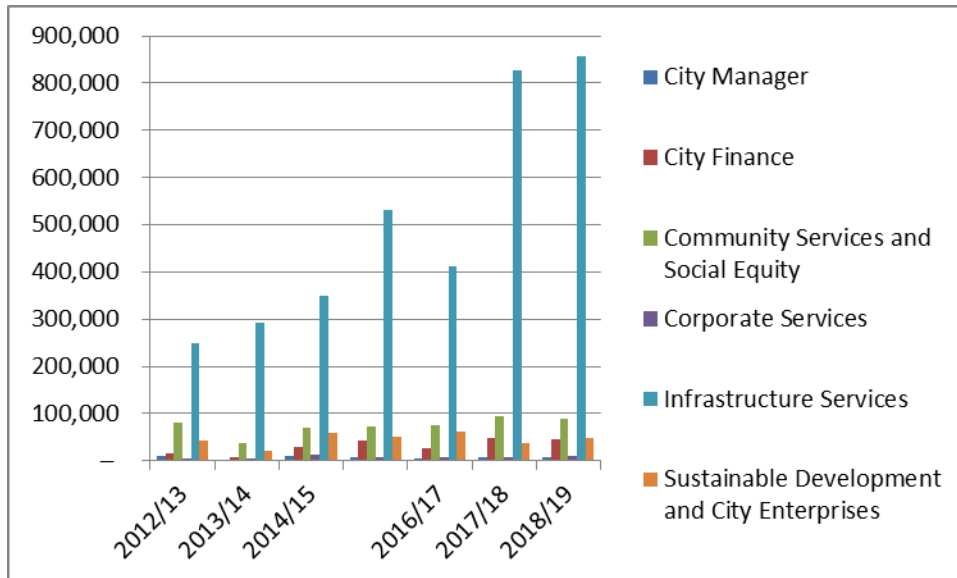
Vote Description R thousand	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 MTREF		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - City Manager	3,100	9,665	7,174	5,750	7,250	7,250	7,250	195,482	96,988	98,621
Vote 2 - City Finance	7,012	28,581	36,832	25,710	27,070	27,070	27,070	37,407	25,700	25,655
Vote 3 - Community Services and Social Equity	37,001	70,439	51,049	71,265	97,765	97,765	97,765	58,137	54,085	53,929
Vote 4 - Corporate Services	4,688	12,517	6,460	6,512	26,496	26,496	26,496	31,400	6,400	6,400
Vote 5 - Infrastructure Services	291,605	348,961	343,510	557,664	645,805	645,805	645,805	273,434	278,213	268,131
Vote 6 - Sustainable Development and City Enterprises	20,500	58,475	31,261	67,341	67,341	67,341	67,341	56,135	61,885	80,857
Capital multi-year expenditure sub-total	363,906	528,636	476,286	734,241	871,726	871,726	871,726	651,994	523,272	533,593

The total capital budget for 2017/18 is R651.9 million of which 70% (R456.6 million) is funded through conditional grants from national and provincial government, 6% (R38.8 million) funded through borrowings and 24% (R156.6 million) is funded through internal reserves. About 30% (R197 million) of the total capital budget will go towards renewal of existing assets while 55% (R356.6 million) is going to be spent on new assets and 15% (R98.5 million) is going to be spent on upgrading of existing assets.

Further details relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c 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).

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 by vote over the MTREF.



1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 91. It needs to be noted that as part of the 2017/18 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality’s 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 62 MBRR Table A1 - Budget

KZN225 Msunduzi - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	602,954	686,396	742,052	798,728	798,728	798,728	798,728	846,651	897,450	951,297
Service charges	2,073,501	2,227,636	2,468,237	2,878,830	2,878,830	2,878,830	2,878,830	3,017,350	3,178,907	3,358,254
Investment revenue	43,343	50,973	68,242	49,270	49,270	49,270	49,270	52,227	55,360	58,682
Transfers recognised - operational	448,122	519,604	466,156	489,491	547,243	547,243	547,243	542,411	566,964	609,267
Other own revenue	293,743	340,272	246,123	256,627	479,177	479,177	479,177	426,328	451,908	479,023
Total Revenue (excluding capital transfers and contributions)	3,461,662	3,824,882	3,990,810	4,472,946	4,753,249	4,753,249	4,753,249	4,884,967	5,150,590	5,456,522
Employee costs	821,108	881,616	938,283	1,035,660	1,083,226	1,083,226	1,083,226	1,140,659	1,209,107	1,281,653
Remuneration of councillors	37,100	34,657	41,763	43,033	43,033	43,033	43,033	45,185	47,444	49,816
Depreciation & asset impairment	453,332	481,107	554,292	506,103	506,103	506,103	506,103	536,470	568,658	602,777
Finance charges	67,174	71,169	75,095	65,460	67,130	67,130	67,130	62,129	52,804	43,801
Materials and bulk purchases	1,592,462	1,780,120	1,950,574	2,117,550	2,013,751	2,013,751	2,013,751	2,159,218	2,282,968	2,421,201
Transfers and grants	4,429	11,572	5,911	148,325	148,325	148,325	148,325	8,901	9,346	9,813
Other expenditure	635,610	872,104	679,556	536,243	881,349	881,349	881,349	816,456	850,206	901,218
Total Expenditure	3,611,214	4,132,346	4,245,473	4,452,374	4,742,917	4,742,917	4,742,917	4,769,018	5,020,534	5,310,280
Surplus/(Deficit)	(149,552)	(307,464)	(254,664)	20,572	10,332	10,332	10,332	115,949	130,057	146,242
Transfers and subsidies - capital (monetary allocated)	246,183	356,459	303,484	467,414	459,374	459,374	459,374	456,612	392,185	386,162
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	96,631	48,995	48,821	487,986	469,707	469,707	469,707	572,561	522,241	532,403
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	96,631	48,995	48,821	487,986	469,707	469,707	469,707	572,561	522,241	532,403
Capital expenditure & funds sources										
Capital expenditure	363,906	528,636	476,286	726,241	871,726	871,726	871,726	651,994	523,272	533,593
Transfers recognised - capital	246,183	356,459	303,484	447,973	459,374	459,374	459,374	456,612	392,185	386,162
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	100,000	62,181	158,268	158,268	158,268	158,268	38,800	-	-
Internally generated funds	117,723	72,177	110,621	120,000	254,084	254,084	254,084	156,582	131,087	147,432
Total sources of capital funds	363,906	528,636	476,286	726,241	871,726	871,726	871,726	651,994	523,272	533,593
Financial position										
Total current assets	2,641,105	1,978,149	2,301,492	3,135,284	3,195,090	3,195,090	3,195,090	3,504,054	4,077,663	4,682,779
Total non current assets	6,780,888	7,987,597	7,913,847	7,640,388	7,704,104	7,704,104	7,704,104	7,800,202	7,763,816	7,694,632
Total current liabilities	952,247	905,075	1,026,044	1,319,101	1,319,101	1,319,101	1,319,101	1,131,125	1,188,241	1,251,853
Total non current liabilities	1,104,757	1,197,150	1,261,220	1,255,547	1,255,547	1,255,547	1,255,547	1,216,839	1,176,722	1,138,763
Community wealth/Equity	7,364,991	7,863,521	7,928,075	8,201,024	8,324,546	8,324,546	8,324,546	8,956,292	9,476,516	9,986,795
Cash flows										
Net cash from (used) operating	664,587	496,885	567,242	773,947	832,304	832,304	832,304	909,389	882,641	908,187
Net cash from (used) investing	(516,099)	(546,886)	(476,769)	(617,305)	(681,021)	(681,021)	(681,021)	(651,994)	(523,272)	(533,593)
Net cash from (used) financing	(39,283)	55,661	46,218	37,488	37,488	37,488	37,488	(79,368)	(83,217)	(83,644)
Cash/cash equivalents at the year end	827,273	832,933	969,624	1,106,839	1,166,713	1,166,713	1,166,713	1,155,969	1,432,121	1,723,071
Cash backing/surplus reconciliation										
Cash and investments available	834,844	840,868	977,942	1,051,657	1,111,463	1,111,463	1,111,463	1,155,969	1,432,121	1,723,071
Application of cash and investments	(282,806)	(294,049)	(423,320)	(61,400)	(1,881)	(1,881)	(1,881)	(265,134)	(470,284)	(687,347)
Balance - surplus (shortfall)	1,117,650	1,134,917	1,401,262	1,113,058	1,113,345	1,113,345	1,113,345	1,421,103	1,902,405	2,410,419
Asset management										
Asset register summary (WDV)	6,495,079	7,701,507	7,615,306	7,405,404	7,469,120	7,469,120	7,565,219	7,565,219	7,528,833	7,459,649
Depreciation	453,332	481,107	554,292	506,103	506,103	506,103	536,470	536,470	568,658	602,777
Renewal of Existing Assets	189,594	410,791	393,635	507,787	558,038	558,038	558,038	196,980	132,313	136,751
Repairs and Maintenance	139,060	193,317	162,844	171,344	171,344	171,344	277,871	277,871	292,751	310,519
Free services										
Cost of Free Basic Services provided	35,063	37,278	128,564	142,423	142,423	142,423	159,570	159,570	183,190	210,347
Revenue cost of free services provided	367,505	5,483	199	391,617	391,617	391,617	415,114	415,114	440,021	466,422
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	57	57	56	56	56	56	56	56	56	56

Explanatory notes to MBRR Table A1 - Budget Summary

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

Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN225 Msunduzi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
Revenue - Functional									
Governance and administration	1,321,505	1,220,061	1,188,812	1,409,466	1,533,150	1,533,150	1,761,665	1,872,870	1,989,024
Executive and council	5,799	14,303	3,116	1,625	-	-	0	1	1
Finance and administration	1,315,707	1,205,759	1,185,695	1,407,841	1,533,150	1,533,150	1,761,664	1,872,870	1,989,024
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	43,927	52,065	40,245	47,049	101,047	101,047	104,035	85,060	87,128
Community and social services	14,455	10,928	13,733	28,730	30,336	30,336	23,170	23,854	24,049
Sport and recreation	15,617	2,736	2,370	885	885	885	960	1,017	1,078
Public safety	8,782	15,255	4,482	1,319	682	682	710	753	798
Housing	-	23,146	19,645	16,080	69,144	69,144	79,195	59,436	61,202
Health	5,074	-	13	34	-	-	-	-	-
Economic and environmental services	162,232	172,242	163,660	462,659	423,091	423,091	505,076	419,602	445,263
Planning and development	41,154	39,565	16,464	42,694	32,919	32,919	50,700	44,960	45,938
Road transport	121,078	132,677	147,196	419,966	390,140	390,140	418,673	336,075	357,944
Environmental protection	-	-	-	-	32	32	35,704	38,567	41,380
Trading services	2,085,792	2,660,443	2,873,587	2,989,815	3,096,336	3,096,336	2,921,609	3,113,097	3,265,994
Energy sources	1,499,230	1,754,280	1,853,479	1,930,009	1,814,528	1,814,528	1,515,685	1,515,909	1,507,900
Water management	380,807	678,151	713,810	790,063	979,627	979,627	1,106,643	1,279,067	1,420,107
Waste water management	126,301	138,622	198,688	162,804	176,288	176,288	193,750	206,258	219,413
Waste management	79,454	89,390	107,610	106,939	125,894	125,894	105,531	111,863	118,574
Other	94,388	76,529	27,991	31,371	58,998	58,998	49,194	52,145	55,274
Total Revenue - Functional	3,707,845	4,181,341	4,294,294	4,940,360	5,212,623	5,212,623	5,341,579	5,542,775	5,842,683
Expenditure - Functional									
Governance and administration	680,983	484,549	783,668	506,662	1,100,783	1,100,783	893,233	932,942	1,032,521
Executive and council	17,389	148,754	127,407	112,228	182,304	182,304	154,440	160,609	173,889
Finance and administration	663,593	335,795	656,261	394,434	918,479	918,479	719,255	751,686	836,811
Internal audit	-	-	-	-	-	-	19,537	20,647	21,821
Community and public safety	578,244	781,100	565,021	568,287	579,081	579,081	413,064	458,597	485,910
Community and social services	80,050	193,660	83,424	151,064	128,625	128,625	114,911	114,935	122,030
Sport and recreation	180,101	168,703	154,380	119,251	112,279	112,279	142,763	180,831	191,506
Public safety	267,116	340,451	258,571	231,908	248,075	248,075	81,567	86,374	91,443
Housing	48,487	48,922	49,573	41,912	85,897	85,897	69,301	71,635	75,788
Health	2,490	29,364	19,074	24,153	4,205	4,205	4,522	4,822	5,143
Economic and environmental services	504,027	393,880	420,106	542,480	281,247	281,247	498,237	506,085	543,035
Planning and development	73,197	39,192	100,092	107,350	78,613	78,613	158,285	167,435	177,699
Road transport	430,830	354,688	320,013	435,131	202,633	202,633	266,946	276,376	294,977
Environmental protection	-	-	-	-	-	-	73,006	62,275	70,359
Trading services	1,801,027	2,418,301	2,432,520	2,794,210	2,713,796	2,713,796	2,907,205	3,063,261	3,185,846
Energy sources	1,183,342	1,554,766	1,598,920	1,634,829	1,454,283	1,454,283	1,675,566	1,769,178	1,818,939
Water management	364,843	610,513	552,165	816,318	977,194	977,194	1,006,422	1,066,808	1,130,816
Waste water management	177,476	173,582	165,676	228,986	155,409	155,409	146,027	146,076	153,344
Waste management	75,367	79,439	115,758	114,077	126,909	126,909	79,190	81,199	82,747
Other	46,933	54,517	44,158	40,735	68,011	68,011	57,278	59,649	62,968
Total Expenditure - Functional	3,611,214	4,132,346	4,245,473	4,452,374	4,742,917	4,742,917	4,769,018	5,020,534	5,310,280
Surplus/(Deficit) for the year	96,631	48,995	48,821	487,986	469,707	469,707	572,561	522,241	532,403

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, however this is not the case for Water, Waste water and the Waste management functions, As already noted above, the municipality will be undertaking a detailed study of these functions 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 the Budget and Treasury Office.

Table 8 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN225 Msunduzi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

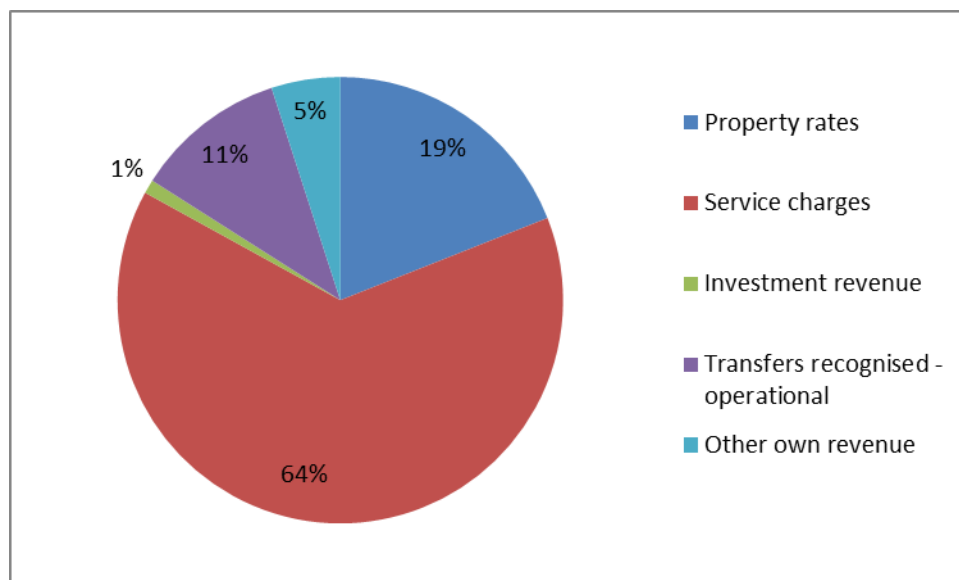
Vote Description R thousand	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote									
Vote 1 - City Manager	116,624	143,029	3,177	1,625	-	-	0	1	1
Vote 2 - City Finance	907,061	1,202,003	1,121,010	1,555,720	1,528,030	1,528,030	1,756,445	1,867,338	1,983,160
Vote 3 - Community Services and Social Equity	265,695	246,846	163,730	159,503	173,558	173,558	235,003	240,614	254,314
Vote 4 - Corporate Services	129,616	151,733	1,686	12,123	14,222	14,222	4,755	5,040	5,343
Vote 5 - Infrastructure Services	2,159,730	2,277,215	2,926,865	3,107,487	3,335,752	3,335,752	3,233,942	3,336,172	3,502,440
Vote 6 - Sustainable Development and City Enterp	129,119	160,514	77,827	103,902	161,061	161,061	111,434	93,609	97,426
Total Revenue by Vote	3,707,845	4,181,341	4,294,294	4,940,360	5,212,623	5,212,623	5,341,579	5,542,775	5,842,683
Expenditure by Vote to be appropriated									
Vote 1 - City Manager	121,916	148,754	151,048	141,794	182,304	182,304	184,149	191,665	204,576
Vote 2 - City Finance	907,746	886,140	705,531	667,068	737,441	737,441	579,540	612,850	639,809
Vote 3 - Community Services and Social Equity	342,370	578,734	451,868	528,372	683,982	683,982	512,624	614,780	733,119
Vote 4 - Corporate Services	109,281	154,425	145,332	210,381	231,884	231,884	168,868	173,986	122,707
Vote 5 - Infrastructure Services	1,961,423	2,143,728	2,613,573	2,745,523	2,663,737	2,663,737	3,027,522	3,134,631	3,296,379
Vote 6 - Sustainable Development and City Enterp	168,479	220,564	178,122	159,237	243,568	243,568	296,314	292,623	313,691
Total Expenditure by Vote	3,611,214	4,132,346	4,245,473	4,452,374	4,742,917	4,742,917	4,769,018	5,020,534	5,310,280
Surplus/(Deficit) for the year	96,631	48,995	48,821	487,986	469,707	469,707	572,561	522,241	532,403

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. 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 City's trading services.

Table 9 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source										
Property rates	602,954	686,396	742,052	798,728	798,728	798,728	798,728	846,651	897,450	951,297
Service charges - electricity revenue	1,486,939	1,566,133	1,784,586	2,008,246	2,008,246	2,008,246	2,008,246	2,038,443	2,076,766	2,115,809
Service charges - water revenue	380,807	452,443	473,021	623,188	623,188	623,188	623,188	716,666	824,166	947,791
Service charges - sanitation revenue	126,301	127,516	126,391	147,839	147,839	147,839	147,839	156,710	166,112	176,079
Service charges - refuse revenue	79,453	81,544	84,240	99,557	99,557	99,557	99,557	105,531	111,863	118,574
Service charges - other										
Rental of facilities and equipment	21,572	23,477	20,222	43,809	48,193	48,193	48,193	22,002	23,322	24,722
Interest earned - external investments	43,343	50,973	68,242	49,270	49,270	49,270	49,270	52,227	55,360	58,682
Interest earned - outstanding debtors	53,055	69,529	60,214	66,349	66,949	66,949	66,949	66,010	69,970	74,169
Dividends received										
Fines, penalties and forfeits	102,751	138,841	72,894	62,368	67,315	67,315	67,315	46,497	49,287	52,244
Licences and permits	81	89	90	92	89	89	89	94	100	106
Agency services	669	578	532	670	20,198	20,198	20,198	710	753	798
Transfers and subsidies	448,122	519,604	466,156	489,491	547,243	547,243	547,243	542,411	566,964	609,267
Other revenue	78,786	89,221	84,164	83,339	276,433	276,433	276,433	291,015	308,476	326,984
Gains on disposal of PPE	36,829	18,537	8,007							
Total Revenue (excluding capital transfers and contributions)	3,461,662	3,824,882	3,990,810	4,472,946	4,753,249	4,753,249	4,753,249	4,884,967	5,150,590	5,456,522
Expenditure By Type										
Employee related costs	821,108	881,616	938,283	1,035,660	1,083,226	1,083,226	1,083,226	1,140,659	1,209,107	1,281,653
Remuneration of councillors	37,100	34,657	41,763	43,033	43,033	43,033	43,033	45,185	47,444	49,816
Debt impairment	112,679	222,110	92,508	120,815	120,815	120,815	120,815	103,942	110,178	116,789
Depreciation & asset impairment	453,332	481,107	554,292	506,103	506,103	506,103	506,103	536,470	568,658	602,777
Finance charges	67,174	71,169	75,095	65,460	67,130	67,130	67,130	62,129	52,804	43,801
Bulk purchases	1,453,402	1,586,802	1,799,214	1,936,708	1,963,823	1,963,823	1,963,823	2,073,551	2,192,161	2,324,945
Other materials	139,060	193,317	151,360	180,842	49,928	49,928	49,928	85,667	90,807	96,256
Contracted services	21,066	29,698	65,468	35,108	444,777	444,777	444,777	420,405	445,629	472,367
Transfers and subsidies	4,429	11,572	5,911	148,325	148,325	148,325	148,325	8,901	9,346	9,813
Other expenditure	489,573	620,296	521,580	380,320	315,756	315,756	315,756	292,109	294,399	312,062
Loss on disposal of PPE	12,291									
Total Expenditure	3,611,214	4,132,346	4,245,473	4,452,374	4,742,917	4,742,917	4,742,917	4,769,018	5,020,534	5,310,280
Surplus/(Deficit)	(149,552)	(307,464)	(254,664)	20,572	10,332	10,332	10,332	115,949	130,057	146,242
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	246,183	356,459	303,484	467,414	459,374	459,374	459,374	456,612	392,185	386,162
Surplus/(Deficit) after capital transfers & contributions	96,631	48,995	48,821	487,986	469,707	469,707	469,707	572,561	522,241	532,403
Taxation										
Surplus/(Deficit) after taxation	96,631	48,995	48,821	487,986	469,707	469,707	469,707	572,561	522,241	532,403
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	96,631	48,995	48,821	487,986	469,707	469,707	469,707	572,561	522,241	532,403
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	96,631	48,995	48,821	487,986	469,707	469,707	469,707	572,561	522,241	532,403



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

1. Total revenue is R4.885 billion in 2017/18 and escalates to R5.457 billion by 2019/20. This represents an increase of 11.7% over the MTREF.
2. Revenue to be generated from property rates is R846.7 million in the 2017/18 financial year and increases to R951.3 million by 2019/20 which represents a 12.4 per cent increase of the operating revenue base of the City and therefore remains a significant funding source for the municipality.
3. Service charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R3.017 billion for the 2017/18 financial year and increasing to R3.358 billion by 2019/20. For the 2017/18 financial year services charges amount to 62 per cent of the total revenue base and grows by 11.3% over the entire MTREF. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
4. The following graph illustrates the major expenditure items per type.

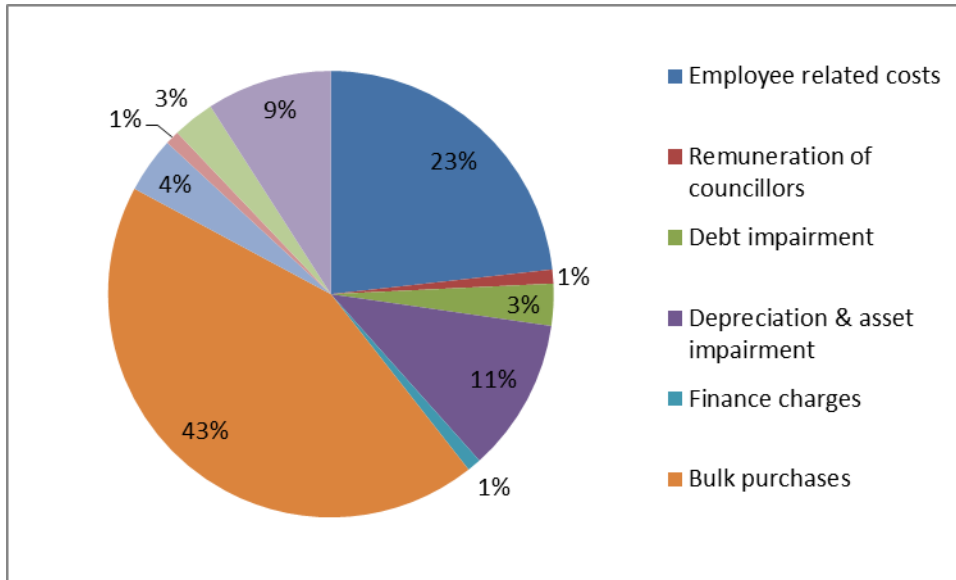


Figure 2 Expenditure by major type

5. Bulk purchases have steadily increased over the 2017/18 to 2019/20 period escalating from R2.073 billion to R2.325 billion. This increase can be attributed to the annual increase in the cost of bulk electricity from Eskom and water from Umgeni Water.
6. 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 10 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN225 Msunduzi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - City Manager	–	9,110	6,411	5,250	5,250	5,250	5,250	189,012	93,974	95,532
Vote 2 - City Finance	–	742	4,936	24,928	26,288	26,288	26,288	20,500	23,750	24,220
Vote 3 - Community Services and Social Equity	8,091	48,595	34,870	51,700	51,700	51,700	51,700	31,800	43,885	45,129
Vote 4 - Corporate Services	2,500	257	–	5,985	25,985	25,985	25,985	1,300	2,300	2,500
Vote 5 - Infrastructure Services	179,003	326,083	326,001	546,074	634,820	634,820	634,820	269,934	277,213	268,131
Vote 6 - Sustainable Development and City Enterpr	–	55,804	26,852	63,544	63,544	63,544	63,544	49,026	54,320	73,286
Capital multi-year expenditure sub-total	189,594	440,590	399,069	697,480	807,586	807,586	807,586	561,571	495,443	508,798
Single-year expenditure to be appropriated										
Vote 1 - City Manager	3,100	555	763	500	2,000	2,000	2,000	6,470	3,014	3,089
Vote 2 - City Finance	7,012	27,839	31,896	782	782	782	782	16,907	1,950	1,435
Vote 3 - Community Services and Social Equity	28,910	21,844	16,180	19,565	46,065	46,065	46,065	26,337	10,200	8,800
Vote 4 - Corporate Services	2,188	12,260	6,460	527	511	511	511	30,100	4,100	3,900
Vote 5 - Infrastructure Services	112,602	22,878	17,510	11,590	10,985	10,985	10,985	3,500	1,000	–
Vote 6 - Sustainable Development and City Enterpr	20,500	2,671	4,409	3,798	3,798	3,798	3,798	7,110	7,565	7,571
Capital single-year expenditure sub-total	174,312	88,046	77,217	36,761	64,140	64,140	64,140	90,423	27,829	24,795
Total Capital Expenditure - Vote	363,906	528,636	476,286	734,241	871,726	871,726	871,726	651,994	523,272	533,593
Capital Expenditure - Functional										
Governance and administration	17,037	50,762	50,466	37,971	61,213	61,213	61,213	257,708	122,611	124,276
Executive and council	16,843	9,665	7,174	5,750	7,237	7,237	7,237	220,302	96,911	98,576
Finance and administration	194	28,581	36,832	25,710	27,200	27,200	27,200	37,407	25,700	25,700
Internal audit	–	12,517	6,460	6,512	26,777	26,777	26,777	–	–	–
Community and public safety	21,180	68,187	52,921	103,238	136,872	136,872	136,872	70,227	62,976	82,979
Community and social services	20,051	17,495	4,763	32,740	63,364	63,364	63,364	30,567	22,945	24,042
Sport and recreation	202	45,618	39,271	31,425	34,434	34,434	34,434	12,200	15,700	15,700
Public safety	845	1,883	3,022	3,640	3,640	3,640	3,640	9,650	5,650	5,650
Housing	12	3,191	5,864	35,434	35,434	35,434	35,434	17,810	18,681	37,587
Health	71	–	–	–	–	–	–	–	–	–
Economic and environmental services	104,017	145,875	151,576	293,680	316,419	316,419	316,419	91,111	100,807	106,504
Planning and development	19,768	27,037	23,039	31,908	46,540	46,540	46,540	33,707	38,359	38,102
Road transport	83,894	117,841	126,943	260,312	268,418	268,418	268,418	57,404	62,448	68,402
Environmental protection	355	997	1,594	1,460	1,460	1,460	1,460	–	–	–
Trading services	146,738	235,566	218,966	291,352	357,223	357,223	357,223	223,699	222,655	205,470
Energy sources	68,142	136,907	112,513	190,721	256,710	256,710	256,710	73,293	42,468	46,491
Water management	35,159	53,989	65,591	58,728	70,304	70,304	70,304	98,391	126,735	104,347
Waste water management	43,437	32,050	37,404	31,403	19,159	19,159	19,159	44,345	46,562	48,890
Waste management	–	12,620	3,457	10,500	11,050	11,050	11,050	7,670	6,890	5,742
Other	74,933	28,247	2,357					9,248	14,222	14,364
Total Capital Expenditure - Functional	363,906	528,636	476,286	726,241	871,726	871,726	871,726	651,994	523,272	533,593
Funded by:										
National Government	198,921	299,283	270,402	428,074	424,639	424,639	424,639	447,745	386,718	380,695
Provincial Government	47,262	57,176	28,696	19,899	34,735	34,735	34,735	8,867	5,467	5,467
District Municipality	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	4,386	–	–	–	–	–	–	–
Transfers recognised - capital	246,183	356,459	303,484	447,973	459,374	459,374	459,374	456,612	392,185	386,162
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	100,000	62,181	158,268	158,268	158,268	158,268	38,800	–	–
Internally generated funds	117,723	72,177	110,621	120,000	254,084	254,084	254,084	156,582	131,087	147,432
Total Capital Funding	363,906	528,636	476,286	726,241	871,726	871,726	871,726	651,994	523,272	533,593

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 2017/18, an amount of R697.5 million has been allocated which is 86.2% of the total capital budget.
3. Single-year capital expenditure has been appropriated at R90.4 million for the 2017/18 financial year.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of 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 City. 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, borrowing and internally generated funds from current year surpluses. For 2017/18, capital transfers totals R456.6 million, borrowed funding amounts to R38.8 million while internal funding of R156.6 million has been set aside for the 2017/18 budget year.

Table 11 MBRR Table A6 - Budgeted Financial Position**KZN225 Msunduzi - Table A6 Budgeted Financial Position**

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS										
Current assets										
Cash	50,059	95,397	82,425	100,068	100,000	100,000	100,000	100,000	100,000	100,000
Call investment deposits	784,785	745,471	895,518	951,589	1,011,463	1,011,463	1,011,463	1,055,969	1,332,121	1,623,071
Consumer debtors	667,397	717,015	888,164	965,246	965,246	965,246	965,246	1,229,705	1,527,162	1,841,328
Other debtors	396,254	376,558	370,235	376,444	376,444	376,444	376,444	376,444	376,444	376,444
Current portion of long-term receivables	46	-	-	43	43	43	43	43	43	43
Inventory	742,565	43,708	65,151	741,893	741,893	741,893	741,893	741,893	741,893	741,893
Total current assets	2,641,105	1,978,149	2,301,492	3,135,284	3,195,090	3,195,090	3,195,090	3,504,054	4,077,663	4,682,779
Non current assets										
Long-term receivables	9,588	-	-	9,455	9,455	9,455	9,455	9,455	9,455	9,455
Investments	-	-	-	-	-	-	-	-	-	-
Investment property	362,882	647,119	656,409	356,914	356,914	356,914	356,914	356,914	356,914	356,914
Investment in Associate	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	6,129,930	7,037,177	6,919,378	7,021,207	7,084,923	7,084,923	7,084,923	7,181,022	7,144,636	7,075,452
Agricultural	46,520	44,831	54,276	46,520	46,520	46,520	46,520	46,520	46,520	46,520
Biological	-	-	-	-	-	-	-	-	-	-
Intangible	2,267	17,212	39,519	27,283	27,283	27,283	27,283	27,283	27,283	27,283
Other non-current assets	229,702	241,259	244,266	179,008	179,008	179,008	179,008	179,008	179,008	179,008
Total non current assets	6,780,888	7,987,597	7,913,847	7,640,388	7,704,104	7,704,104	7,704,104	7,800,202	7,763,816	7,694,632
TOTAL ASSETS	9,421,994	9,965,746	10,215,340	10,775,671	10,899,193	10,899,193	10,899,193	11,304,256	11,841,479	12,377,411
LIABILITIES										
Current liabilities										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Borrowing	43,029	53,524	69,315	67,762	67,762	67,762	67,762	(79,368)	(83,217)	(83,644)
Consumer deposits	85,109	87,031	92,378	92,798	92,798	92,798	92,798	92,798	92,798	92,798
Trade and other payables	800,981	740,454	836,519	1,152,457	1,152,457	1,152,457	1,152,457	1,210,493	1,271,458	1,335,497
Provisions	23,128	24,067	27,832	6,084	6,084	6,084	6,084	6,084	6,084	6,084
Total current liabilities	952,247	905,075	1,026,044	1,319,101	1,319,101	1,319,101	1,319,101	1,131,125	1,188,241	1,251,853
Non current liabilities										
Borrowing	500,157	543,401	568,480	511,999	511,999	511,999	511,999	432,631	349,414	265,770
Provisions	604,599	653,749	692,740	743,548	743,548	743,548	743,548	784,208	827,308	872,993
Total non current liabilities	1,104,757	1,197,150	1,261,220	1,255,547	1,255,547	1,255,547	1,255,547	1,216,839	1,176,722	1,138,763
TOTAL LIABILITIES	2,057,003	2,102,225	2,287,264	2,574,648	2,574,648	2,574,648	2,574,648	2,347,964	2,364,963	2,390,616
NET ASSETS	7,364,991	7,863,521	7,928,075	8,201,024	8,324,546	8,324,546	8,324,546	8,956,292	9,476,516	9,986,795
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	7,261,319	7,605,573	7,651,851	8,028,109	8,151,632	8,151,632	8,151,632	8,803,378	9,323,602	9,833,881
Reserves	103,672	257,948	276,224	172,914	172,914	172,914	172,914	152,914	152,914	152,914
TOTAL COMMUNITY WEALTH/EQUITY	7,364,991	7,863,521	7,928,075	8,201,024	8,324,546	8,324,546	8,324,546	8,956,292	9,476,516	9,986,795

Explanatory notes to Table A6 - Budgeted Financial Position

- 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 A6 is supported by an extensive table of notes (SA3 which can be found on page 102) 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 12 MBRR Table A7 - Budgeted Cash Flow Statement

KZN225 Msunduzi - Table A7 Budgeted Cash Flows

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	551,209	716,603	762,288	741,451	741,451	741,451	741,451	761,986	807,705	856,168
Service charges	1,975,851	2,227,636	2,468,237	2,533,370	2,533,370	2,533,370	2,533,370	2,715,615	2,861,016	3,022,428
Other revenue	299,975	(111)	68,802	138,875	148,875	148,875	148,875	324,287	343,744	364,369
Government - operating	442,598	519,604	466,156	489,491	489,491	489,491	489,491	542,411	566,964	609,267
Government - capital	251,706	356,459	303,484	447,973	447,973	447,973	447,973	456,612	392,185	386,162
Interest	96,358	120,502	128,456	107,717	107,717	107,717	107,717	106,413	112,797	119,565
Dividends										
Payments										
Suppliers and employees	(2,885,718)	(3,372,401)	(3,554,849)	(3,619,264)	(3,570,907)	(3,570,907)	(3,570,907)	(3,926,904)	(4,139,621)	(4,387,153)
Finance charges	(67,174)	(71,169)	(75,095)	(65,474)	(65,474)	(65,474)	(65,474)	(62,129)	(52,804)	(52,804)
Transfers and Grants	(218)	(238)	(238)	(191)	(191)	(191)	(191)	(8,901)	(9,346)	(9,813)
NET CASH FROM/(USED) OPERATING ACTIVITIES	664,587	496,885	567,242	773,947	832,304	832,304	832,304	909,389	882,641	908,187
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	9,191	421								
Decrease (Increase) in non-current debtors	(816)									
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments	(151,258)	(2,125)	(24,771)							
Payments										
Capital assets	(373,216)	(545,182)	(451,998)	(617,305)	(681,021)	(681,021)	(681,021)	(651,994)	(523,272)	(533,593)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(516,099)	(546,886)	(476,769)	(617,305)	(681,021)	(681,021)	(681,021)	(651,994)	(523,272)	(533,593)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing				100,000	100,000	100,000	100,000			
Increase (decrease) in consumer deposits	5,520	1,921	5,348	5,250	5,250	5,250	5,250			
Payments										
Repayment of borrowing	(44,803)	53,739	40,870	(67,762)	(67,762)	(67,762)	(67,762)	(79,368)	(83,217)	(83,644)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(39,283)	55,661	46,218	37,488	37,488	37,488	37,488	(79,368)	(83,217)	(83,644)
NET INCREASE/ (DECREASE) IN CASH HELD	109,205	5,660	136,691	194,130	188,771	188,771	188,771	178,027	276,152	290,950
Cash/cash equivalents at the year begin:	718,068	827,273	832,933	912,709	977,942	977,942	977,942	977,942	1,155,969	1,432,121
Cash/cash equivalents at the year end:	827,273	832,933	969,624	1,106,839	1,166,713	1,166,713	1,166,713	1,155,969	1,432,121	1,723,071

Table 13 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN225 Msunduzi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	827,273	832,933	969,624	1,106,839	1,166,713	1,166,713	1,166,713	1,155,969	1,432,121	1,723,071
Other current investments > 90 days		7,571	7,935	8,318	(55,182)	(55,250)	(55,250)	(55,250)	0	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		834,844	840,868	977,942	1,051,657	1,111,463	1,111,463	1,111,463	1,155,969	1,432,121	1,723,071
Application of cash and investments											
Unspent conditional transfers		298,530	134,857	249,941	262,898	262,898	262,898	262,898	276,042	289,845	304,337
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(581,336)	(428,905)	(673,260)	(324,298)	(264,779)	(264,779)	(264,779)	(541,176)	(760,129)	(991,684)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(282,806)	(294,049)	(423,320)	(61,400)	(1,881)	(1,881)	(1,881)	(265,134)	(470,284)	(687,347)
Surplus(shortfall)		1,117,650	1,134,917	1,401,262	1,113,058	1,113,345	1,113,345	1,113,345	1,421,103	1,902,405	2,410,419

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 City are fairly stable over the MTREF period.
4. The City has embarked on an extensive debt collection drive to reduce the already high debtor's book.
5. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Projected cash and cash equivalents totals to R1.156 billion as at the end of the 2017/18 financial year and increases to R1.723 billion by 2019/20.

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 MTREF period 2017/18 to 2019/20 the budgeted surplus is stable and constant.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/18 MTREF is sufficiently funded.

7. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to retain a surplus throughout the MTREF period.

Table 14 MBRR Table A9 - Asset Management

KZN225 Msunduzi - Table A9 Asset Management									
Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Roads Infrastructure</i>	1,182,581	2,061,831	2,550,778	2,156,530	2,220,246	2,220,246	2,536,781	2,745,485	2,965,537
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>	1,302,588	1,297,036	1,700,386	1,614,887	1,614,887	1,614,887	1,563,852	1,466,257	1,364,881
<i>Water Supply Infrastructure</i>	941,979	782,055	1,173,333	972,840	972,840	972,840	939,984	931,828	896,240
<i>Sanitation Infrastructure</i>	604,406	528,280	588,640	564,949	564,949	564,949	561,526	557,453	552,671
<i>Solid Waste Infrastructure</i>	490,689	515,410	579,408	155,783	155,783	155,783	152,937	149,872	146,572
<i>Rail Infrastructure</i>			27,837						
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
Infrastructure	4,522,243	5,184,612	6,620,383	5,464,988	5,528,704	5,528,704	5,755,081	5,850,895	5,925,902
<i>Community Facilities</i>	365,265	393,162	390,131	517,012	517,012	517,012	524,420	539,455	553,874
<i>Sport and Recreation Facilities</i>									
Community Assets	365,265	393,162	390,131	517,012	517,012	517,012	524,420	539,455	553,874
Heritage Assets									
<i>Revenue Generating</i>	177,572	230,945	282,710	230,945	230,945	230,945	230,945	230,945	230,945
<i>Non-revenue Generating</i>									
Investment properties	177,572	230,945	282,710	230,945	230,945	230,945	230,945	230,945	230,945
<i>Operational Buildings</i>	1,017,457	1,009,017	246,995	761,742	761,742	761,742	602,937	436,055	258,141
<i>Housing</i>									
Other Assets	1,017,457	1,009,017	246,995	761,742	761,742	761,742	602,937	436,055	258,141
Biological or Cultivated Assets	362,882	382,805		356,914	356,914	356,914	356,914	356,914	356,914
<i>Servitudes</i>									
<i>Licences and Rights</i>	2,267	17,212		27,283	27,283	27,283	48,733	73,283	98,556
Intangible Assets	2,267	17,212	-	27,283	27,283	27,283	48,733	73,283	98,556
Computer Equipment									
<i>Furniture and Office Equipment</i>	46,520	44,831	75,086	46,520	46,520	46,520	46,190	41,286	35,318
<i>Machinery and Equipment</i>	872	438,924							
Transport Assets									
<i>Libraries</i>									
<i>Zoo's, Marine and Non-biological Animals</i>									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	6,495,079	7,701,507	7,615,306	7,405,404	7,469,120	7,469,120	7,565,219	7,528,833	7,459,649
EXPENDITURE OTHER ITEMS									
Depreciation	453,332	481,107	554,292	506,103	506,103	506,103	536,470	568,658	602,777
Repairs and Maintenance by Asset Class	139,060	193,317	162,844	171,344	171,344	171,344	277,871	292,751	310,519
<i>Roads Infrastructure</i>	7,094	8,642	47,029	41,854	41,854	41,854	41,095	53,230	58,961
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	10,080	3,307	3,595
<i>Electrical Infrastructure</i>	47,899	50,624	50,160	35,104	35,104	35,104	129,210	134,000	140,588
<i>Water Supply Infrastructure</i>	1,554	17,375	15,460	18,423	18,423	18,423	17,885	19,673	21,050
<i>Sanitation Infrastructure</i>	502	5,936	6,125	32,562	32,562	32,562	7,833	8,381	9,052
<i>Solid Waste Infrastructure</i>	-	3,485	8,472	7,399	7,399	7,399	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	1,500	1,750	2,000
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	57,050	86,063	127,246	135,342	135,342	135,342	207,603	220,342	235,246
<i>Community Facilities</i>	-	9,446	17,218	13,455	13,455	13,455	19,024	19,991	21,005
<i>Sport and Recreation Facilities</i>	-	15,000	-	-	-	-	21,822	22,788	21,552
Community Assets	-	24,446	17,218	13,455	13,455	13,455	40,846	42,778	42,557
Heritage Assets	46,220	38,222	18,379	-	-	-	1,053	1,106	1,161
<i>Revenue Generating</i>	-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	1,722	14,627	-	18,106	18,106	18,106	12,510	12,399	11,476
<i>Housing</i>	-	-	-	4,441	4,441	4,441	-	-	-
Other Assets	1,722	14,627	-	22,547	22,547	22,547	12,510	12,399	11,476
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
<i>Servitudes</i>	-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>	-	-	-	-	-	-	7,900	7,950	9,660
Intangible Assets	-	-	-	-	-	-	7,900	7,950	9,660
Computer Equipment	-	-	-	-	-	-	5,280	5,414	7,144
<i>Furniture and Office Equipment</i>	-	-	-	-	-	-	483	549	964
<i>Machinery and Equipment</i>	22,449	11,658	-	-	-	-	953	1,001	1,051
Transport Assets	11,618	18,301	-	-	-	-	1,242	1,213	1,260
<i>Libraries</i>	-	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	592,392	674,424	717,135	677,447	677,447	677,447	814,340	861,409	913,296
<i>Renewal and upgrading of Existing Assets as % of total c</i>	52.1%	77.7%	82.6%	69.2%	64.0%	64.0%	45.3%	41.8%	41.3%
<i>Renewal and upgrading of Existing Assets as % of deprec</i>	41.8%	85.4%	71.0%	100.3%	110.3%	110.3%	55.1%	38.5%	36.6%
<i>R&M as a % of PPE</i>	2.3%	2.7%	2.4%	2.4%	2.4%	2.4%	3.9%	4.1%	4.4%
<i>Renewal and upgrading and R&M as a % of PPE</i>	5.0%	8.0%	7.0%	9.0%	10.0%	10.0%	8.0%	7.0%	7.0%
<u>References</u>									

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The City has allocated 45.3% of the total capital budget to the renewal and upgrading of existing assets, and also increased the budget for repairs and maintenance. When the budgets for repairs and maintenance, renewal of assets and upgrading of assets are added together, they amount to 8% of the PPE. Repairs and Maintenance alone as a % of PPE has increased from 2.4% to 3.9% in 2017/18. The municipality will gradually increase this provision until the acceptable 8% is achieved.

Table 15 MBRR Table A10 - Basic Service Delivery Measurement

KZN225 Msunduzi - Table A10 Basic service delivery measurement

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets									
Water:									
Piped water inside dwelling	52,082	51,336	51,911	51,911	51,911	51,911	51,911	51,911	51,911
Piped water inside yard (but not in dwelling)									
Using public tap (at least min.service level)									
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	52,082	51,336	51,911	51,911	51,911	51,911	51,911	51,911	51,911
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	52,082	51,336	51,911	51,911	51,911	51,911	51,911	51,911	51,911
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	48,158	48,216	48,004	48,004	48,004	48,004	48,004	48,004	48,004
Flush toilet (with septic tank)									
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	48,158	48,216	48,004	48,004	48,004	48,004	48,004	48,004	48,004
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	48,158	48,216	48,004	48,004	48,004	48,004	48,004	48,004	48,004
Energy:									
Electricity (at least min.service level)	44,830	43,229	42,432	42,432	42,432	42,432	42,432	42,432	42,432
Electricity - prepaid (min.service level)									
<i>Minimum Service Level and Above sub-total</i>	44,830	43,229	42,432	42,432	42,432	42,432	42,432	42,432	42,432
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	44,830	43,229	42,432	42,432	42,432	42,432	42,432	42,432	42,432
Refuse:									
Removed at least once a week									
<i>Minimum Service Level and Above sub-total</i>	57,353	57,383	56,331	56,331	56,331	56,331	56,331	56,331	56,331
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	57,353	57,383	56,331	56,331	56,331	56,331	56,331	56,331	56,331
Total number of households	57,353	57,383	56,331	56,331	56,331	56,331	56,331	56,331	56,331
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)									
Sanitation (free minimum level service)									
Electricity/other energy (50kwh per household per month)									
Refuse (removed at least once a week)									
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	18,044	19,238	118,730	131,968	131,968	131,968	157,163	180,737	207,848
Sanitation (free sanitation service to indigent households)	7,662	8,122	4,558	4,827	4,827	4,827	-	-	-
Electricity/other energy (50kwh per indigent household per month)	6,741	7,145	2,195	2,363	2,363	2,363	2,407	2,453	2,499
Refuse (removed once a week for indigent households)	2,616	2,773	3,080	3,265	3,265	3,265	-	-	-
<i>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</i>	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	35,063	37,278	128,564	142,423	142,423	142,423	159,570	183,190	210,347
Highest level of free service provided per household									
Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	367,505	5,483	199	391,617	391,617	391,617	415,114	440,021	466,422
Water (in excess of 6 kilolitres per indigent household per month)									
Sanitation (in excess of free sanitation service to indigent households)									
Electricity/other energy (in excess of 50 kwh per indigent household per month)									
Refuse (in excess of one removal a week for indigent households)									
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of subsidised services provided	367,505	5,483	199	391,617	391,617	391,617	415,114	440,021	466,422

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 City continues to make steady progress with the eradication of backlogs:
 - a) Water services – backlog reduction households as from 2012/13 to 2018/19. These households are largely found in reception areas and will need to be moved to formal areas so that they can receive services.
 - b) Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision projects a decline as from 2012/13 up to 2018/19.
 - a. Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision projects a decline as from 2012/13 up to 2018/19.
 - b. Electricity services – backlog reduction of households without the supply. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised
 - c. Refuse services – backlog projects a downward trend of households without a service as from 2012/13 up to 2018/19.

Consolidated Budget Tables

KZN225 Msunduzi - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	602,954	686,396	742,052	798,728	798,728	798,728	798,728	846,651	897,450	951,297
Service charges	2,073,501	2,227,636	2,468,237	2,878,830	2,878,830	2,878,830	2,878,830	3,017,350	3,178,907	3,358,254
Investment revenue	43,383	51,027	68,298	49,330	49,330	49,330	49,330	52,292	55,428	58,754
Transfers recognised - operational	448,122	519,604	466,156	489,491	547,243	547,243	547,243	542,411	566,964	609,267
Other own revenue	293,743	340,272	249,767	256,627	479,177	479,177	479,177	426,328	451,908	479,023
Total Revenue (excluding capital transfers and contributions)	3,461,702	3,824,936	3,994,510	4,473,006	4,753,309	4,753,309	4,753,309	4,885,032	5,150,658	5,456,594
Employee costs	824,530	885,351	943,082	1,040,938	1,088,504	1,088,504	1,088,504	1,146,875	1,215,895	1,289,064
Remuneration of councillors	37,100	34,657	41,763	43,033	43,033	43,033	43,033	45,185	47,444	49,816
Depreciation & asset impairment	453,359	481,608	555,845	507,298	507,298	507,298	507,298	537,298	570,315	605,290
Finance charges	67,183	71,180	75,107	65,474	67,144	67,144	67,144	62,143	52,954	43,817
Materials and bulk purchases	1,592,625	1,780,218	1,950,853	2,118,107	2,014,308	2,014,308	2,014,308	2,159,803	2,284,202	2,423,154
Transfers and grants	4,429	11,572	5,911	140,526	140,526	140,526	140,526	-	-	-
Other expenditure	636,565	872,795	687,585	538,193	883,299	883,299	883,299	818,566	867,127	918,629
Total Expenditure	3,615,790	4,137,382	4,260,145	4,453,569	4,744,112	4,744,112	4,744,112	4,769,860	5,037,938	5,329,771
Surplus/(Deficit)	(154,088)	(312,446)	(265,636)	19,436	9,197	9,197	9,197	115,172	112,720	126,823
Transfers and subsidies - capital (monetary allocated)	246,183	356,459	303,484	467,973	459,374	459,374	459,374	456,612	392,185	386,162
Contributions recognised - capital & contributed as	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	92,095	44,013	37,849	487,409	468,572	468,572	468,572	571,784	504,905	512,985
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	92,095	44,013	37,849	487,409	468,572	468,572	468,572	571,784	504,905	512,985
Capital expenditure & funds sources										
Capital expenditure	363,906	528,636	476,286	726,241	871,726	871,726	871,726	654,676	530,272	539,693
Transfers recognised - capital	246,183	356,459	303,484	447,973	459,374	459,374	459,374	456,612	392,185	386,162
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	100,000	62,181	158,268	158,268	158,268	158,268	38,800	-	-
Internally generated funds	117,723	72,177	110,621	120,000	254,084	254,084	254,084	159,264	138,087	153,532
Total sources of capital funds	363,906	528,636	476,286	726,241	871,726	871,726	871,726	654,676	530,272	539,693
Financial position										
Total current assets	2,641,818	1,986,371	2,302,353	3,136,164	3,195,970	3,195,970	3,195,970	3,505,004	4,078,422	4,683,050
Total non current assets	6,780,940	7,988,469	7,914,531	7,641,072	7,704,788	7,704,788	7,704,788	7,800,922	7,764,546	7,695,382
Total current liabilities	952,247	905,075	1,026,044	1,319,101	1,319,101	1,319,101	1,319,101	1,131,125	1,188,241	1,251,853
Total non current liabilities	1,104,757	1,197,150	1,261,220	1,255,547	1,255,547	1,255,547	1,255,547	1,216,839	1,176,722	1,138,763
Community wealth/Equity	7,365,756	7,872,615	7,929,620	8,202,588	8,326,110	8,326,110	8,326,110	8,957,962	9,478,005	9,987,817
Cash flows										
Net cash from (used) operating	664,587	496,885	567,242	773,947	832,304	832,304	832,304	923,815	882,433	907,685
Net cash from (used) investing	(516,099)	(546,886)	(476,769)	(617,305)	(681,021)	(681,021)	(681,021)	(666,368)	(523,272)	(533,593)
Net cash from (used) financing	(39,283)	55,661	46,218	37,488	37,488	37,488	37,488	(79,368)	(83,217)	(83,644)
Cash/cash equivalents at the year end	827,273	832,933	969,624	1,106,839	1,166,713	1,166,713	1,166,713	1,156,020	1,431,964	1,722,412
Cash backing/surplus reconciliation										
Cash and investments available	835,514	849,087	978,800	1,052,534	1,112,340	1,112,340	1,112,340	1,156,916	1,432,877	1,723,340
Application of cash and investments	(282,847)	(294,051)	(422,052)	(61,403)	(1,883)	(1,883)	(1,883)	(265,137)	(470,287)	(687,350)
Balance - surplus (shortfall)	1,118,361	1,143,138	1,400,852	1,113,938	1,114,224	1,114,224	1,114,224	1,422,053	1,903,164	2,410,690
Asset management										
Asset register summary (WDV)	6,495,131	7,702,379	7,615,990	7,406,088	7,469,804	7,469,804	7,565,939	7,565,939	7,529,563	7,460,399
Depreciation	453,359	481,608	555,845	507,583	507,583	507,583	537,298	537,298	570,315	605,290
Renewal of Existing Assets	189,594	410,791	393,635	507,787	558,038	558,038	558,038	171,980	132,313	136,751
Repairs and Maintenance	139,295	193,444	163,292	172,009	171,344	172,009	278,569	278,569	293,481	311,289
Free services										
Cost of Free Basic Services provided	35,063	37,278	128,564	142,423	142,423	142,423	159,570	159,570	183,190	210,347
Revenue cost of free services provided	367,505	5,483	199	391,617	391,617	391,617	415,114	415,114	440,021	466,422
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	57	57	56	56	56	56	56	56	56	56

KZN225 Msunduzi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional	1									
Governance and administration		1,321,505	1,220,061	1,192,456	1,389,466	1,533,150	1,533,150	1,761,665	1,872,870	1,989,024
Executive and council		5,799	14,303	3,116	1,625	-	-	0	1	1
Finance and administration		1,315,707	1,205,759	1,189,339	1,387,841	1,533,150	1,533,150	1,761,664	1,872,870	1,989,024
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		43,927	52,065	40,245	47,049	101,047	101,047	104,035	85,060	87,128
Community and social services		14,455	10,928	13,733	28,730	30,336	30,336	23,170	23,854	24,049
Sport and recreation		15,617	2,736	2,370	885	885	885	960	1,017	1,078
Public safety		8,782	15,255	4,482	1,319	682	682	710	753	798
Housing		-	23,146	19,645	16,080	69,144	69,144	79,195	59,436	61,202
Health		5,074	-	13	34	-	-	-	-	-
Economic and environmental services		162,272	172,296	163,716	462,719	423,151	423,151	505,141	419,670	445,335
Planning and development		41,154	39,565	16,464	42,694	32,919	32,919	50,700	44,960	45,938
Road transport		121,118	132,731	147,252	420,026	390,200	390,200	418,738	336,143	358,016
Environmental protection		-	-	-	-	32	32	35,704	38,567	41,380
Trading services		2,085,792	2,660,443	2,873,587	3,010,374	3,096,336	3,096,336	2,921,609	3,113,097	3,265,994
Energy sources		1,499,230	1,754,280	1,853,479	1,950,568	1,814,528	1,814,528	1,515,685	1,515,909	1,507,900
Water management		380,807	678,151	713,810	790,063	979,627	979,627	1,106,643	1,279,067	1,420,107
Waste water management		126,301	138,622	198,688	162,804	176,288	176,288	193,750	206,258	219,413
Waste management		79,454	89,390	107,610	106,939	125,894	125,894	105,531	111,863	118,574
Other	4	94,388	76,529	27,991	31,371	58,998	58,998	49,194	52,145	55,274
Total Revenue - Functional	2	3,707,885	4,181,395	4,297,994	4,940,979	5,212,683	5,212,683	5,341,644	5,542,843	5,842,755
Expenditure - Functional										
Governance and administration		680,983	484,549	783,668	506,662	1,100,783	1,100,783	893,233	932,942	1,032,521
Executive and council		17,389	148,754	127,407	112,228	182,304	182,304	154,440	160,609	173,889
Finance and administration		663,593	335,795	656,261	394,434	918,479	918,479	719,255	751,686	836,811
Internal audit		-	-	-	-	-	-	19,537	20,647	21,821
Community and public safety		578,244	781,100	565,021	568,287	579,081	579,081	413,064	458,597	485,910
Community and social services		80,050	193,660	83,424	151,064	128,625	128,625	114,911	114,935	122,030
Sport and recreation		180,101	168,703	154,380	119,251	112,279	112,279	142,763	180,831	191,506
Public safety		267,116	340,451	258,571	231,908	248,075	248,075	81,567	86,374	91,443
Housing		48,487	48,922	49,573	41,912	85,897	85,897	69,301	71,635	75,788
Health		2,490	29,364	19,074	24,153	4,205	4,205	4,522	4,822	5,143
Economic and environmental services		508,603	398,916	434,778	551,772	290,539	290,539	499,079	523,490	562,525
Planning and development		73,197	39,192	100,092	107,350	78,613	78,613	158,285	166,572	175,922
Road transport		435,406	359,724	334,685	444,423	211,925	211,925	267,788	279,406	300,093
Environmental protection		-	-	-	-	-	-	73,006	77,512	86,510
Trading services		1,801,027	2,418,301	2,432,520	2,786,113	2,705,699	2,705,699	2,907,205	3,063,261	3,185,846
Energy sources		1,183,342	1,554,766	1,598,920	1,626,732	1,446,186	1,446,186	1,675,566	1,769,178	1,818,939
Water management		364,843	610,513	552,165	816,318	977,194	977,194	1,006,422	1,066,808	1,130,816
Waste water management		177,476	173,582	165,676	228,986	155,409	155,409	146,027	146,076	153,344
Waste management		75,367	79,439	115,758	114,077	126,909	126,909	79,190	81,199	82,747
Other	4	46,933	54,517	44,158	40,735	68,011	68,011	57,278	59,649	62,968
Total Expenditure - Functional	3	3,615,790	4,137,382	4,260,145	4,453,569	4,744,112	4,744,112	4,769,860	5,037,938	5,329,771
#N/A		92,095	44,013	37,849	487,409	468,572	468,572	571,784	504,905	512,985

KZN225 Msunduzi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - City Manager		116,624	143,029	3,177	1,625	-	-	0	1	1
Vote 2 - City Finance		907,061	1,202,003	1,124,654	1,535,720	1,528,030	1,528,030	1,756,445	1,867,338	1,983,160
Vote 3 - Community Services and Social Equity		265,695	246,846	163,730	159,503	173,558	173,558	235,003	240,614	254,314
Vote 4 - Corporate Services		129,616	151,733	1,686	12,123	14,222	14,222	4,755	5,040	5,343
Vote 5 - Infrastructure Services		2,159,730	2,277,215	2,926,865	3,128,046	3,335,752	3,335,752	3,233,942	3,336,172	3,502,440
Vote 6 - Sustainable Development and City Enterprises		129,159	160,568	77,883	103,962	161,121	161,121	111,499	93,677	97,498
Total Revenue by Vote	2	3,707,885	4,181,395	4,297,994	4,940,979	5,212,683	5,212,683	5,341,644	5,542,843	5,842,755
Expenditure by Vote to be appropriated	1									
Vote 1 - City Manager		121,916	148,754	151,048	141,794	182,304	182,304	184,149	191,665	204,576
Vote 2 - City Finance		907,746	886,140	705,531	667,068	737,441	737,441	579,540	612,850	639,809
Vote 3 - Community Services and Social Equity		342,370	578,734	451,868	528,372	683,982	683,982	512,624	614,780	733,119
Vote 4 - Corporate Services		109,281	154,425	145,332	210,381	231,884	231,884	168,868	173,986	122,707
Vote 5 - Infrastructure Services		1,961,423	2,143,728	2,613,573	2,737,426	2,655,640	2,655,640	3,027,522	3,134,631	3,296,379
Vote 6 - Sustainable Development and City Enterprises		173,055	225,600	192,794	168,529	252,860	252,860	297,156	310,027	333,181
Total Expenditure by Vote	2	3,615,790	4,137,382	4,260,145	4,453,569	4,744,112	4,744,112	4,769,860	5,037,938	5,329,771
#N/A	2	92,095	44,013	37,849	487,409	468,572	468,572	571,784	504,905	512,985

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	602,954	686,396	742,052	798,728	798,728	798,728	798,728	846,651	897,450	951,297
Service charges - electricity revenue	2	1,486,939	1,566,133	1,784,586	2,008,246	2,008,246	2,008,246	2,008,246	2,038,443	2,076,766	2,115,809
Service charges - water revenue	2	380,807	452,443	473,021	623,188	623,188	623,188	623,188	716,666	824,166	947,791
Service charges - sanitation revenue	2	126,301	127,516	126,391	147,839	147,839	147,839	147,839	156,710	166,112	176,079
Service charges - refuse revenue	2	79,453	81,544	84,240	99,557	99,557	99,557	99,557	105,531	111,863	118,574
Service charges - other											
Rental of facilities and equipment		21,572	23,477	20,222	43,809	48,193	48,193	48,193	22,002	23,322	24,722
Interest earned - external investments		43,383	51,027	68,298	49,330	49,330	49,330	49,330	52,292	55,428	58,754
Interest earned - outstanding debtors		53,055	69,529	60,214	66,349	66,949	66,949	66,949	66,010	69,970	74,169
Dividends received											
Fines, penalties and forfeits		102,751	138,841	72,894	62,368	67,315	67,315	67,315	46,497	49,287	52,244
Licences and permits		81	89	90	92	89	89	89	94	100	106
Agency services		669	578	532	670	20,198	20,198	20,198	710	753	798
Transfers and subsidies		448,122	519,604	466,156	489,491	547,243	547,243	547,243	542,411	566,964	609,267
Other revenue	2	78,786	89,221	87,808	83,339	276,433	276,433	276,433	291,015	308,476	326,984
Gains on disposal of PPE		36,829	18,537	8,007							
Total Revenue (excluding capital transfers and contributions)		3,461,702	3,824,936	3,994,510	4,473,006	4,753,309	4,753,309	4,753,309	4,885,032	5,150,658	5,456,594
Expenditure By Type											
Employee related costs	2	824,530	885,351	943,082	1,040,938	1,088,504	1,088,504	1,088,504	1,146,875	1,215,895	1,289,064
Remuneration of councillors		37,100	34,657	41,763	43,033	43,033	43,033	43,033	45,185	47,444	49,816
Debt impairment	3	112,679	222,110	92,508	120,815	120,815	120,815	120,815	103,942	110,178	116,789
Depreciation & asset impairment	2	453,359	481,608	555,845	507,298	507,298	507,298	507,298	537,298	570,315	605,290
Finance charges		67,183	71,180	75,107	65,474	67,144	67,144	67,144	62,143	52,954	43,817
Bulk purchases	2	1,453,402	1,586,802	1,799,214	1,936,708	1,963,823	1,963,823	1,963,823	2,073,551	2,192,161	2,324,945
Other materials	8	139,223	193,415	151,639	181,399	50,485	50,485	50,485	86,252	92,042	98,209
Contracted services		21,366	29,964	72,531	35,408	445,077	445,077	445,077	420,727	446,309	473,442
Transfers and subsidies		4,429	11,572	5,911	140,526	140,526	140,526	140,526	-	-	-
Other expenditure	4, 5	490,228	620,721	522,546	381,970	317,406	317,406	317,406	293,887	310,640	328,398
Loss on disposal of PPE		12,291									
Total Expenditure		3,615,790	4,137,382	4,260,145	4,453,569	4,744,112	4,744,112	4,744,112	4,769,860	5,037,938	5,329,771
Surplus/(Deficit)		(154,088)	(312,446)	(265,636)	19,436	9,197	9,197	9,197	115,172	112,720	126,823
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		246,183	356,459	303,484	467,973	459,374	459,374	459,374	456,612	392,185	386,162
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		92,095	44,013	37,849	487,409	468,572	468,572	468,572	571,784	504,905	512,985
Taxation											
Surplus/(Deficit) after taxation		92,095	44,013	37,849	487,409	468,572	468,572	468,572	571,784	504,905	512,985
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		92,095	44,013	37,849	487,409	468,572	468,572	468,572	571,784	504,905	512,985
Share of surplus/ (deficit) of associate	7										
Surplus or Deficit for Year		92,095	44,013	37,849	487,409	468,572	468,572	468,572	571,784	504,905	512,985

KZN225 Msunduzi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - City Manager		-	9,110	6,411	5,250	5,250	5,250	5,250	189,012	93,974	95,532
Vote 2 - City Finance		-	742	4,936	24,928	26,288	26,288	26,288	20,500	23,750	24,220
Vote 3 - Community Services and Social Equity		8,091	48,595	34,870	51,700	51,700	51,700	51,700	31,800	43,885	45,129
Vote 4 - Corporate Services		2,500	257	-	5,985	25,985	25,985	25,985	1,300	2,300	2,500
Vote 5 - Infrastructure Services		179,003	326,083	326,001	546,074	634,820	634,820	634,820	269,934	277,213	268,131
Vote 6 - Sustainable Development and City Enterprises		-	55,804	26,852	63,544	63,544	63,544	63,544	49,026	54,320	73,286
Capital multi-year expenditure sub-total	7	189,594	440,590	399,069	697,480	807,586	807,586	807,586	561,571	495,443	508,798
Single-year expenditure to be appropriated	2										
Vote 1 - City Manager		3,100	555	763	500	2,000	2,000	2,000	6,470	3,014	3,089
Vote 2 - City Finance		7,012	27,839	31,896	782	782	782	782	16,907	1,950	1,435
Vote 3 - Community Services and Social Equity		28,910	21,844	16,180	19,565	46,065	46,065	46,065	26,337	10,200	8,800
Vote 4 - Corporate Services		2,188	12,260	6,460	527	511	511	511	30,100	4,100	3,900
Vote 5 - Infrastructure Services		112,602	22,878	17,510	11,590	10,985	10,985	10,985	3,500	1,000	-
Vote 6 - Sustainable Development and City Enterprises		20,500	2,671	4,409	3,798	3,798	3,798	3,798	9,792	14,565	13,671
Capital single-year expenditure sub-total		174,312	88,046	77,217	36,761	64,140	64,140	64,140	93,105	34,829	30,895
Total Capital Expenditure - Vote		363,906	528,636	476,286	734,241	871,726	871,726	871,726	654,676	530,272	539,693
Capital Expenditure - Functional											
Governance and administration		17,037	50,762	50,466	37,971	61,213	61,213	61,213	257,708	122,611	124,276
Executive and council		16,843	9,665	7,174	5,750	7,237	7,237	7,237	195,302	96,911	98,576
Finance and administration		194	28,581	36,832	25,710	27,200	27,200	27,200	62,407	25,700	25,700
Internal audit		-	12,517	6,460	6,512	26,777	26,777	26,777	-	-	-
Community and public safety		21,180	68,187	52,921	103,238	136,872	136,872	136,872	72,909	69,976	89,079
Community and social services		20,051	17,495	4,763	32,740	63,364	63,364	63,364	30,567	22,945	24,042
Sport and recreation		202	45,618	39,271	31,425	34,434	34,434	34,434	12,200	15,700	15,700
Public safety		845	1,883	3,022	3,640	3,640	3,640	3,640	12,332	12,650	11,750
Housing		12	3,191	5,864	35,434	35,434	35,434	35,434	17,810	18,681	37,587
Health		71	-	-	-	-	-	-	-	-	-
Economic and environmental services		104,017	145,875	151,576	293,680	316,419	316,419	316,419	91,111	100,807	106,504
Planning and development		19,768	27,037	23,039	31,908	46,540	46,540	46,540	33,707	38,359	38,102
Road transport		83,894	117,841	126,943	260,312	268,418	268,418	268,418	57,404	62,448	68,402
Environmental protection		355	997	1,594	1,460	1,460	1,460	1,460	-	-	-
Trading services		146,738	235,566	218,966	291,352	357,223	357,223	357,223	223,699	222,655	205,470
Energy sources		68,142	136,907	112,513	190,721	256,710	256,710	256,710	73,293	42,468	46,491
Water management		35,159	53,989	65,591	58,728	70,304	70,304	70,304	98,391	126,735	104,347
Waste water management		43,437	32,050	37,404	31,403	19,159	19,159	19,159	44,345	46,562	48,890
Waste management		-	12,620	3,457	10,500	11,050	11,050	11,050	7,670	6,890	5,742
Other		74,933	28,247	2,357					9,248	14,222	14,364
Total Capital Expenditure - Functional	3	363,906	528,636	476,286	726,241	871,726	871,726	871,726	654,676	530,272	539,693
Funded by:											
National Government		198,921	299,283	270,402	428,074	424,639	424,639	424,639	447,745	386,718	380,695
Provincial Government		47,262	57,176	28,696	19,899	34,735	34,735	34,735	8,867	5,467	5,467
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	4,386	-	-	-	-	-	-	-
Transfers recognised - capital	4	246,183	356,459	303,484	447,973	459,374	459,374	459,374	456,612	392,185	386,162
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	100,000	62,181	158,268	158,268	158,268	158,268	38,800	-	-
Internally generated funds		117,723	72,177	110,621	120,000	254,084	254,084	254,084	159,264	138,087	153,532
Total Capital Funding	7	363,906	528,636	476,286	726,241	871,726	871,726	871,726	654,676	530,272	539,693

KZN225 Msunduzi - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash		50,146	95,492	82,500	100,152	100,084	100,084	100,084	100,086	100,088	100,092
Call investment deposits	1	785,368	753,595	896,301	952,382	1,012,256	1,012,256	1,012,256	1,056,830	1,332,789	1,623,248
Consumer debtors	1	667,397	717,015	888,164	965,246	965,246	965,246	965,246	1,229,705	1,527,162	1,841,328
Other debtors		396,297	376,561	370,238	376,447	376,447	376,447	376,447	376,447	376,447	376,447
Current portion of long-term receivables		46	-	-	43	43	43	43	43	43	43
Inventory	2	742,565	43,708	65,151	741,893	741,893	741,893	741,893	741,893	741,893	741,893
Total current assets		2,641,818	1,986,371	2,302,353	3,136,164	3,195,970	3,195,970	3,195,970	3,505,004	4,078,422	4,683,050
Non current assets											
Long-term receivables		9,588	-	-	9,455	9,455	9,455	9,455	9,455	9,455	9,455
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		362,882	647,119	656,409	356,914	356,914	356,914	356,914	356,914	356,914	356,914
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	6,129,982	7,038,049	6,920,062	7,021,891	7,085,607	7,085,607	7,085,607	7,181,742	7,145,366	7,076,202
Agricultural		46,520	44,831	54,276	46,520	46,520	46,520	46,520	46,520	46,520	46,520
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		2,267	17,212	39,519	27,283	27,283	27,283	27,283	27,283	27,283	27,283
Other non-current assets		229,702	241,259	244,266	179,008	179,008	179,008	179,008	179,008	179,008	179,008
Total non current assets		6,780,940	7,988,469	7,914,531	7,641,072	7,704,788	7,704,788	7,704,788	7,800,922	7,764,546	7,695,382
TOTAL ASSETS		9,422,759	9,974,840	10,216,885	10,777,235	10,900,757	10,900,757	10,900,757	11,305,926	11,842,968	12,378,433
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	43,029	53,524	69,315	67,762	67,762	67,762	67,762	(79,368)	(83,217)	(83,644)
Consumer deposits		85,109	87,031	92,378	92,798	92,798	92,798	92,798			
Trade and other payables	4	800,981	740,454	836,519	1,152,457	1,152,457	1,152,457	1,152,457	1,210,493	1,271,458	1,335,497
Provisions		23,128	24,067	27,832	6,084	6,084	6,084	6,084			
Total current liabilities		952,247	905,075	1,026,044	1,319,101	1,319,101	1,319,101	1,319,101	1,131,125	1,188,241	1,251,853
Non current liabilities											
Borrowing		500,157	543,401	568,480	511,999	511,999	511,999	511,999	432,631	349,414	265,770
Provisions		604,599	653,749	692,740	743,548	743,548	743,548	743,548	784,208	827,308	872,993
Total non current liabilities		1,104,757	1,197,150	1,261,220	1,255,547	1,255,547	1,255,547	1,255,547	1,216,839	1,176,722	1,138,763
TOTAL LIABILITIES		2,057,003	2,102,225	2,287,264	2,574,648	2,574,648	2,574,648	2,574,648	2,347,964	2,364,963	2,390,616
NET ASSETS	5	7,365,756	7,872,615	7,929,620	8,202,588	8,326,110	8,326,110	8,326,110	8,957,962	9,478,005	9,987,817
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	7,262,084	7,614,667	7,653,396	8,029,673	8,153,196	8,153,196	8,153,196	8,805,048	9,325,091	9,834,903
Reserves	4	103,672	257,948	276,224	172,914	172,914	172,914	172,914	152,914	152,914	152,914
TOTAL COMMUNITY WEALTH/EQUITY	5	7,365,756	7,872,615	7,929,620	8,202,588	8,326,110	8,326,110	8,326,110	8,957,962	9,478,005	9,987,817

KZN225 Msunduzi - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		551,209	716,603	762,288	741,451	741,451	741,451	741,451	761,986	807,705	856,168
Service charges		1,975,851	2,227,636	2,468,237	2,533,370	2,533,370	2,533,370	2,533,370	2,715,615	2,861,016	3,022,428
Other revenue		299,975	(111)	68,802	138,875	148,875	148,875	148,875	324,287	343,744	364,369
Government - operating	1	442,598	519,604	466,156	489,491	489,491	489,491	489,491	542,411	566,964	609,267
Government - capital	1	251,706	356,459	303,484	447,973	447,973	447,973	447,973	456,612	392,185	386,162
Interest		96,358	120,502	128,456	107,717	107,717	107,717	107,717	106,478	112,865	119,637
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(2,885,718)	(3,372,401)	(3,554,849)	(3,619,264)	(3,570,907)	(3,570,907)	(3,570,907)	(3,921,431)	(4,149,228)	(4,397,525)
Finance charges		(67,174)	(71,169)	(75,095)	(65,474)	(65,474)	(65,474)	(65,474)	(62,143)	(52,819)	(52,820)
Transfers and Grants	1	(218)	(238)	(238)	(191)	(191)	(191)	(191)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		664,587	496,885	567,242	773,947	832,304	832,304	832,304	923,815	882,433	907,685
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		9,191	421	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		(816)	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(151,258)	(2,125)	(24,771)	-	-	-	-	-	-	-
Payments											
Capital assets		(373,216)	(545,182)	(451,998)	(617,305)	(681,021)	(681,021)	(681,021)	(666,368)	(523,272)	(533,593)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(516,099)	(546,886)	(476,769)	(617,305)	(681,021)	(681,021)	(681,021)	(666,368)	(523,272)	(533,593)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	100,000	100,000	100,000	100,000	-	-	-
Increase (decrease) in consumer deposits		5,520	1,921	5,348	5,250	5,250	5,250	5,250	-	-	-
Payments											
Repayment of borrowing		(44,803)	53,739	40,870	(67,762)	(67,762)	(67,762)	(67,762)	(79,368)	(83,217)	(83,644)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(39,283)	55,661	46,218	37,488	37,488	37,488	37,488	(79,368)	(83,217)	(83,644)
NET INCREASE/(DECREASE) IN CASH HELD		109,205	5,660	136,691	194,130	188,771	188,771	188,771	178,078	275,944	290,447
Cash/cash equivalents at the year begin:	2	718,068	827,273	832,933	912,709	977,942	977,942	977,942	977,942	1,156,020	1,431,964
Cash/cash equivalents at the year end:	2	827,273	832,933	969,624	1,106,839	1,166,713	1,166,713	1,166,713	1,156,020	1,431,964	1,722,412

KZN225 Msunduzi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	827,273	832,933	969,624	1,106,839	1,166,713	1,166,713	1,166,713	1,156,020	1,431,964	1,722,412
Other current investments > 90 days		8,241	16,154	9,176	(54,305)	(54,373)	(54,373)	(54,373)	896	913	928
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		835,514	849,087	978,800	1,052,534	1,112,340	1,112,340	1,112,340	1,156,916	1,432,877	1,723,340
Application of cash and investments											
Unspent conditional transfers		298,530	134,857	249,941	262,898	262,898	262,898	262,898	276,042	289,845	304,337
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(581,377)	(428,907)	(671,992)	(324,301)	(264,781)	(264,781)	(264,781)	(541,179)	(760,132)	(991,687)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(282,847)	(294,051)	(422,052)	(61,403)	(1,883)	(1,883)	(1,883)	(265,137)	(470,287)	(687,350)
Surplus(shortfall)		1,118,361	1,143,138	1,400,852	1,113,938	1,114,224	1,114,224	1,114,224	1,422,053	1,903,164	2,410,690

KZN225 Msunduzi - Table A9 Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		1,182,633	2,062,703	2,551,462	2,157,214	2,220,930	2,220,930	2,537,501	2,746,215	2,966,287
Storm water Infrastructure										
Electrical Infrastructure		1,302,588	1,297,036	1,700,386	1,614,887	1,614,887	1,614,887	1,563,852	1,466,257	1,364,881
Water Supply Infrastructure		941,979	782,055	1,173,333	972,840	972,840	972,840	939,984	931,828	896,240
Sanitation Infrastructure		604,406	528,280	588,640	564,949	564,949	564,949	561,526	557,453	552,671
Solid Waste Infrastructure		490,689	515,410	579,408	155,783	155,783	155,783	152,937	149,872	146,572
Rail Infrastructure				27,837						
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		4,522,295	5,185,484	6,621,067	5,465,672	5,529,388	5,529,388	5,755,801	5,851,625	5,926,652
Community Facilities		365,265	393,162	390,131	517,012	517,012	517,012	524,420	539,455	553,874
Sport and Recreation Facilities										
Community Assets		365,265	393,162	390,131	517,012	517,012	517,012	524,420	539,455	553,874
Heritage Assets										
Revenue Generating		177,572	230,945	282,710	230,945	230,945	230,945	230,945	230,945	230,945
Non-revenue Generating										
Investment properties		177,572	230,945	282,710	230,945	230,945	230,945	230,945	230,945	230,945
Operational Buildings		1,017,457	1,009,017	246,995	761,742	761,742	761,742	602,937	436,055	258,141
Housing										
Other Assets		1,017,457	1,009,017	246,995	761,742	761,742	761,742	602,937	436,055	258,141
Biological or Cultivated Assets		362,882	382,805		356,914	356,914	356,914	356,914	356,914	356,914
Servitudes										
Licences and Rights		2,267	17,212		27,283	27,283	27,283	48,733	73,283	98,556
Intangible Assets		2,267	17,212		27,283	27,283	27,283	48,733	73,283	98,556
Computer Equipment										
Furniture and Office Equipment		46,520	44,831	75,086	46,520	46,520	46,520	46,190	41,286	35,318
Machinery and Equipment		872	438,924							
Transport Assets										
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	6,495,131	7,702,379	7,615,990	7,406,088	7,469,804	7,469,804	7,565,939	7,529,563	7,460,399
EXPENDITURE OTHER ITEMS										
Depreciation	7	453,359	481,608	555,845	507,583	507,583	507,583	537,298	570,315	605,290
Repairs and Maintenance by Asset Class	3	139,295	193,444	163,292	172,009	171,344	172,009	278,569	293,481	311,289
Roads Infrastructure		7,094	8,642	47,029	41,854	41,854	41,854	41,095	53,230	58,961
Storm water Infrastructure								10,080	3,307	3,595
Electrical Infrastructure		47,899	50,624	50,160	35,104	35,104	35,104	129,210	134,000	140,588
Water Supply Infrastructure		1,554	17,375	15,460	18,423	18,423	18,423	17,885	19,673	21,050
Sanitation Infrastructure		502	5,936	6,125	32,562	32,562	32,562	7,833	8,381	9,052
Solid Waste Infrastructure			3,485	8,472	7,399	7,399	7,399			
Rail Infrastructure								1,500	1,750	2,000
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		57,050	86,063	127,246	135,342	135,342	135,342	207,603	220,342	235,246
Community Facilities			9,446	17,218	13,455	13,455	13,455	19,024	19,991	21,005
Sport and Recreation Facilities			15,000					21,822	22,788	21,552
Community Assets			24,446	17,218	13,455	13,455	13,455	40,846	42,778	42,557
Heritage Assets		46,220	38,222	18,379				1,053	1,106	1,161
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings		1,957	14,753	448	18,771	18,106	18,771	13,209	13,129	12,246
Housing					4,441	4,441	4,441			
Other Assets		1,957	14,753	448	23,212	22,547	23,212	13,209	13,129	12,246
Biological or Cultivated Assets										
Servitudes										
Licences and Rights								7,900	7,950	9,660
Intangible Assets								7,900	7,950	9,660
Computer Equipment								5,280	5,414	7,144
Furniture and Office Equipment								483	549	964
Machinery and Equipment		22,449	11,658					953	1,001	1,051
Transport Assets		11,618	18,301					1,242	1,213	1,260
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL EXPENDITURE OTHER ITEMS		592,654	675,052	719,136	679,592	678,927	679,592	815,867	863,797	916,580
Renewal and upgrading of Existing Assets as % of total capex		52.1%	77.7%	82.6%	69.2%	64.0%	64.0%	41.3%	41.3%	40.9%
Renewal and upgrading of Existing Assets as % of deprecn		41.8%	85.3%	70.8%	100.0%	109.9%	109.9%	50.3%	38.4%	36.4%
R&M as a % of PPE		2.3%	2.7%	2.4%	2.4%	2.4%	2.4%	3.9%	4.1%	4.4%
Renewal and upgrading and R&M as a % of PPE		5.0%	8.0%	7.0%	9.0%	10.0%	10.0%	7.0%	7.0%	7.0%

KZN225 Msunduzi - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		52,082	51,336	51,911	51,911	51,911	51,911	51,911	51,911	51,911
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		52,082	51,336	51,911	51,911	51,911	51,911	51,911	51,911	51,911
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	52,082	51,336	51,911	51,911	51,911	51,911	51,911	51,911	51,911
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		48,158	48,216	48,004	48,004	48,004	48,004	48,004	48,004	48,004
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (v entillated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		48,158	48,216	48,004	48,004	48,004	48,004	48,004	48,004	48,004
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	48,158	48,216	48,004	48,004	48,004	48,004	48,004	48,004	48,004
Energy:										
Electricity (at least min.service level)		44,830	43,229	42,432	42,432	42,432	42,432	42,432	42,432	42,432
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		44,830	43,229	42,432	42,432	42,432	42,432	42,432	42,432	42,432
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	44,830	43,229	42,432	42,432	42,432	42,432	42,432	42,432	42,432
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		57,353	57,383	56,331	56,331	56,331	56,331	56,331	56,331	56,331
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	57,353	57,383	56,331	56,331	56,331	56,331	56,331	56,331	56,331
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		18,044	19,238	118,730	131,968	131,968	131,968	157,163	180,737	207,848
Sanitation (free sanitation service to indigent households)		7,662	8,122	4,558	4,827	4,827	4,827	-	-	-
Electricity/other energy (50kwh per indigent household per month)		6,741	7,145	2,195	2,363	2,363	2,363	2,407	2,453	2,499
Refuse (removed once a week for indigent households)		2,616	2,773	3,080	3,265	3,265	3,265	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		35,063	37,278	128,564	142,423	142,423	142,423	159,570	183,190	210,347
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA		367,505	5,483	199	391,617	391,617	391,617	415,114	440,021	466,422
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	367,505	5,483	199	391,617	391,617	391,617	415,114	440,021	466,422

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

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

The primary aims of the Budget Steering Committee are 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 City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) 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 25 August 2016. Key dates applicable to the process were:

- **30 August 2016** Annual Performance Report submitted to Auditor-General as per S46 MSA
- **10 October 2016** the first sitting of the IDP representative forum
- **02 to 30 November 2016** Zonal IDP/ Budget Izimbizo convened by the Mayor
- **20 to 24 January 2017** conducted public hearings on proposed rates and tariffs for 2016/17 budget year

2.1.2 IDP and Service Delivery and Budget Implementation Plan

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

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

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 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 2017/18 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 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- City 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 2015/16 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 51, 54, 59,66,67,70 and 74 have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

Ward Committees were utilised to facilitate the community consultation process which included open public briefing sessions. The applicable dates and venues were published in all the local newspapers. Sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the submission to EXCO for finalisation of the 2017/18 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the 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 City 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;

2.2 Overview of alignment of annual budget with IDP

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

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the

municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

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

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, 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 City strategically complies with the key national and provincial priorities.

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

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Spatial Planning and Land Use Management Act (SPLUMA);
- Provincial Growth and Development Strategy (PGDS);
- State of the Province address 2015
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;

- National Key Performance Indicators (NKPIs);
- National Development Plan (Vision 2030)
- The National 14 Government Outcomes
- State of National Address 2017

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 strategic Goals for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Goals

- a) A well-serviced city;
- b) An accessible, connected city;
- c) A clean, green city;
- d) A friendly, safe city, and
- e) An economically prosperous city.
- f) A financially viable and well-governed city

In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the six strategic goals:

1. Basic Service Delivery:
 - Provide electricity;

- Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide city planning services; and
 - Maintaining the infrastructure of the City.
2. Local Economic Development:
- Ensuring there is a clear structural plan for the City;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Cross cutting issues:
- Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
4. Good Governance and Public Participation:
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

- Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
4. Financial Viability and Financial Management:
- Publishing the outcomes of all tender processes on the municipal website
 - Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
5. Municipal Transformation and Organisational Development:
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the six the strategic goals mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into eight strategic focus areas/objectives as outlined below:

- Building a Capable and developmental Municipality
- Back-to-Basics: cleaning, Repairing , enforcing and Responding

- Improved Infrastructure Efficiency-Planning, Budgeting, Spending, Implementing, Maintaining
- Financial Sustainability
- Growing the Regional Economy
- Serving as a Provincial Capital
- Creating a Learning City and City of Learning
- Spatial Effectiveness and Justice: Increasing Densities and Improving Mobility

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

- Strengthening the analysis and strategic planning processes of the City;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 16 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN225 Msunduzi - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Viability and Management	Financially viable and well governed City			1,184,426	1,205,095	1,205,095	1,475,047	1,475,047	1,475,047	1,637,917	1,704,893	1,756,529
Basic Service Delivery	Improved the state of municipal infrastructure			2,457,310	2,602,248	2,729,981	2,957,255	3,174,083	3,174,083	3,264,528	3,566,400	3,780,384
Local Economic Development	An economically prosperous city			17,091	23,573	10,573	32,159	32,159	32,159	34,088	36,134	38,302
Good governance and Public Participation	To develop strong welcoming, caring & diverse communities living in a variety of friendly.			-	283,942	224,326	348,649	403,525	403,525	269,568	91,742	115,246
Gross Cutting Issues	Reduce housing backlogs and eliminate spatial separation by racial categories.			48,733	66,157	81,806	77,497	77,497	77,497	82,147	87,076	92,300
Municipal Transformation and Institutional Development	Improved customer experience & public participation			324	380	46,213	50,372	50,372	50,372	53,395	56,598	59,994
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	3,707,885	4,181,395	4,297,994	4,940,979	5,212,683	5,212,683	5,341,644	5,542,843	5,842,755

Table 17 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN225 Msunduzi - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Viability and Management	Financially viable and well governed City			235,970	343,629	539,004	606,642	606,642	606,642	539,106	564,873	604,435
Basic Service Delivery	Improved the state of municipal infrastructure			800,688	954,316	894,603	799,989	799,989	799,989	862,363	913,242	967,174
Local Economic Development	An economically prosperous city			320,731	381,841	318,425	474,404	474,404	474,404	501,869	533,041	565,023
Good governance and Public Participation	To develop strong welcoming, caring & diverse communities living in a variety of friendly.			120,731	138,196	193,788	131,414	131,414	131,414	138,299	147,657	156,517
Gross Cutting Issues	Reduce housing backlogs and eliminate spatial separation by racial categories.			2,129,876	2,310,161	2,302,804	2,418,578	2,709,120	2,709,120	2,713,337	2,861,207	3,015,726
Municipal Transformation and Institutional Development	Improved customer experience & public participation			7,795	9,238	11,521	22,542	22,542	22,542	14,886	17,917	20,896
Allocations to other priorities												
Total Expenditure			1	3,615,790	4,137,382	4,260,145	4,453,569	4,744,112	4,744,112	4,769,860	5,037,938	5,329,771

Table 18 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN225 Msunduzi - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Viability and Management	Financially viable and well governed City	A		23,294	53,741	74,980	123,024	123,024	123,024	100,306	98,230	96,524
Basic Service Delivery	Improved the state of municipal infrastructure	B		242,180	365,130	85,330	201,545	302,145	302,145	125,811	126,456	80,044
Local Economic Development	An economically prosperous city	C		81,637	89,062	57,570	99,264	99,264	99,264	105,219	111,533	118,224
Good governance and Public Participation	To develop strong welcoming, caring & diverse communities living in a variety of friendly.	D		9,117	9,983	-	23,880	23,880	23,880	19,313	14,832	13,442
Gross Cutting Issues	Reduce housing backlogs and eliminate spatial separation by racial categories.	E		-	3,925	183,426	222,045	258,930	258,930	232,367	109,768	158,559
Municipal Transformation and Institutional Development	Improved customer experience & public participation	F		7,678	6,795	74,980	64,483	64,483	64,483	71,659	69,453	72,900
Allocations to other priorities			3									
Total Capital Expenditure			1	363,906	528,636	476,286	734,241	871,726	871,726	654,676	530,272	539,693

2.3 Measurable performance objectives and indicators

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

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the

performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

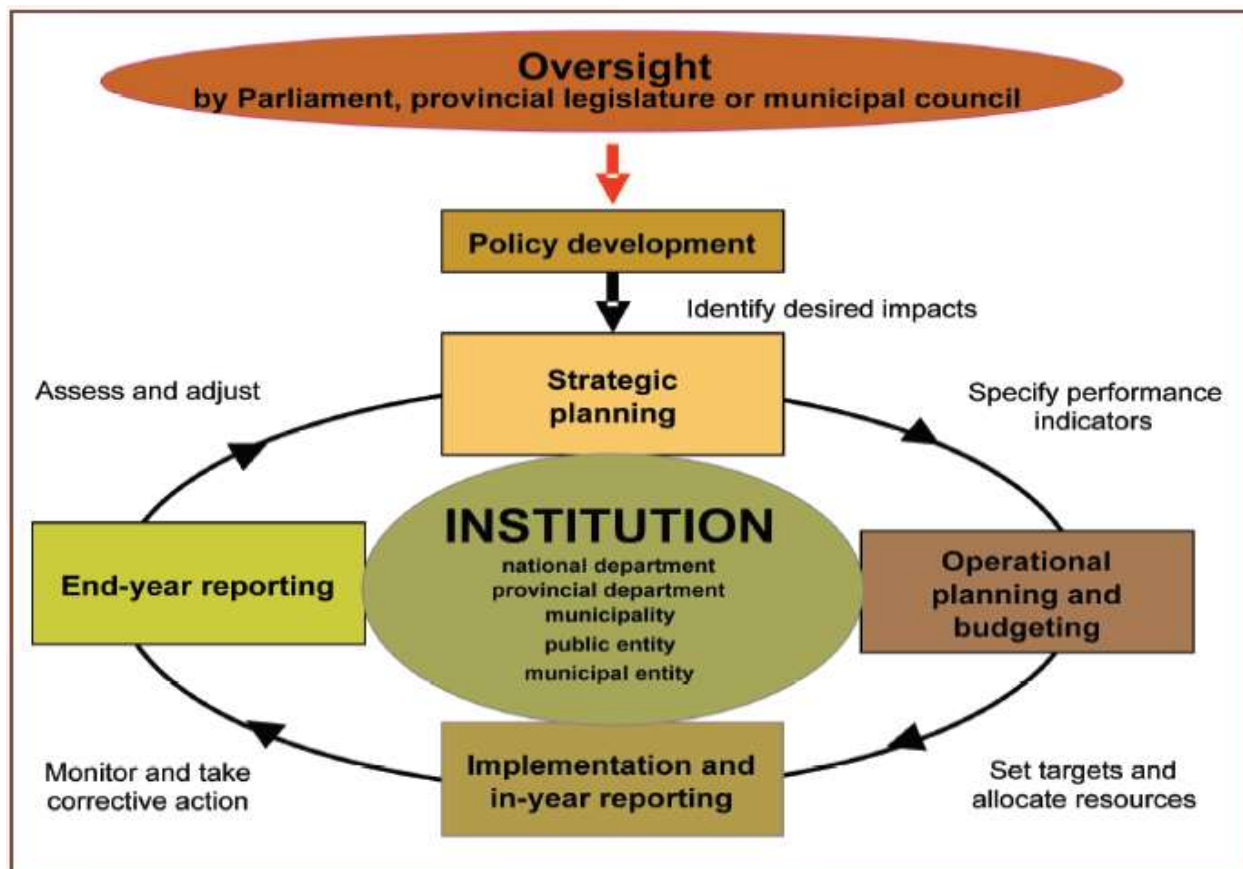


Figure 3 Planning, budgeting and reporting cycle

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



Figure 4 Definition of performance information concepts

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

Table 19 MBRR Table SA7 - Measurable performance objectives

KZN225 Msunduzi - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 3 - Infrastructure Services				
Function 1 - Water				
Sub-function 1 - Non-Revenue Water				
<i>Reduction of Non-Revenue Water</i>	Percentage	11,132,773	12,398,510	19,000,000
Sub-function 2 - New mains and				
<i>Edendale proper new mains and reticulation</i>	No of meters of pipe laid	2,000,000	2,200,000	4,000,000
Sub-function 3 - Water Supply				
<i>Basic Water Supply</i>	No of meters of water	13,000,000	20,000,000	n/a
Sub-function 4 - Reservoirs				
<i>Copesville Reservoir</i>	Percentage Complete	1,500,000	12,700,000	6,000,000
Function 2 - Sanitation				
Sub-function 1 - Feasibility Study				
<i>Sanitation Infrastructure Feasibility study</i>	No of km of pipe	3,018,646	7,000,000	8,000,000
Sub-function 2 - Rehabilitation				
<i>Rehabilitation of Sanitation Infrastructure</i>	No of km of pipe	7,476,350	7,000,000	7,000,000
Sub-function 3 - Pump Stations				
<i>Lincoln Meade sewer pump station</i>	Percentage Complete	n/a	n/a	n/a
Sub-function 4 - Installation of VIPs				
<i>Installation of VIPs in Vulindlela</i>	Number of VIPs	n/a	n/a	10,000,000
Function 3 - Electricity				
Sub-function 1 - Refurbishment				
<i>Refurbish of mini-sub's & pole transformers</i>	Number of mini-sub's &	n/a	n/a	
Sub-function 1 - Refurbishment				
<i>Medium Voltage Electrical Equipment</i>	Number of Medium	n/a	n/a	
Sub-function 1 - Refurbishment				
<i>Hilton Line</i>	Km of new line	n/a	n/a	
Function 4 - Roads				
Sub-function 1 - Refurbishment				
<i>MIG - UPGRADING OF ROADS IN PEACE</i>	No of km of Road	3,900,000	4,095,000	7,131,642
Sub-function 2 - Refurbishment				
<i>UPGRADE RDS IN CALUZA - GREATER EDN</i>	No of km of Road	1,300,000	1,500,000	1,500,000
Sub-function 3 - Refurbishment				
<i>MIG - UPGRADING OF GRAVEL ROADS -</i>	No of km of Road	9,400,000	12,043,413	12,645,584
Sub-function 4 - Refurbishment				
<i>UNIT P</i>	No of km of Road	2,162,970	3,500,000	3,500,000
Sub-function 5 - Refurbishment				
<i>MIG - UPGRADING OF GRAVEL ROADS -</i>	No of km of Road	2,000,000	2,100,000	#####
Sub-function 6 - Refurbishment				
<i>REHAB OF WILLOWFOUNTAIN RD</i>	No of km of Road	2,157,981	3,500,000	3,500,000
Sub-function 7 - Refurbishment				
<i>REHAB OF ASHDOWN RD NETWORK</i>	No of km of Road	2,117,000	3,000,000	3,000,000
Sub-function 8 - Refurbishment				
<i>HORSE SHOE ACCESS ROAD IN IMBALI</i>	No of km of Road	1,500,000	2,500,000	3,000,000
Sub-function 9 - Refurbishment				
<i>UPGRADE GRAVEL RDS - SMERO RDS &</i>	No of km of Road	2,000,000	4,500,000	5,000,000
Sub-function 10 - Refurbishment				
<i>MIG - UPGRADING OF GRAVEL ROADS -</i>	No of km of Road	2,900,000	3,045,000	3,197,250
Sub-function 11 - Refurbishment				
<i>CONSTRUCTION OF STATION RD</i>	No of km of Road	500,000	525,000	551,250
Sub-function 12 - Refurbishment				
<i>MIG - UPGRADING OF GRAVEL ROADS -</i>	No of km of Road	300,000	315,000	330,750
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 2016/17 MTREF.

Table 20 MBRR Table SA8 - Performance indicators and benchmarks

KZN225 Msunduzi - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.1%	0.4%	0.8%	3.0%	2.8%	2.8%	2.8%	3.0%	2.7%	2.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.7%	0.5%	1.0%	3.3%	3.2%	3.2%	3.2%	3.3%	3.0%	2.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	34.9%	24.3%	24.3%	24.3%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	482.4%	210.7%	205.8%	296.1%	296.1%	296.1%	296.1%	282.9%	228.5%	173.8%
Liquidity											
Current Ratio	Current assets/current liabilities	2.8	2.2	2.2	2.4	2.4	2.4	2.4	3.1	3.4	3.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.8	2.2	2.2	2.4	2.4	2.4	2.4	3.1	3.4	3.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.9	1.0	0.8	0.8	0.8	0.8	1.0	1.2	1.4
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		94.4%	101.0%	100.6%	89.0%	89.0%	89.0%	89.0%	90.0%	90.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		94.4%	101.0%	100.6%	89.0%	89.0%	89.0%	89.0%	90.0%	90.0%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	31.0%	28.6%	31.5%	30.2%	28.4%	28.4%	28.4%	33.1%	37.1%	40.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%								
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	54.7%	81.2%								
Creditors to Cash and Investments		54.8%	68.0%	54.7%	76.6%	72.7%	72.7%	72.7%	77.0%	65.3%	57.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	197490507	234935047	208120377							
	Total Cost of Losses (Rand '000)	140,284	179,284	181,961							
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0							
	Total Volume Losses (kℓ)	16,325	23,245	21,915							
Employee costs	Total Cost of Losses (Rand '000)	76433861	117859869	119720088							
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0							
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.8%	23.1%	23.6%	23.3%	22.9%	22.9%	22.9%	23.5%	23.6%	23.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	25.1%	24.3%	24.9%	24.4%	23.9%	24.0%		24.4%	24.5%	24.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.0%	5.1%	4.1%	3.8%	3.6%	3.6%		5.7%	5.7%	5.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	15.0%	14.5%	15.8%	12.8%	12.1%	12.1%	12.1%	12.3%	12.1%	11.9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	45.1	37.7	20.1	22.7	22.7	22.7	22.6	22.1	22.5	23.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	39.4%	37.2%	39.0%	36.1%	36.0%	36.0%	36.0%	41.3%	46.4%	51.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.6	3.1	3.5	3.8	3.5	3.5	3.5	3.5	4.1	4.7

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Batho Pele City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 0.76 per cent to 0.72 per cent in 2019/20, it needs to be noted that the increased capital grants and transfers has contributed to the decrease 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 has remained steady from between 3.3 per cent in 2013/14 to 2.9 per cent in 2015/16. This increase can be attributed to the raising of loans to fund portions of the capital programme. It is estimated that the cost of borrowing as a percentage of the operating expenditure will remain around 3.0 per cent in 2017/18 and will then decrease to 2.4 per cent 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.
- About R38.8 million worth of capital projects are loan funded projects in the 2017/18 budget year.

2.3.1.2 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 non-current borrowings as a percentage of funds and reserves. This ratio increased over the past few years due to the approval of the R250 million DBSA loan facility for the refurbishment of electricity projects. This ratio decreases in the medium term as the municipality repays its debts and improves on its equity as contributions to the reserves increase.

- The *gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2012/13 and 2014/15 the gearing ratio peaked at 1084.8 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio decreases to 231.4 per cent in the 2015/16 financial year, it however increases to 940.1 in the 2017/18 MTREF.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. Currently the current ratio is 1.9 and in the 2017/18 financial year and for the two outer years of the MTREF is 2,3, 3,3 and 5,3 respectively. Going forward it will be necessary to maintain these levels.
- *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 2015/16 financial year the ratio was 1,9 and as part of the financial planning strategy it has been increased in that for the MTREF the ratio is projected to even improve reasonable

2.3.1.4 Revenue Management

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

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

2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the City, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the City's business.

2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 12 per cent in the 2017/18 financial year to 11 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses have been significantly constant at 33.0 per cent in 2013/14 and 2015/16. The acceptable norm is 20.0 per cent.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels.
- 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 City's strategy to ensure the management of its asset base.

2.3.2 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 City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2017/18 financial year the registered indigents have been provided for in the budget in terms of the Municipality's indigent policy indigent households are entitled to 6kl free water, 70 kwh of electricity, 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 24 MBRR A10 (Basic Service Delivery Measurement) on page 41.

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.

2.3.3 Providing clean water and managing waste water

The City is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. All of the City's bulk water needs are provided directly by Umgeni Water in the form of purified water.

The following is briefly the main challenges facing the City 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.
-

2.4 Overview of budget related-policies

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

2.4.1 Review of credit control and debt collection procedures/policies

The Credit control and debt Collection Policy was approved by Council in 30 May 2014 and is reviewed every year. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money, there has been 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, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks 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 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the City'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.

2.4.2 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 City's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Policy

The changes to the Budget policy are mainly to ensure effective budgeting in terms of chapter 4 of the MFMA to a large extent.

2.4.4 Supply Chain Management Policy

The above policy incorporates the recent changes regarding procurement procedures

2.4.5 Virement Policy

The Virement 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 City's system of delegations. The Virement Policy was approved by Council.

2.4.6 Cash Management and Investment Policy

The City's Cash Management and Investment Policy was approved by Council. The aim of the policy is to ensure that the City'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 cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policy

The changes to the tariff policy specify the change in terminology of the indigent tariff. The policy has been amended to apply the indigent tariffs as specified in the tariff register whereas previously this was referred to as a lifeline tariff.

2.4.8 Funding & reserves policy

Basically this policy is meant to guide the use reserves and other funding that may become available. This policy is necessary since R120 millions of our capital budget will be funded from municipal own sources of income.

2.4.9 Indigent policy

The changes to the Indigent Policy are in terms of National Treasury recommendations and major feature of the policy is the re-introduction of automatic indigent and related controls. The lifeline relief in terms of water 6kl is the acceptable level nationally and that declared indigent should have 20amps in terms electricity supply.

2.4.10 Rates policy

The changes to the Rates policy are in terms of the Municipal Property Rates Act and accommodate the introduction of a rebate for developers and child headed households as outlined in the tariff register. The new valuation roll and supplementary roll are included.

2.4.11 Insurance policy

Mainly addresses issues to be considered when handling municipal insurance

2.4.12 Grants policy

Mainly treatment and disclosure of grant funding on municipal books

2.4.13 Borrowing policy

Emphasise importance of compliance with MFMA when borrowing has to take place.

2.5 Overview of budget assumptions

2.5.1 External factors

During the preparation of our tariffs which is informed by national norms and standards and our utility prices for electricity and water are always dictated by NERSA and Umgeni Water Board. The municipality's tariff escalation for Electricity and Water for financial year 2017/18 is in line with the recommendations NERSA and Umgeni and the reason for not adding the municipal mark-up is to mitigate the negative impact in the lives of the poor and meet our community half-way.

I therefore confidently can state that in our budget preparation the plight of poor of the poor has been our primary consideration.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 24 per cent of total operating expenditure in the 2017/18 MTREF.

2.5.3 Credit rating outlook

Table 21 Credit rating outlook remove this table and not replace

			145	
Short term	Rand	A2	Annually	A3

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 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. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2016/17 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.5 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 (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent 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.

2.5.6 Growth or decline in tax base of the municipality

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

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

2.5.7 Salary increases

A salary increase of 6% has been provided for.

2.5.8 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.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

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

Table 22 Breakdown of the operating revenue over the medium-term

KZN225 Msunduzi - Table A1 Budget Summary

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands			
Financial Performance			
Property rates	846,651	897,450	951,297
Service charges	3,017,350	3,178,907	3,358,254
Investment revenue	52,292	55,428	58,754
Transfers recognised - operational	542,411	566,964	609,267
Other own revenue	426,328	451,908	479,023
Total Revenue (excluding capital transfers and contributions)	4,885,032	5,150,658	5,456,594

The following graph is a breakdown of the operational revenue per main category for the 2017/187 financial year.

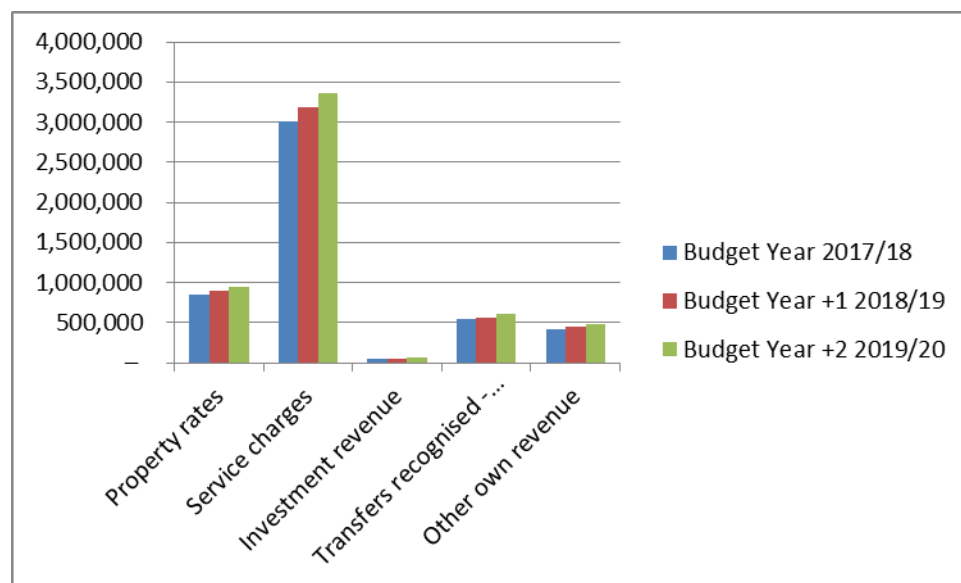


Figure 5 Breakdown of operating revenue over the 2017/18 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City 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 city and economic development;
- Revenue management and enhancement;
- Achievement of a 90 per cent 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 2017/18 MTREF on the different revenue categories are:

Table 23 Analysis of estimated revenue projections

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18 Medium Term Revenue & Expenditure Framework						
	Adjusted Budget	YoY% of total	Budget Year 2017/18	YoY% of total	Budget Year +1 2018/19	YoY% of total	Budget Year +2 2019/20
R thousand							
Revenue By Source							
Property rates	798,728	17	846,651	17	897,450	17	951,297
Service charges - electricity revenue	2,008,246	42	2,038,443	42	2,076,766	40	2,115,809
Service charges - water revenue	623,188	13	716,666	15	824,166	16	947,791
Service charges - sanitation revenue	147,839	3	156,710	3	166,112	3	176,079
Service charges - refuse revenue	99,557	2	105,531	2	111,863	2	118,574
Service charges - other	-	-	-	-	-	-	-
Rental of facilities and equipment	48,193	1	22,002	0	23,322	0	24,722
Interest earned - external investments	49,330	1	52,292	1	55,428	1	58,754
Interest earned - outstanding debtors	66,949	1	66,010	1	69,970	1	74,169
Dividends received	-	-	-	-	-	-	-
Fines, penalties and forfeits	67,315	1	46,497	1	49,287	1	52,244
Licences and permits	89	0	-	-	-	-	-
Agency services	20,198	0	-	-	-	-	-
Transfers and subsidies	547,243	12	542,411	11	566,964	11	609,267
Other revenue	276,433	6	291,819	6	309,328	6	327,888
Gains on disposal of PPE	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	4,753,309	100	4,885,032	100	5,150,658	100	5,456,594

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2016/17 financial year, revenue from rates and services charges totalled to R3.7 billion or 79 per cent. This increased to R3.9 billion, R4.1 billion and R4.3 billion for 2017/18, 2018/19 and 2019/20 respectively. A notable trend is the increase in the total percentage revenue generated from rates and services charges. This growth can be mainly

attributed to the increased sale of electricity which contributes to the total revenue mix, which in turn is due to an increase in the Eskom and uMgeni tariffs for water and electricity. The table above excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates are the second largest revenue source totalling 17.3 per cent or R846.7 million. Other revenue consists of various items such as fines, licences and permits, agency services, sale of produce, training recoveries, landing fees, passenger levy etc.

Operating grants and transfers totals R542.4 million in the 2017/18 financial year and steadily increases to R567 million by 2018/19, R609.3 million by 2019/20.

Investment revenue contributes marginally to the revenue base of the City with a budget allocation of R52.3 million, R55.4 million and R58.8 million for the respective three financial years of the 2017/18 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 24 MBRR SA15 – Detail Investment Information

KZN225 Msunduzi - Supporting Table SA15 Investment particulars by type

Investment type	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand									
Parent municipality									
Securities - National Government Listed Corporate Bonds									
Deposits - Bank	785,368	753,595	896,301	952,382	1,012,256	1,012,256	1,056,830	1,332,789	1,623,248
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	785,368	753,595	896,301	952,382	1,012,256	1,012,256	1,056,830	1,332,789	1,623,248
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:	785,368	753,595	896,301	952,382	1,012,256	1,012,256	1,056,830	1,332,789	1,623,248

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R115.2 million, R112.7 million and R126.8 million in each of the financial years.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 25 Sources of capital revenue over the MTREF**KZN225 Msunduzi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding**

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Transfers Recognised	1	246,183	356,459	299,098	447,973	459,374	459,374	459,374	456,612	392,185	386,162
Borrowing	6	-	100,000	62,181	158,268	158,268	158,268	158,268	38,800		
Internally generated funds	7	117,723	72,177	110,621	120,000	254,084	254,084	254,084	159,264	138,087	153,532
Total Capital Funding	7	363,906	528,636	471,900	726,241	871,726	871,726	871,726	654,676	530,272	539,693

The above table is graphically represented as follows for the 2017/18 financial year

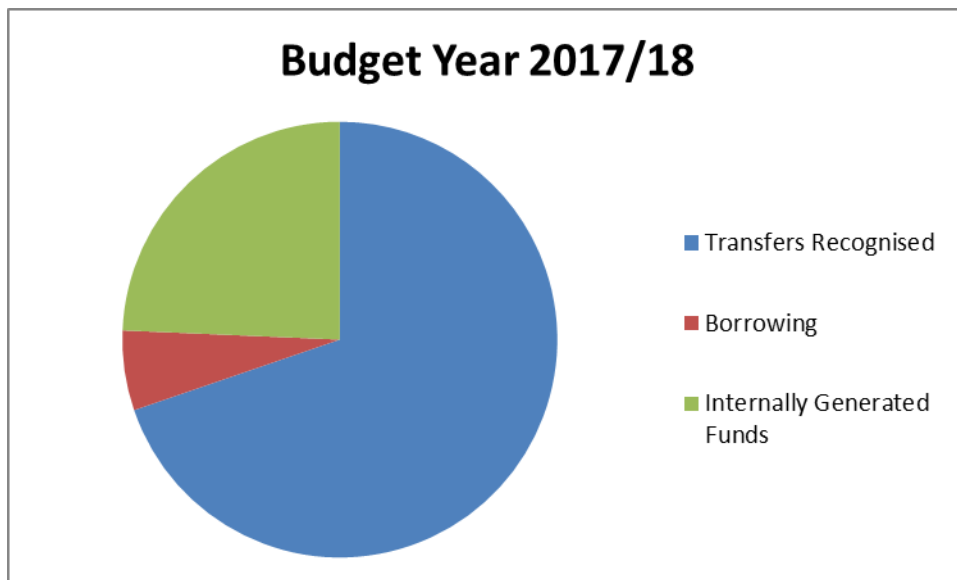


Figure 6 Sources of capital revenue for the 2017/18 financial year

Capital grants and receipts equates to 69.8 per cent of the total funding source which represents R456.6 million for the 2017/18 financial year and shows a decrease to R392.2 million by 2018/19.

Borrowings amounting to R38.8 million will also be utilised to fund the capital budget. An amount of R159.3 million has been set aside for internal funding.

Details of borrowings

Table 26 MBRR Table SA 17 - Detail of borrowings

KZN225 Msunduzi - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality										
Annuity and Bullet Loans		500,157	543,401	568,480	511,999	511,999	511,999	432,631	349,414	265,770
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	500,157	543,401	568,480	511,999	511,999	511,999	432,631	349,414	265,770
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	500,157	543,401	568,480	511,999	511,999	511,999	432,631	349,414	265,770

The following graph illustrates the growth in outstanding borrowing for the 2012/13 to 2018/19 period.

Table 27 MBRR Table SA 18 - Capital transfers and grant receipts

KZN225 Msunduzi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		198,921	299,283	270,402	447,515	424,639	424,639	447,745	386,718	380,695
Municipal Infrastructure Grant (MIG)		155,719	157,065	182,668	180,653	169,777	169,777	180,543	190,743	204,162
Public Transport and Systems		17,695	20,634	18,140	200,031	180,031	180,031	189,012	93,974	95,532
Neighbourhood Development Partnership		707	20,195	10,231	22,110	22,110	22,110	40,000	30,000	30,000
Dept of Mineral/Electricity		5,704	9,188							
Intergrated National Electrification Programme		17,504	82,151	8,771	8,000	8,000	8,000		7,000	10,000
Municipal Systems Improvement		353	417	415						
Municipal Water Infrastructure Grant		1,239	9,631	50,176	36,721	36,721	36,721	38,191	65,000	41,000
Energy Efficiency and Demand Management						8,000	8,000			
Provincial Government:		47,262	57,176	28,696	19,899	34,735	34,735	8,867	5,467	5,467
Airport Development Project		14,198	-	10,986						
Sport and Recreation		2,384	80							
KZNPA		774	5,182	1,004						
Arts and Culture-Museum Subsidies		4,057	8,865	3,635	9,510	9,634	9,634	5,467	5,467	5,467
COGTA		3,324	18,016	2,466						
Human Settlement		22,524	25,032	10,605	10,389	25,102	25,102	3,400		
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: SANEDI		-	-	4,386	-	-	-	-	-	-
Total Capital Transfers and Grants	5	246,183	356,459	303,484	467,414	459,374	459,374	456,612	392,185	386,162

2.6.3 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 understandability 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 28 MBRR Table A7 - Budget cash flow statement**KZN225 Msunduzi - Table A7 Budgeted Cash Flows**

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		551,209	716,603	762,288	741,451	741,451	741,451	741,451	761,986	807,705	856,168
Service charges		1,975,851	2,227,636	2,468,237	2,533,370	2,533,370	2,533,370	2,533,370	2,715,615	2,861,016	3,022,428
Other revenue		299,975	(111)	68,802	138,875	148,875	148,875	148,875	324,287	343,744	364,369
Government - operating	1	442,598	519,604	466,156	489,491	489,491	489,491	489,491	542,411	566,964	609,267
Government - capital	1	251,706	356,459	303,484	447,973	447,973	447,973	447,973	456,612	392,185	386,162
Interest		96,358	120,502	128,456	107,717	107,717	107,717	107,717	106,478	112,865	119,637
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(2,885,718)	(3,372,401)	(3,554,849)	(3,619,264)	(3,570,907)	(3,570,907)	(3,570,907)	(3,921,431)	(4,149,228)	(4,397,525)
Finance charges		(67,174)	(71,169)	(75,095)	(65,474)	(65,474)	(65,474)	(65,474)	(62,143)	(52,819)	(52,820)
Transfers and Grants	1	(218)	(238)	(238)	(191)	(191)	(191)	(191)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		664,587	496,885	567,242	773,947	832,304	832,304	832,304	923,815	882,433	907,685
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		9,191	421	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		(816)	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(151,258)	(2,125)	(24,771)	-	-	-	-	-	-	-
Payments											
Capital assets		(373,216)	(545,182)	(451,998)	(617,305)	(681,021)	(681,021)	(681,021)	(666,368)	(523,272)	(533,593)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(516,099)	(546,886)	(476,769)	(617,305)	(681,021)	(681,021)	(681,021)	(666,368)	(523,272)	(533,593)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	100,000	100,000	100,000	100,000	-	-	-
Increase (decrease) in consumer deposits		5,520	1,921	5,348	5,250	5,250	5,250	5,250	-	-	-
Payments											
Repayment of borrowing		(44,803)	53,739	40,870	(67,762)	(67,762)	(67,762)	(67,762)	(79,368)	(83,217)	(83,644)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(39,283)	55,661	46,218	37,488	37,488	37,488	37,488	(79,368)	(83,217)	(83,644)
NET INCREASE/ (DECREASE) IN CASH HELD		109,205	5,660	136,691	194,130	188,771	188,771	188,771	178,078	275,944	290,447
Cash/cash equivalents at the year begin:	2	718,068	827,273	832,933	912,709	977,942	977,942	977,942	977,942	1,156,020	1,431,964
Cash/cash equivalents at the year end:	2	827,273	832,933	969,624	1,106,839	1,166,713	1,166,713	1,166,713	1,156,020	1,431,964	1,722,412

The above table shows that cash and cash equivalents of the City has stabilised and grown between the 2013/14 and 2016/17 financial year moving from a positive cash balance of R827.3 million to R1.166 billion. It is projected that cash and cash equivalents on hand will increase to R1.166 billion by the financial year end. For the 2017/18 MTREF the budget has been prepared to ensure high levels of cash backed reserves/accumulated surplus.

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 29 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN225 Msunduzi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	827,273	832,933	969,624	1,106,839	1,166,713	1,166,713	1,166,713	1,156,020	1,431,964	1,722,412
Other current investments > 90 days		8,241	16,154	9,176	(54,305)	(54,373)	(54,373)	(54,373)	896	913	928
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		835,514	849,087	978,800	1,052,534	1,112,340	1,112,340	1,112,340	1,156,916	1,432,877	1,723,340
Application of cash and investments											
Unspent conditional transfers		298,530	134,857	249,941	262,898	262,898	262,898	262,898	276,042	289,845	304,337
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(581,377)	(428,907)	(671,992)	(324,301)	(264,781)	(264,781)	(264,781)	(541,179)	(760,132)	(991,687)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(282,847)	(294,051)	(422,052)	(61,403)	(1,883)	(1,883)	(1,883)	(265,137)	(470,287)	(687,350)
Surplus(shortfall)		1,118,361	1,143,138	1,400,852	1,113,938	1,114,224	1,114,224	1,114,224	1,422,053	1,903,164	2,410,690

From the above table it can be seen that the cash and investments available total to R1.157 billion in the 2017/18 financial year and will remain around that figure in 2019/20, 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 2016/17 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 2017/18 financial year no provision has been made for this liability as the total unspent conditional grant liability has been factored into the 2017/18 capital programme of the City. The City has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could 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. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, Any underperformance in relation to collections could place upward pressure on the ability of the City to meet its creditor obligations.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The level of the cash-backing progressively improved over the period 2016/17 to 2018/19.

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

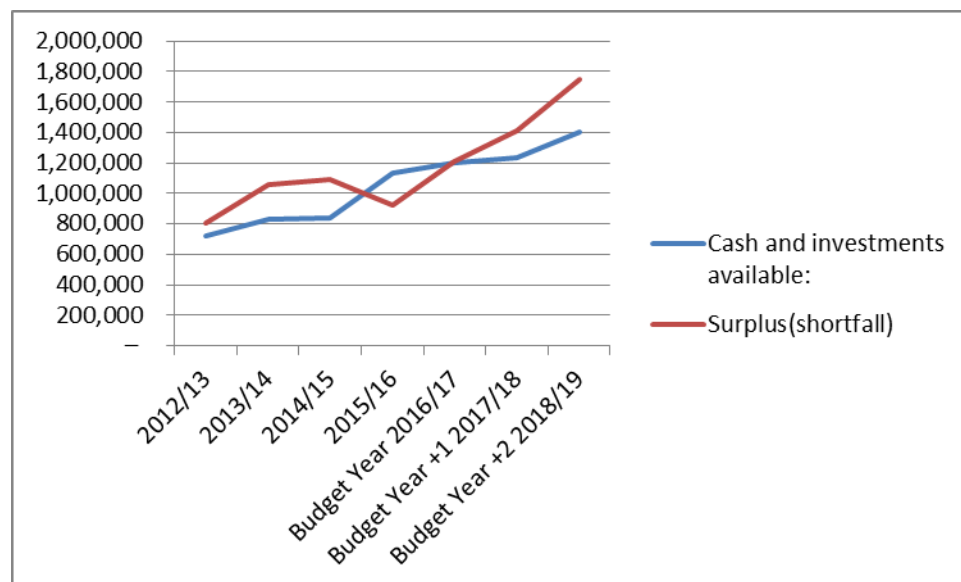


Figure 7 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.4 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 30 MBRR SA10 – Funding compliance measurement

KZN225 Msunduzi Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	827,273	832,933	969,624	1,106,839	1,166,713	1,166,713	1,166,713	1,156,020	1,431,964	1,722,412
Cash + investments at the yr end less applications - R'000	18(1)b	2	1,118,361	1,143,138	1,400,852	1,113,938	1,114,224	1,114,224	1,114,224	1,422,053	1,903,164	2,410,690
Cash year end/monthly employee/supplier payments	18(1)b	3	3.6	3.1	3.5	3.8	3.5	3.5	3.5	3.5	4.1	4.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	92,095	44,013	37,849	487,409	468,572	468,572	468,572	571,784	504,905	512,985
Service charge rev % change - macro CPX target exclusive	18(1)a,(2)	5	N.A.	2.9%	4.2%	8.6%	(6.0%)	(6.0%)	(6.0%)	(0.9%)	(0.5%)	(0.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	96.4%	91.0%	95.6%	86.8%	82.4%	82.4%	82.4%	88.6%	88.6%	88.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.2%	7.6%	2.9%	3.3%	3.3%	3.3%	3.3%	2.7%	2.7%	2.7%
Capital payments % of capital expenditure	18(1)c,19	8	102.6%	103.1%	94.9%	84.1%	78.1%	78.1%	78.1%	101.8%	98.7%	98.9%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	34.9%	24.3%	24.3%	24.3%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	2.8%	15.1%	6.6%	0.0%	0.0%	0.0%	19.7%	18.5%	16.5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(100.0%)	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	2.3%	2.7%	2.4%	2.4%	2.4%	2.4%	3.9%	3.9%	4.1%	4.4%
Asset renewal % of capital budget	20(1)(vi)	14	52.1%	77.7%	82.6%	69.2%	64.0%	64.0%	0.0%	26.3%	25.0%	25.3%

2.6.4.1 Cash/cash equivalent position

The City'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 2016/17 MTREF shows R1.157 billion, R1.432 billion and R1.722 billion for each respective financial year.

2.6.4.2 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 48. 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.

2.6.4.3 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 City 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. Notably, the ratio has been stable for the period 2011/12 to 2014/15, moving from 3.4 to 3.9 with the adopted 2016/17 MTREF. As part of the 2017/18 MTREF the municipalities improving cash position causes the ratio to move upwards to 4.3 and then reduces slightly to 3.8 for the outer years.

2.6.4.4 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 2017/18 MTREF the indicative outcome is a surplus of R571.8 million, R504.9 million and R513 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.

2.6.4.5 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 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 8.3, 3.3 and 3.0 per cent for the respective financial year of the 2017/18 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6.0 per cent, with the increase in water at 15 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower in the outer years of the MTREF that 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.

2.6.4.6 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 88.2, 86.9 and 87.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed.

2.6.4.7 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 3.7, 3.7 and 3.6 per cent over the MTREF. Considering the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.8 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.

2.6.4.9 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 45.5, 29.4 and zero per cent of own funded capital. Further details relating to the borrowing strategy of the City can be found on page 68.

2.6.4.10 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 per cent could

indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purposes of these measures are 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 City's policy of settling debtors accounts within 30 days. Although there is a spike in the 2017/18 financial year, this levels out in the following years.

2.6.4.12 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 City's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C on page 103.

2.6.4.13 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 MBRR SA34b on page 90.

2.7 Table 31 MBRR SA19 - Expenditure on transfers and grant programmes

KZN225 Msunduzi - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		377,234	475,437	437,999	458,705	461,581	461,581	519,750	551,828	594,131
Local Government Equitable Share		354,313	373,541	395,786	432,307	432,307	432,307	468,430	507,022	544,646
Finance Management		1,550	1,600	1,600	1,625	1,625	1,625	1,700	1,700	1,700
Municipal Systems Improvement		245	808	482						
EPWP Incentive		1,874	2,784	4,032	6,809	6,809	6,809	8,022		
Water Services Operating Subsidy		5,391	1,762							
Public Transport Infrastructure		-	88,849	27,408				21,001	21,553	26,657
Energy Efficiency and Demand Management					8,000					
Operating costs-MIG		10,350	6,093	8,690	9,964	20,840	20,840	20,596	21,554	21,128
Neighbourhood Development Partnership Technical		3,512								
Provincial Government:		70,887	43,754	28,157	10,786	10,786	10,786	22,661	15,136	15,136
Provincial Government		35,774	3							
Expanded Public Works Grant		1,874								
Sport and Recreation		-	60							
Health		6,242								
Human Settlements		12,198	19,310	11,225				8,025		
Arts and Culture- Community Library Services		-	7,450	6,618	581	581	581			
Arts and Culture- Provincialisation		14,800	16,231	9,940	9,805	9,805	9,805	14,636	15,136	15,136
Arts and Culture-Museum Subsidies		-	478	268	400	400	400			
COGTA		-	222	106						
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>Developer Contribution</i>		-	413	-	-	-	-	-	-	-
			413							
Total operating expenditure of Transfers and Grants		448,122	519,604	466,156	469,491	472,367	472,367	542,411	566,964	609,267
Capital expenditure of Transfers and Grants										
National Government:		198,921	299,283	270,402	447,515	424,639	424,639	447,745	386,718	380,695
Municipal Infrastructure Grant (MIG)		155,719	157,065	182,668	180,653	169,777	169,777	180,543	190,743	204,162
Public Transport and Systems		17,695	20,634	18,140	200,031	180,031	180,031	189,012	93,974	95,532
Neighbourhood Development Partnership		707	20,195	10,231	22,110	22,110	22,110	40,000	30,000	30,000
Dept of Mineral/Electricity		5,704	9,188							
Integrated National Electrification Programme		17,504	82,151	8,771	8,000	8,000	8,000		7,000	10,000
Municipal Systems Improvement		353	417	415						
Municipal Water Infrastructure Grant		1,239	9,631	50,176	36,721	36,721	36,721	38,191	65,000	41,000
Energy Efficiency and Demand Management						8,000	8,000			
Provincial Government:		47,262	57,176	28,696	19,899	34,735	34,735	8,867	5,467	5,467
Airport Development Project		14,198	-	10,986						
Sport and Recreation		2,384	80							
KZNPA		774	5,182	1,004						
Arts and Culture-Museum Subsidies		4,057	8,865	3,635	9,510	9,634	9,634	5,467	5,467	5,467
COGTA		3,324	18,016	2,466						
Human Settlement		22,524	25,032	10,605	10,389	25,102	25,102	3,400		
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>SANEDI</i>		-	-	4,386	-	-	-	-	-	-
				4,386						
Total capital expenditure of Transfers and Grants		246,183	356,459	303,484	467,414	459,374	459,374	456,612	392,185	386,162
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		694,304	876,063	769,640	936,905	931,741	931,741	999,023	959,149	995,428

Table 32 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN225 Msunduzi - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	+1 2018/19	Budget Year +2 2019/20
R thousand									
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	377,234	475,437	437,999	458,705	481,581	481,581	519,750	551,828	594,131
Conditions met - transferred to revenue	377,234	475,437	437,999	458,705	481,581	481,581	519,750	551,828	594,131
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts	70,887	43,754	28,157	10,786	10,786	10,786	22,661	15,136	15,136
Conditions met - transferred to revenue	70,887	43,754	28,157	10,786	10,786	10,786	22,661	15,136	15,136
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		413	-						
Conditions met - transferred to revenue	-	413	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	448,122	519,604	466,156	469,491	492,367	492,367	542,411	566,964	609,267
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	198,921	299,283	270,402	447,515	424,639	424,639	447,745	386,718	380,695
Conditions met - transferred to revenue	198,921	299,283	270,402	447,515	424,639	424,639	447,745	386,718	380,695
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts	47,262	57,176	28,696	19,899	34,735	34,735	8,867	5,467	5,467
Conditions met - transferred to revenue	47,262	57,176	28,696	19,899	34,735	34,735	8,867	5,467	5,467
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	-	-	4,386						
Conditions met - transferred to revenue	-	-	4,386	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	246,183	356,459	303,484	467,414	459,374	459,374	456,612	392,185	386,162
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	694,304	876,063	769,640	936,905	951,741	951,741	999,023	959,149	995,428

2.8 Councillor and employee benefits

Table 33 MBRR SA22 - Summary of councillor and staff benefits

KZN225 Msunduzi - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		27,114	22,127	26,664	28,637	28,637	28,637	30,068	31,572	33,151
Pension and UIF Contributions		2,782	3,203	3,859	3,614	3,614	3,614	3,795	3,985	4,184
Medical Aid Contributions		349	1,803	2,173	1,416	1,416	1,416	1,487	1,561	1,640
Motor Vehicle Allowance		5,718	5,821	7,015	7,292	7,292	7,292	7,656	8,039	8,441
Cellphone Allowance		1,015	1,588	1,914	2,034	2,034	2,034	2,135	2,242	2,354
Housing Allowances		123	115	138	41	41	41	43	45	47
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		37,100	34,657	41,763	43,033	43,033	43,033	45,185	47,444	49,816
% increase	4		6.6%	20.5%	3.0%			5.0%	5.0%	5.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		5,041	5,442	6,744	6,102	6,102	6,102	8,364	8,866	9,398
Pension and UIF Contributions		639	798	870	511	511	511	922	977	1,035
Medical Aid Contributions		-	-	20	60	60	60	149	158	167
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		280	604	360	382	382	382	-	-	-
Motor Vehicle Allowance	3	697	962	756	818	818	818	1,116	1,183	1,254
Cellphone Allowance	3	-	-	90	100	100	100	100	106	113
Housing Allowances	3	37	98	64	142	142	142	602	638	676
Other benefits and allowances	3	108	133	-	509	509	509	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		6,803	8,038	8,904	8,624	8,624	8,624	11,253	11,928	12,644
% increase	4		18.2%	10.8%	(3.1%)			30.5%	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages		496,690	562,665	621,617	704,886	737,260	737,260	758,943	804,479	852,748
Pension and UIF Contributions		9,379	10,767	11,521	134,921	141,118	141,118	152,561	161,714	171,417
Medical Aid Contributions		143,280	154,656	149,748	68,352	71,491	71,491	54,261	57,516	60,967
Overtime		30,263	38,098	49,205	36,413	38,085	38,085	52,231	55,365	58,686
Performance Bonus		-	-	-	-	-	-	55,497	58,827	62,356
Motor Vehicle Allowance	3	36,189	40,026	42,592	15,126	15,821	15,821	17,141	18,169	19,259
Cellphone Allowance	3	-	-	-	2,943	3,079	3,079	315	334	354
Housing Allowances	3	2,972	3,026	4,475	4,465	4,670	4,670	5,660	6,000	6,360
Other benefits and allowances	3	-	-	-	50,453	52,770	52,770	13,252	14,047	14,890
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		22,763	22,289	22,222	18,100	18,932	18,932	19,546	20,719	21,962
Post-retirement benefit obligations	6	79,570	50,089	36,903	-	-	-	-	-	-
Sub Total - Other Municipal Staff		821,108	881,616	938,283	1,035,660	1,083,226	1,083,226	1,129,406	1,197,170	1,269,001
% increase	4		7.4%	6.4%	10.4%	4.6%		4.3%	6.0%	6.0%
Total Parent Municipality		865,010	924,312	988,950	1,087,317	1,134,883	1,134,883	1,185,844	1,256,543	1,331,461
			6.9%	7.0%	9.9%	4.4%		4.5%	6.0%	6.0%
Board Members of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-		-	-	-
Senior Managers of Entities										
Basic Salaries and Wages		285	308	409	442	-	442	486	530	578
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		10	13	14	15	15	15	17	18	20
Overtime		18	18	18	19	19	19	21	23	25
Performance Bonus		4	4	4	4	4	4	4	5	5
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	6	6	6	6	6	6	7	8	8
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 Entities		323	348	451	486	-	486	535	583	636
% increase	4		7.8%	29.4%	7.9%	(100.0%)		10.0%	9.0%	9.0%
Other Staff of Entities										
Basic Salaries and Wages		1,915	2,203	2,749	2,969	-	2,969	3,565	3,886	4,236
Pension and UIF Contributions		140	158	194	209	209	209	260	296	335
Medical Aid Contributions		359	426	533	586	586	645	703	766	827
Overtime		54	54	72	69	69	76	83	91	91
Performance Bonus		11	11	14	12	12	13	13	15	16
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	375	286	457	597	597	696	759	827	827
Housing Allowances	3	30	22	25	27	27	35	38	42	42
Other benefits and allowances	3	215	227	250	323	323	390	425	464	464
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities		3,099	3,387	4,293	4,792	-	4,792	5,681	6,205	6,776
% increase	4		9.3%	26.8%	11.6%	(100.0%)		18.6%	9.2%	9.2%
Total Municipal Entities		3,422	3,735	4,744	5,278	-	5,278	6,216	6,788	7,411
TOTAL SALARY, ALLOWANCES & BENEFITS		868,432	928,047	993,694	1,092,595	1,134,883	1,140,161	1,192,060	1,263,331	1,338,872
% increase	4		6.9%	7.1%	10.0%	3.9%	0.5%	4.6%	6.0%	6.0%
TOTAL MANAGERS AND STAFF	5,7	831,333	893,389	951,931	1,049,562	1,091,850	1,097,128	1,146,875	1,215,887	1,289,056

Table 34 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

KZN225 Msunduzi - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum	No.	1.					2.
Councillors	3						
Speaker	4	848,335	89,757	232,029			1,170,121
Chief Whip		801,882	133,324	140,398			1,075,603
Executive Mayor		1,173,345	209,456	53,345			1,436,147
Deputy Executive Mayor		815,732	122,360	232,030			1,170,122
Executive Committee		6,650,999	903,609	1,050,217			8,604,826
Total for all other councillors		19,778,193	3,816,489	8,133,230			31,727,911
Total Councillors	8	30,068,487	5,274,994	9,841,249			45,184,730
Senior Managers of the Municipality	5						
Municipal Manager (MM)		1,342,694	173,872	254,769	111,891		1,883,226
Chief Finance Officer		1,226,987	121,638	386,166	102,249		1,837,040
DMM: Corporate Services		1,331,355	267,422	143,860	110,946		1,853,583
DMM: Community Services		1,306,921	204,184	232,327	108,910		1,852,343
DMM: Sustainable Development and City Enterprises		1,253,017	124,168	421,797	104,418		1,903,401
DMM: Infrastructure Services		1,253,017	179,200	379,443	111,891		1,923,552
List of each official with packages >= senior manager							-
							-
Total Senior Managers of the Municipality	8,10	7,713,992	1,070,484	1,818,362	650,306		11,253,144
Total for municipal entities	8,10	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	37,782,479	6,345,478	11,659,611	650,306		56,437,874

Table 35 MBRR SA24 – Summary of personnel numbers**KZN225 Msunduzi - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		73			77	77		77	77	
Board Members of municipal entities	4	12								
Municipal employees	5									
Municipal Manager and Senior Managers	3	7	1	–	7	7	–	7	7	–
Other Managers	7	104	100	–	22	22	5	22	22	5
Professionals		202	170	16	163	121	24	163	121	24
<i>Finance</i>		12	16	1	39	38		39	38	
<i>Spatial/town planning</i>		11	4	13	24	13	3	24	13	3
<i>Information Technology</i>		1	1	2	6	3	3	6	3	3
<i>Roads</i>		1	4	–	21	14	2	21	14	2
<i>Electricity</i>		16	5	–	23	12	2	23	12	2
<i>Water</i>		1	3		15	13		15	13	
<i>Sanitation</i>		1	1	–	11	9		11	9	
<i>Refuse</i>		1	1	–	6	6		6	6	
<i>Other</i>		158	135		18	13	14	18	13	14
Technicians		500	266	15	316	83	10	316	83	10
<i>Finance</i>		36	–		14	7		14	7	
<i>Spatial/town planning</i>		2	2	4	21	14		21	14	
<i>Information Technology</i>		9	8	4	8	6		8	6	
<i>Roads</i>		8	14		23	9	3	23	9	3
<i>Electricity</i>		66	66	3	35	20	2	35	20	2
<i>Water</i>		22	28	2	18	12	1	18	12	1
<i>Sanitation</i>		3	11		18	11	4	18	11	4
<i>Refuse</i>		4	7		4	–		4	–	
<i>Other</i>		350	130	2	175	4	–	175	4	–
Clerks (Clerical and administrative)		789	453	591	689	441		689	441	
Service and sales workers		–	363	188	621	135		621	135	
Skilled agricultural and fishery workers		–	–	–	612	505		612	505	
Craft and related trades		–	–	7	184	41		184	41	
Plant and Machine Operators		1,192	149	138	109	56	–	109	56	–
Elementary Occupations		–	936	1,508	3,011	2,023	14	3,011	2,023	14
TOTAL PERSONNEL NUMBERS	9	2,879	2,438	2,463	5,811	3,511	53	5,811	3,511	53
% increase					101.8%	44.0%	(97.8%)	–	–	–
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10				511	21	21	511	21	21
Human Resources personnel headcount	8, 10				136	65		136	65	

2.9 Monthly targets for revenue, expenditure and cash flow

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN225 Msunduzi - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source															
Property rates	70,554	70,554	70,554	70,554	70,554	70,554	70,554	70,554	70,554	70,554	70,554	70,554	846,651	897,450	951,297
Service charges - electricity revenue	169,870	169,870	169,870	169,870	169,870	169,870	169,870	169,870	169,870	169,870	169,870	169,870	2,038,443	2,076,766	2,115,809
Service charges - water revenue	59,722	59,722	59,722	59,722	59,722	59,722	59,722	59,722	59,722	59,722	59,722	59,722	716,666	824,166	947,791
Service charges - sanitation revenue	13,059	13,059	13,059	13,059	13,059	13,059	13,059	13,059	13,059	13,059	13,059	13,059	156,710	166,112	176,079
Service charges - refuse revenue	8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	105,531	111,863	118,574
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,834	1,834	1,834	1,834	1,834	1,834	1,834	1,834	1,834	1,834	1,834	1,834	22,002	23,322	24,722
Interest earned - external investments	4,352	4,352	4,352	4,352	4,352	4,352	4,352	4,352	4,352	4,352	4,358	4,412	52,292	55,428	58,754
Interest earned - outstanding debtors	5,501	5,501	5,501	5,501	5,501	5,501	5,501	5,501	5,501	5,501	5,501	5,501	66,010	69,970	74,169
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	3,875	3,875	3,875	3,875	3,875	3,875	3,875	3,875	3,875	3,875	3,875	3,875	46,497	49,287	52,244
Licences and permits	-	-	-	-	-	-	-	-	-	-	8	86	94	100	106
Agency services	-	-	-	-	-	-	-	-	-	-	59	651	710	753	798
Transfers and subsidies	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	542,411	566,964	609,267
Other revenue	24,318	24,318	24,318	24,318	24,318	24,318	24,318	24,318	24,318	24,318	24,251	23,581	291,015	308,476	326,984
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and	407,081	407,081	407,081	407,081	407,081	407,081	407,081	407,081	407,081	407,081	407,086	407,140	4,885,032	5,150,658	5,456,594
Expenditure By Type															
Employee related costs	95,055	95,055	95,055	95,055	95,055	95,055	95,055	95,055	95,055	95,055	95,573	100,753	1,146,875	1,215,895	1,289,064
Remuneration of councillors	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	45,185	47,444	49,816
Debt impairment	8,662	8,662	8,662	8,662	8,662	8,662	8,662	8,662	8,662	8,662	8,662	8,662	103,942	110,178	116,789
Depreciation & asset impairment	44,706	44,706	44,706	44,706	44,706	44,706	44,706	44,706	44,706	44,706	44,775	45,465	537,298	570,315	605,290
Finance charges	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,179	5,190	62,143	52,954	43,817
Bulk purchases	171,412	171,412	171,412	171,412	171,412	171,412	171,412	171,412	171,412	171,412	172,796	186,634	2,073,551	2,192,161	2,324,945
Other materials	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,188	7,675	86,252	92,042	98,209
Contracted services	35,034	35,034	35,034	35,034	35,034	35,034	35,034	35,034	35,034	35,034	35,061	35,329	420,727	446,309	473,442
Transfers and subsidies	742	742	742	742	742	742	742	742	742	742	-	(7,418)	-	-	-
Other expenditure	23,886	23,886	23,886	23,886	23,886	23,886	23,886	23,886	23,886	23,886	24,491	30,533	293,887	310,640	328,398
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	395,578	395,578	395,578	395,578	395,578	395,578	395,578	395,578	395,578	395,578	397,488	416,590	4,769,860	5,037,938	5,329,771
Surplus/(Deficit)	11,502	11,502	11,502	11,502	11,502	11,502	11,502	11,502	11,502	11,502	9,598	(9,450)	115,172	112,720	126,823
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	456,612	392,185	386,162
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	49,553	49,553	49,553	49,553	49,553	49,553	49,553	49,553	49,553	49,553	47,649	28,602	571,784	504,905	512,985
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	49,553	49,553	49,553	49,553	49,553	49,553	49,553	49,553	49,553	49,553	47,649	28,602	571,784	504,905	512,985

Table 37 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN225 Msunduzi - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework				
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20		
Revenue by Vote																		
Vote 1 - City Manager		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Vote 2 - City Finance		146,370	146,370	146,370	146,370	146,370	146,370	146,370	146,370	146,370	146,370	146,370	146,370	146,370	146,370	1,756,445	1,867,338	1,983,160
Vote 3 - Community Services and Social Equity		19,584	19,584	19,584	19,584	19,584	19,584	19,584	19,584	19,584	19,584	19,584	19,584	19,584	19,584	235,003	240,614	254,314
Vote 4 - Corporate Services		396	396	396	396	396	396	396	396	396	396	396	396	396	396	4,755	5,040	5,343
Vote 5 - Infrastructure Services		269,495	269,495	269,495	269,495	269,495	269,495	269,495	269,495	269,495	269,495	269,495	269,495	269,495	269,495	3,233,942	3,336,172	3,502,440
Vote 6 - Sustainable Development and City Enterprises		9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	9,286	111,499	93,677	97,498
Total Revenue by Vote		445,132	445,132	445,132	445,132	445,132	445,132	445,132	445,132	445,132	445,132	445,132	445,132	445,132	445,191	5,341,644	5,542,843	5,842,755
Expenditure by Vote to be appropriated																		
Vote 1 - City Manager		15,346	15,346	15,346	15,346	15,346	15,346	15,346	15,346	15,346	15,346	15,346	15,346	15,346	15,346	184,149	191,665	204,576
Vote 2 - City Finance		48,295	48,295	48,295	48,295	48,295	48,295	48,295	48,295	48,295	48,295	48,295	48,295	48,295	48,295	579,540	612,850	639,809
Vote 3 - Community Services and Social Equity		42,719	42,719	42,719	42,719	42,719	42,719	42,719	42,719	42,719	42,719	42,719	42,719	42,719	42,719	512,624	614,780	733,119
Vote 4 - Corporate Services		14,072	14,072	14,072	14,072	14,072	14,072	14,072	14,072	14,072	14,072	14,072	14,072	14,072	14,072	168,868	173,986	122,707
Vote 5 - Infrastructure Services		264,819	264,819	264,819	264,819	264,819	264,819	264,819	264,819	264,819	264,819	264,819	264,819	264,819	264,819	3,027,522	3,134,631	3,296,379
Vote 6 - Sustainable Development and City Enterprises		23,495	23,495	23,495	23,495	23,495	23,495	23,495	23,495	23,495	23,495	23,495	23,495	23,495	24,763	297,156	310,027	333,181
Total Expenditure by Vote		408,746	408,746	408,746	408,746	408,746	408,746	408,746	408,746	408,746	408,746	408,746	408,746	397,488	284,913	4,769,860	5,037,938	5,329,771
Surplus/(Deficit) before assoc.		36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	47,649	160,279	571,784	504,905	512,985
Taxation															-	-	-	-
Attributable to minorities															-	-	-	-
Share of surplus/ (deficit) of associate															-	-	-	-
Surplus/(Deficit)	1	36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	36,386	47,649	160,279	571,784	504,905	512,985

Table 38 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN225 Msunduzi - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand																	
Revenue - Functional																	
Governance and administration		146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	1,761,665	1,872,870	1,989,024	
Executive and council		0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	
Finance and administration		146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	146,805	1,761,664	1,872,870	1,989,024	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community and public safety		6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765	8,670	27,711	104,035	85,060	87,128	
Community and social services		1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	1,931	23,170	23,854	24,049	
Sport and recreation		80	80	80	80	80	80	80	80	80	80	80	80	960	1,017	1,078	
Public safety		59	59	59	59	59	59	59	59	59	59	59	59	710	753	798	
Housing		4,695	4,695	4,695	4,695	4,695	4,695	4,695	4,695	4,695	4,695	6,600	25,641	79,195	59,436	61,202	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Economic and environmental services		42,090	42,090	42,090	42,090	42,090	42,090	42,090	42,090	42,090	42,090	42,095	42,149	505,141	419,670	445,335	
Planning and development		4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	50,700	44,960	45,938	
Road transport		34,889	34,889	34,889	34,889	34,889	34,889	34,889	34,889	34,889	34,889	34,895	34,949	418,738	336,143	358,016	
Environmental protection		2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	35,704	38,567	41,380	
Trading services		243,467	243,467	243,467	243,467	243,467	243,467	243,467	243,467	243,467	243,467	243,467	243,467	2,921,609	3,113,097	3,265,994	
Energy sources		126,307	126,307	126,307	126,307	126,307	126,307	126,307	126,307	126,307	126,307	126,307	126,307	1,515,685	1,515,909	1,507,900	
Water management		92,220	92,220	92,220	92,220	92,220	92,220	92,220	92,220	92,220	92,220	92,220	92,220	1,106,643	1,279,067	1,420,107	
Waste water management		16,146	16,146	16,146	16,146	16,146	16,146	16,146	16,146	16,146	16,146	16,146	16,146	193,750	206,258	219,413	
Waste management		8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	8,794	105,531	111,863	118,574	
Other		4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	49,194	52,145	55,274	
Total Revenue - Functional		443,227	443,227	443,227	443,227	443,227	443,227	443,227	443,227	443,227	443,227	445,137	464,233	5,341,644	5,542,843	5,842,755	
Expenditure - Functional																	
Governance and administration		74,436	74,436	74,436	74,436	74,436	74,436	74,436	74,436	74,436	74,436	74,436	74,436	893,233	932,942	1,032,521	
Executive and council		12,870	12,870	12,870	12,870	12,870	12,870	12,870	12,870	12,870	12,870	12,870	12,870	154,440	160,609	173,889	
Finance and administration		59,938	59,938	59,938	59,938	59,938	59,938	59,938	59,938	59,938	59,938	59,938	59,938	719,255	751,686	836,811	
Internal audit		1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	19,537	20,647	21,821	
Community and public safety		34,422	34,422	34,422	34,422	34,422	34,422	34,422	34,422	34,422	34,422	34,422	34,422	413,064	458,597	485,910	
Community and social services		9,576	9,576	9,576	9,576	9,576	9,576	9,576	9,576	9,576	9,576	9,576	9,576	114,911	114,935	122,030	
Sport and recreation		11,897	11,897	11,897	11,897	11,897	11,897	11,897	11,897	11,897	11,897	11,897	11,897	142,763	180,831	191,506	
Public safety		6,797	6,797	6,797	6,797	6,797	6,797	6,797	6,797	6,797	6,797	6,797	6,797	81,567	86,374	91,443	
Housing		5,775	5,775	5,775	5,775	5,775	5,775	5,775	5,775	5,775	5,775	5,775	5,775	69,301	71,635	75,788	
Health		377	377	377	377	377	377	377	377	377	377	377	377	4,522	4,822	5,143	
Economic and environmental services		40,322	40,322	40,322	40,322	40,322	40,322	40,322	40,322	40,322	40,322	41,590	54,270	499,079	523,490	562,525	
Planning and development		11,993	11,993	11,993	11,993	11,993	11,993	11,993	11,993	11,993	11,993	13,190	25,169	158,285	166,572	175,922	
Road transport		22,246	22,246	22,246	22,246	22,246	22,246	22,246	22,246	22,246	22,246	22,316	23,017	279,406	267,788	300,093	
Environmental protection		6,084	6,084	6,084	6,084	6,084	6,084	6,084	6,084	6,084	6,084	6,084	6,084	73,006	77,512	86,510	
Trading services		254,793	254,793	254,793	254,793	254,793	254,793	254,793	254,793	254,793	254,793	242,267	117,011	2,907,205	3,063,261	3,185,846	
Energy sources		152,156	152,156	152,156	152,156	152,156	152,156	152,156	152,156	152,156	152,156	139,630	14,374	1,675,566	1,769,178	1,818,939	
Water management		83,869	83,869	83,869	83,869	83,869	83,869	83,869	83,869	83,869	83,869	83,869	83,869	1,006,422	1,066,808	1,130,816	
Waste water management		12,169	12,169	12,169	12,169	12,169	12,169	12,169	12,169	12,169	12,169	12,169	12,169	146,027	146,076	153,344	
Waste management		6,599	6,599	6,599	6,599	6,599	6,599	6,599	6,599	6,599	6,599	6,599	6,599	79,190	81,199	82,747	
Other		4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,773	57,278	59,649	62,968	
Total Expenditure - Functional		408,746	408,746	408,746	408,746	408,746	408,746	408,746	408,746	408,746	408,746	397,488	284,913	4,769,860	5,037,938	5,329,771	
Surplus/(Deficit) before assoc.		34,482	34,482	34,482	34,482	34,482	34,482	34,482	34,482	34,482	34,482	47,649	179,320	571,784	504,905	512,985	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	34,482	34,482	34,482	34,482	34,482	34,482	34,482	34,482	34,482	34,482	47,649	179,320	571,784	504,905	512,985	

Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN225 Msunduzi - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Multi-year expenditure to be appropriated	1																
Vote 1 - City Manager		15,751	15,751	15,751	15,751	15,751	15,751	15,751	15,751	15,751	15,751	15,751	15,751	189,012	93,974	95,532	
Vote 2 - City Finance		1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	1,708	20,500	23,750	24,220	
Vote 3 - Community Services and Social Equity		2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	31,800	43,885	45,129	
Vote 4 - Corporate Services		108	108	108	108	108	108	108	108	108	108	108	108	1,300	2,300	2,500	
Vote 5 - Infrastructure Services		23,192	23,192	23,192	23,192	23,192	23,192	23,192	23,192	23,192	23,192	22,494	15,517	269,934	277,213	268,131	
Vote 6 - Sustainable Development and City Enterprises		5,283	5,283	5,283	5,283	5,283	5,283	5,283	5,283	5,283	5,283	4,085	(7,893)	49,026	54,320	73,286	
Capital multi-year expenditure sub-total	2	48,693	48,693	48,693	48,693	48,693	48,693	48,693	48,693	48,693	48,693	46,798	27,841	561,571	495,443	508,798	
Single-year expenditure to be appropriated																	
Vote 1 - City Manager		539	539	539	539	539	539	539	539	539	539	539	539	6,470	3,014	3,089	
Vote 2 - City Finance		433	433	433	433	433	433	433	433	433	433	1,409	11,164	16,907	1,950	1,435	
Vote 3 - Community Services and Social Equity		1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	2,195	6,751	26,337	10,200	8,800	
Vote 4 - Corporate Services		425	425	425	425	425	425	425	425	425	425	2,508	23,342	30,100	4,100	3,900	
Vote 5 - Infrastructure Services		292	292	292	292	292	292	292	292	292	292	292	292	3,500	1,000	-	
Vote 6 - Sustainable Development and City Enterprises		592	592	592	592	592	592	592	592	592	592	816	3,051	9,792	14,565	13,671	
Capital single-year expenditure sub-total	2	4,021	4,021	4,021	4,021	4,021	4,021	4,021	4,021	4,021	4,021	7,759	45,138	93,105	34,829	30,895	
Total Capital Expenditure	2	52,714	52,714	52,714	52,714	52,714	52,714	52,714	52,714	52,714	52,714	54,556	72,979	654,676	530,272	539,693	

Table 40 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN225 Msunduzi - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration		18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	21,476	52,064	257,708	122,611	124,276
Executive and council		16,275	16,275	16,275	16,275	16,275	16,275	16,275	16,275	16,275	16,275	16,275	16,275	195,302	96,911	98,576
Finance and administration		2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142	5,201	35,789	62,407	25,700	25,700
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		5,397	5,397	5,397	5,397	5,397	5,397	5,397	5,397	5,397	5,397	6,076	12,867	72,909	69,976	89,079
Community and social services		2,092	2,092	2,092	2,092	2,092	2,092	2,092	2,092	2,092	2,092	2,547	7,103	30,567	22,945	24,042
Sport and recreation		1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	12,200	15,700	15,700
Public safety		804	804	804	804	804	804	804	804	804	804	1,028	3,263	12,332	12,650	11,750
Housing		1,484	1,484	1,484	1,484	1,484	1,484	1,484	1,484	1,484	1,484	1,484	1,484	17,810	18,681	37,587
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		8,790	8,790	8,790	8,790	8,790	8,790	8,790	8,790	8,790	8,790	7,593	(4,386)	91,111	100,807	106,504
Planning and development		4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	4,007	2,809	(9,170)	33,707	38,359	38,102
Road transport		4,784	4,784	4,784	4,784	4,784	4,784	4,784	4,784	4,784	4,784	4,784	4,784	57,404	62,448	68,402
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		18,642	18,642	18,642	18,642	18,642	18,642	18,642	18,642	18,642	18,642	18,642	18,642	223,699	222,655	205,470
Energy sources		6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	6,108	73,293	42,468	46,491
Water management		8,199	8,199	8,199	8,199	8,199	8,199	8,199	8,199	8,199	8,199	8,199	8,199	98,391	126,735	104,347
Waste water management		3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	44,345	46,562	48,890
Waste management		639	639	639	639	639	639	639	639	639	639	639	639	7,670	6,890	5,742
Other		771	771	771	771	771	771	771	771	771	771	771	771	9,248	14,222	14,364
Total Capital Expenditure - Functional	2	52,016	52,016	52,016	52,016	52,016	52,016	52,016	52,016	52,016	52,016	54,556	79,957	654,676	530,272	539,693
Funded by:																
National Government		38,010	38,010	38,010	38,010	38,010	38,010	38,010	38,010	38,010	38,010	37,312	30,334	447,745	386,718	380,695
Provincial Government		283	283	283	283	283	283	283	283	283	283	739	5,295	8,867	5,467	5,467
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		38,293	38,293	38,293	38,293	38,293	38,293	38,293	38,293	38,293	38,293	38,051	35,629	456,612	392,185	386,162
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	9,700	-	-	9,700	-	-	9,700	-	-	9,700	38,800	-	-
Internally generated funds		11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187	13,272	34,117	159,264	138,087	153,532
Total Capital Funding		49,481	49,481	59,181	49,481	49,481	59,181	49,481	49,481	59,181	49,481	51,323	79,446	654,676	530,272	539,693

Table 41 MBRR SA30 - Budgeted monthly cash flow

KZN225 Msunduzi - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source													1		
Property rates	63,499	63,499	63,499	63,499	63,499	63,499	63,499	63,499	63,499	63,499	63,499	63,499	761,986	807,705	856,168
Service charges - electricity revenue	152,883	152,883	152,883	152,883	152,883	152,883	152,883	152,883	152,883	152,883	152,883	152,883	1,834,599	1,869,089	1,904,228
Service charges - water revenue	53,750	53,750	53,750	53,750	53,750	53,750	53,750	53,750	53,750	53,750	53,750	53,750	645,000	741,750	853,012
Service charges - sanitation revenue	11,753	11,753	11,753	11,753	11,753	11,753	11,753	11,753	11,753	11,753	11,753	11,753	141,039	149,501	158,471
Service charges - refuse revenue	7,915	7,915	7,915	7,915	7,915	7,915	7,915	7,915	7,915	7,915	7,915	7,915	94,978	100,676	106,717
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	19,802	20,990	22,250
Interest earned - external investments	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	47,069	49,892	52,886
Interest earned - outstanding debtors	4,951	4,951	4,951	4,951	4,951	4,951	4,951	4,951	4,951	4,951	4,951	4,951	59,409	62,973	66,752
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	3,487	3,487	3,487	3,487	3,487	3,487	3,487	3,487	3,487	3,487	3,487	3,487	41,848	44,358	47,020
Licences and permits	7	7	7	7	7	7	7	7	7	7	7	7	85	90	95
Agency services	53	53	53	53	53	53	53	53	53	53	53	53	639	678	718
Transfer receipts - operational	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	45,201	542,411	566,964	609,267
Other revenue	21,886	21,886	21,886	21,886	21,886	21,886	21,886	21,886	21,886	21,886	21,826	21,223	261,913	277,628	294,286
Cash Receipts by Source	370,953	370,953	370,953	370,953	370,953	370,953	370,953	370,953	370,953	370,953	370,898	370,349	4,450,776	4,692,295	4,971,868
Other Cash Flows by Source															
Transfer receipts - capital	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	38,051	456,612	392,185	386,162
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/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	409,004	409,004	409,004	409,004	409,004	409,004	409,004	409,004	409,004	409,004	408,949	408,400	4,907,388	5,084,480	5,358,030
Cash Payments by Type															
Employee related costs	85,549	85,549	85,549	85,549	85,549	85,549	85,549	85,549	85,549	85,549	86,067	91,247	1,032,809	1,094,977	1,160,891
Remuneration of councillors	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	3,765	45,185	47,444	49,816
Finance charges	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,177	5,179	5,190	62,143	62,819	62,820
Bulk purchases - Electricity	171,412	171,412	171,412	171,412	171,412	171,412	171,412	171,412	171,412	171,412	171,412	171,412	2,056,945	2,173,064	2,302,983
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,188	7,675	86,252	91,421	96,901
Contracted services	35,034	35,034	35,034	35,034	35,034	35,034	35,034	35,034	35,034	35,034	35,061	35,329	420,727	445,967	472,722
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	23,886	23,886	23,886	23,886	23,886	23,886	23,886	23,886	23,886	23,886	23,293	17,357	279,512	296,355	314,211
Cash Payments by Type	331,963	331,963	331,963	331,963	331,963	331,963	331,963	331,963	331,963	331,963	331,964	331,976	3,983,574	4,202,047	4,450,345
Other Cash Flows/Payments by Type															
Capital assets	52,714	52,714	52,714	52,714	52,714	52,714	52,714	52,714	52,714	52,714	55,531	83,697	666,368	523,272	533,593
Repayment of borrowing	6,614	6,614	6,614	6,614	6,614	6,614	6,614	6,614	6,614	6,614	6,614	6,614	79,368	83,217	83,644
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	391,291	391,291	391,291	391,291	391,291	391,291	391,291	391,291	391,291	391,291	394,109	422,288	4,729,310	4,808,536	5,067,582
NET INCREASE/(DECREASE) IN CASH HELD	17,713	17,713	17,713	17,713	17,713	17,713	17,713	17,713	17,713	17,713	14,840	(13,888)	178,078	275,944	290,447
Cash/cash equivalents at the month/year begin:	977,942	995,655	1,013,367	1,031,080	1,048,793	1,066,505	1,084,218	1,101,930	1,119,643	1,137,355	1,155,068	1,169,908	977,942	1,156,020	1,431,964
Cash/cash equivalents at the month/year end:	995,655	1,013,367	1,031,080	1,048,793	1,066,505	1,084,218	1,101,930	1,119,643	1,137,355	1,155,068	1,169,908	1,156,020	1,156,020	1,431,964	1,722,412

2.10 Annual budgets and SDBIPs – internal departments

These are discussed fully in the IDP and SDBIP documents

2.11 Contracts having future budgetary implications

In terms of the City'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.

2.12 Capital expenditure details

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

Table 42 MBRR SA 34a - Capital expenditure on new assets by asset class

Table 43 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Table 44 MBRR SA34c - Repairs and maintenance expenditure by asset class

Table 45 MBRR SA36 - Detailed capital budget per municipal vote

KZN225 Msunduzi - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
					Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4								
Parent municipality:									
<i>List all capital projects grouped by Municipal Vote</i>									
BUDGET AND TREASURY		FURNITURE AND EQUIPMENT			200	150	150	VARIOUS	NEW
BUDGET AND TREASURY		INSTALL MORE CAMERA SYSTEMS STORES			50			VARIOUS	NEW
BUDGET AND TREASURY		FURNITURE STORES			80	50	50	VARIOUS	NEW
BUDGET AND TREASURY		NEW SHELVING AT STORES			300			VARIOUS	NEW
BUDGET AND TREASURY		MOBILE FUEL TANK STORES			50			VARIOUS	NEW
BUDGET AND TREASURY		COMPUTERS			156	80	80	VARIOUS	NEW
BUDGET AND TREASURY		FURNITURE			150	90	20	VARIOUS	NEW
BUDGET AND TREASURY		PLANT AND VEHICLES			330	150	150	VARIOUS	NEW
BUDGET AND TREASURY		AIRCONDITIONING OFFICES			100	50		VARIOUS	NEW
BUDGET AND TREASURY		INSTALLATION OF CCTV CAMERA AND SCREEN X 4			50			VARIOUS	NEW
BUDGET AND TREASURY		PARTITIONING OF REVENUE OFFICES			180	50	50	VARIOUS	NEW
BUDGET AND TREASURY		RENOVATION OF OFFICES - RATES SECTION			150			VARIOUS	NEW
BUDGET AND TREASURY		ADDING MACHINES / CALCULATORS -RATES			12			VARIOUS	NEW
BUDGET AND TREASURY		COMPUTERS RATES SECTION			78			VARIOUS	NEW
BUDGET AND TREASURY		FURNITURE CASHIER OFFICES BOMBAY ROAD			30			VARIOUS	NEW
BUDGET AND TREASURY		NOTE COUNTING MACHINES - CASHIER			75			VARIOUS	NEW
BUDGET AND TREASURY		CALL CENTRE MANAGEMENT SYSTEM			1,000	500	300	VARIOUS	NEW
BUDGET AND TREASURY		COMPUTERS			78	80	80	VARIOUS	NEW
BUDGET AND TREASURY		FURNITURE			50	50	50	VARIOUS	NEW
BUDGET AND TREASURY		FURNITURE AND EQUIPMENT			100	100	100	VARIOUS	NEW
BUDGET AND TREASURY		FINANCIAL MANAGEMENT SYSTEM - SAP			19,500	23,250	23,250	VARIOUS	NEW
BUDGET AND TREASURY		COMPUTERS -DuziSAP			1,200	500	500	VARIOUS	NEW
BUDGET AND TREASURY		FURNITURE AND EQUIPMENT -DuziSAP			219	100	100	VARIOUS	NEW
BUDGET AND TREASURY		RENOVATION TO DUZISAP OFFICES			250			VARIOUS	NEW
BUDGET AND TREASURY		COMPUTERS PAY OFFICE			60			VARIOUS	NEW
BUDGET AND TREASURY		FURNITURE PAY OFFICE			18	50	50	VARIOUS	NEW
BUDGET AND TREASURY		FILLING SYSTEM CANINETS PAY OFFICE			50			VARIOUS	NEW
BUDGET AND TREASURY		CNL - AArchiving Storage of documents Pay Office			-	50		VARIOUS	NEW
BUDGET AND TREASURY		CNL - Renovation of Offices -Pay Office			-	300		VARIOUS	NEW
BUDGET AND TREASURY		CNL - Furniture Boardroom Table Creditors			50			VARIOUS	NEW
BUDGET AND TREASURY		CNL - FURNITURE -Chairs Creditors			41			VARIOUS	NEW
BUDGET AND TREASURY		CNL - Furniture Fridge Creditors			5			VARIOUS	NEW
BUDGET AND TREASURY		CNL - FURNITURE Assets Management			50	50	50	VARIOUS	NEW
BUDGET AND TREASURY		CNL - Vehicles for Asset Verification			190			VARIOUS	NEW
BUDGET AND TREASURY		CNL - FURNITURE Fleet			111			VARIOUS	NEW
BUDGET AND TREASURY		CNL - Filing Cabinets Fleet			27			VARIOUS	NEW
BUDGET AND TREASURY		CNL - Airconditioning Offices Fleet			110			VARIOUS	NEW
BUDGET AND TREASURY		CNL - Renovation of Offices -Real Estates and Valuation			600			VARIOUS	NEW
BUDGET AND TREASURY		CNL - FURNITURE Real Estates and Valuations			-	50	50	VARIOUS	NEW
BUDGET AND TREASURY		SEDAN 1.6			2,690			VARIOUS	NEW
BUDGET AND TREASURY		LWB 4X2 SINGLE CAB HALF DOOR CANOPY			380			VARIOUS	NEW
BUDGET AND TREASURY		7 SEATER VEHICLE			1,535			VARIOUS	NEW
BUDGET AND TREASURY		TRACTOR LOADER BACKHOE			2,851			VARIOUS	NEW
BUDGET AND TREASURY		6KL WATER TANKER			4,250			VARIOUS	NEW
CITY MANAGER		NEW:FURNITURE & OFFICE EQUIP			400	400	400	VARIOUS	NEW
CITY MANAGER		NEW:FURNITURE & OFFICE EQUIP			345	345	345	VARIOUS	NEW
CITY MANAGER		PURCHASING OF NEW PMS SYSTEM / SOFTWARE			700	-	-	VARIOUS	NEW
CITY MANAGER		PURCHASING OF NEW TELEPHONES			50	15	15	VARIOUS	NEW
CITY MANAGER		PURCHASING NEW COMPUTERS			150	25	25	VARIOUS	NEW
CITY MANAGER		PPE-FURNITURE & OFF.EQUIP.-ALL OR EXCL NERSA-ACQUI			100	15	15	VARIOUS	NEW
CITY MANAGER		PURCHASING OF NEW TELEPHONES			500	525	551	VARIOUS	NEW
CITY MANAGER		CAPITAL - PURCHASING DATA RECORDING SOFTWARE			1,000	1,050	1,103	VARIOUS	NEW
CITY MANAGER		PPE-FURNITURE & OFF.EQUIP.-ALL OR EXCL NERSA-ACQUI			505	530	557	VARIOUS	NEW
CITY MANAGER		CAPITAL - PURCHASING OF PARKHOME			250	-	-	VARIOUS	NEW
CITY MANAGER		CAPITAL - PURCHASING NEW COMPUTERS			100	-	-	VARIOUS	NEW
CITY MANAGER		CAPITAL - PURCHASING NEW FURNITURE			1,350	-	-	VARIOUS	NEW
CITY MANAGER		LEVS:AH:NEW:COMPUTER EQUIPMENT			30	32	33	VARIOUS	NEW
CITY MANAGER		LEVS:AH:NEW:COMPUTER EQUIPMENT			110	-	-	VARIOUS	NEW
CITY MANAGER		LEVS:AH:NEW:COMPUTER EQUIPMENT			710	-	-	VARIOUS	NEW
CITY MANAGER		LEVS:AH:NEW:COMPUTER EQUIPMENT			100	-	-	VARIOUS	NEW
CITY MANAGER		INTERGRATED RAPID PUBLIC TRASPORT NETWORK			189,012	93,974	95,532	VARIOUS	NEW
COMMUNITY SERVICES		LANDFILL UPGRADE			4,800	5,040	5,292	35	RENEWAL
COMMUNITY SERVICES		WARD 15 COMMUNITY HALL			400	420	441	15	RENEWAL
COMMUNITY SERVICES		KWAQANDA COMMUNITY HALL			2,900	3,045	3,197	6	RENEWAL
COMMUNITY SERVICES		Ward 18 COMMUNITY HALL			3,900	4,095	4,300	18	RENEWAL
COMMUNITY SERVICES		UNIT BB COMMUNITY HALL			2,900	3,045	3,197	17	RENEWAL
COMMUNITY SERVICES		REGIONAL ATHLETIC TRACK SPORT COMPLEX			1,900	1,995	2,095	27	NEW
COMMUNITY SERVICES		SWEETWATERS DUAL PURPOSE SPORT CENTRE			6,900	7,245	7,607	2	NEW
COMMUNITY SERVICES		FURNITURE & OFFICE EQUIP			50			VARIOUS	NEW
COMMUNITY SERVICES		purchase loud hollers			100			VARIOUS	NEW
COMMUNITY SERVICES		Motor vehicles - new project			400			VARIOUS	NEW
COMMUNITY SERVICES		Operation Sukuma Sakhe(OSS)- new project			200	100	100	VARIOUS	NEW
COMMUNITY SERVICES		Thusong Centre - new project			600			VARIOUS	NEW
COMMUNITY SERVICES		IMPL MASTER PLAN FOR HALLS			2,000			VARIOUS	NEW
COMMUNITY SERVICES		FURNITURE & OFFICE EQUIP			150			VARIOUS	NEW
COMMUNITY SERVICES		Junior Traffic Center Rehabilitation- new project			200			VARIOUS	NEW
COMMUNITY SERVICES		Upgrading of Alexandra Rd Library			3,467			VARIOUS	RENEWAL
COMMUNITY SERVICES		Shelves and other library material			750			VARIOUS	NEW
COMMUNITY SERVICES		Standalone and interaction computers			450			VARIOUS	NEW
COMMUNITY SERVICES		VEHICLES			800			VARIOUS	NEW
COMMUNITY SERVICES		Specialised Vehicles Land invasion project			400	500	500	VARIOUS	NEW
COMMUNITY SERVICES		Purchase of Firearms And Accessories			900			VARIOUS	NEW
COMMUNITY SERVICES		Development of shooting range			3,500			VARIOUS	NEW
COMMUNITY SERVICES		Fire engine 4x4 vehicle-all terrian			4,500	4,500	4,500	VARIOUS	NEW
COMMUNITY SERVICES		CRITICAL FIRE FIGHTING EQUIP			-	400	400	VARIOUS	NEW
COMMUNITY SERVICES		EMERGENCY COMMUNICATIONS CENTRE RADIO/ COMPUTER/ EQUIP			-	250	250	VARIOUS	NEW
COMMUNITY SERVICES		NEW:COMPUTER EQUIPMENT			200	200	200	VARIOUS	NEW
COMMUNITY SERVICES		MACHINERY & EQUIPM			1,000	1,000	1,000	VARIOUS	NEW
COMMUNITY SERVICES		TRANSPORT ASSETS			4,000	1,500	1,500	VARIOUS	NEW
COMMUNITY SERVICES		DEV CEMETERY WHEN LAND BEEN ID			-	5,000	5,000	VARIOUS	NEW
COMMUNITY SERVICES		IMPL MASTER PLAN SPORTS FAC PH1			3,000	3,000	3,000	VARIOUS	NEW
COMMUNITY SERVICES		NEW POOLS IN EDN			4,000	10,000	10,000	VARIOUS	NEW
COMMUNITY SERVICES		UPGR SWIMMING POOLS BUCHANNAN			900	900	900	VARIOUS	RENEWAL
COMMUNITY SERVICES		PURCHASE OF CONTAINERS			1,000	450	450	VARIOUS	NEW
COMMUNITY SERVICES		PLANT AND VEHICLES			600			VARIOUS	NEW

KZN225 Msunduzi - Supporting Table SA36 Consolidated detailed capital budget									
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
					Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
R thousand	4								
Parent municipality:									
List all capital projects grouped by Municipal Vote									
CORPORATE SERVICES		COMPUTER EQUIPMENT			600	600	800	VARIOUS	NEW
CORPORATE SERVICES		BUILDINGS - FIBRE REPLACEMENT			800	2,000	2,600	VARIOUS	NEW
CORPORATE SERVICES		BUILDINGS - LANIWM			1,000	2,000	2,600	VARIOUS	NEW
CORPORATE SERVICES		BUILDINGS - SERVER ROOM REVAMP			300	300		VARIOUS	NEW
CORPORATE SERVICES		COMPUTER SOFTWARE - WIFI DEV			350	200		VARIOUS	NEW
CORPORATE SERVICES		MOTOR VEHICLES			200	200		VARIOUS	NEW
CORPORATE SERVICES		MACHINERY AND EQUIPMENT			2,000	500		VARIOUS	NEW
CORPORATE SERVICES		OFFICE EQUIPMENT			50			VARIOUS	NEW
CORPORATE SERVICES		DOCUMENT MANAGEMENT SYSTEM			25,000			VARIOUS	NEW
CORPORATE SERVICES		COMPUTER EQUIPMENT			65			VARIOUS	NEW
CORPORATE SERVICES		OFFICE EQUIPMENT			20			VARIOUS	NEW
CORPORATE SERVICES		COMPUTER EQUIPMENT			44	800	600	VARIOUS	NEW
CORPORATE SERVICES		BUILDINGS - REVAMP PHARMACY			54			VARIOUS	NEW
CORPORATE SERVICES		FURNITURE			77			VARIOUS	NEW
CORPORATE SERVICES		FURNITURE			30			VARIOUS	NEW
CORPORATE SERVICES		COMPUTER EQUIPMENT			600			VARIOUS	NEW
CORPORATE SERVICES		COMPUTER EQUIPMENT			30			VARIOUS	NEW
CORPORATE SERVICES		COMPUTER EQUIPMENT			20			VARIOUS	NEW
CORPORATE SERVICES		FURNITURE			100			VARIOUS	NEW
CORPORATE SERVICES		COMPUTER EQUIPMENT			60			VARIOUS	NEW
INFRASTRUCTURE		MIG - REHABILITATION OF ROADS IN ASHDOWN			1,364	1,433	1,604	23	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF ROADS IN PEACE VALLEY - (Plan & Design in 2016/17) - 10km			3,900	4,095	7,132	23	RENEWAL
INFRASTRUCTURE		MIG - REHABILITATION OF ROADS IN IMBALI UNIT 18			1,400	1,470	1,544	15	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - CALUZA ROADS			1,300	1,365	1,433	20	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - Ward 12			1,300	1,365	1,433	12	RENEWAL
INFRASTRUCTURE		MIG - UPGRADE OF GRAVEL ROADS - WILLOWFOUNTAIN ROADS			500	525	551	10	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - EDENDALE - WARD 16			300	315	331	16	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - EDENDALE - STATION RD			2,900	3,045	3,197	12	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - EDENDALE - Roads in Unit 14/Unit P - Design			1,900	1,995	2,095	18	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - WARD 17 Roads (Phase 3, Unit 13)			900	945	992	17	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - EDENDALE - DAMBUZA MAIN ROAD Major SWD Upgrade - W			2,900	3,045	3,197	21	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - D2069 (MTHALANE RD) -Phase2			9,400	12,043	12,646	2	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - Shopping Rds			2,000	2,100	2,205	11	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 3 ROADS			2,000	2,100	2,205	3	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - HAREWOOD AREA			2,400	2,520	2,646	20	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 1 ROADS			2,000	2,100	2,205	1	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 4 ROADS			2,000	2,100	2,205	4	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 6 ROADS			2,000	2,100	2,205	6	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 7 ROADS			2,000	2,100	2,205	7	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 8 ROADS - Masoyi Rd, etc			2,000	2,100	2,205	8	RENEWAL
INFRASTRUCTURE		MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 9 ROADS			2,000	2,100	2,205	9	RENEWAL
INFRASTRUCTURE		MIG - ASHDOWN BANK PROTECTION AGAINST COLLAPSING OF ADJACENT HOUSES - P15			800	840	882	23	RENEWAL
INFRASTRUCTURE		MIG - UPGRADE OF BRIDGES - Pedestrian Bridge Over River - Smeru/Esigodini			2,740	2,877	3,021	12	RENEWAL
INFRASTRUCTURE		MIG - WOODHOUSE PEDESTRIAN BRIDGE			3,900	3,045	3,197	33	NEW
INFRASTRUCTURE		MABANE BRIDGE PROJECT			1,900	1,995	2,095	2	NEW
INFRASTRUCTURE		BUS STOP SHELTERS			1,200	1,260	1,323	various	NEW
INFRASTRUCTURE		NON MOTORISED TRANSPORT			1,400	1,470	1,544	various	NEW
INFRASTRUCTURE		SANITATION INFRASTRUCTURE FEASIBILITY STUDY			1,140	1,197	1,257	various	NEW
INFRASTRUCTURE		REHABILITATION OF SANITATION INFRASTRUCTURE			3,900	4,095	4,300	various	RENEWAL
INFRASTRUCTURE		SEWER PIPES UNIT H			12,200	12,810	13,451	16	NEW
INFRASTRUCTURE		SEWER PIPES AZALEA - PHASE 2			11,900	12,500	13,125	10	NEW
INFRASTRUCTURE		ELIMINATION OF CONSERVANCY TANKS - (SEWER)			4,900	5,145	5,402	various	NEW
INFRASTRUCTURE		SERVICE MIDBLOCK ERADICATION IN SOBANTU, ASHDOWN & IMBALI (SEWER)			4,400	4,620	4,851	various	NEW
INFRASTRUCTURE		SHENSTONE AMBLETON SANITATION SYSTEM			5,900	6,195	6,505	10, 18	NEW
INFRASTRUCTURE		REDUCTION OF NON REVENUE WATER			13,400	14,070	14,774	various	RENEWAL
INFRASTRUCTURE		ELIMINATION OF CONSERVANCY TANKS - (WATER)			900	945	992	various	NEW
INFRASTRUCTURE		SERVICE MIDBLOCK ERADICATION IN SOBANTU, ASHDOWN & IMBALI (WATER)			4,400	4,620	4,851	various	NEW
INFRASTRUCTURE		COPEVILLE RESERVOIR			12,000	12,600	13,230	29	NEW
INFRASTRUCTURE		HIGH MAST LIGHTS IN VULINDLELA & GREATER EDENDALE			7,900	8,295	8,710	various	NEW
INFRASTRUCTURE		NEW MACHINERY & EQUIP			3,333	3,333	3,333	1,2, 13, 18, 24-38	NEW
INFRASTRUCTURE		NEW MACHINERY & EQUIP			3,333	3,333	3,333	1,2, 13, 18, 24-38	NEW
INFRASTRUCTURE		MACHINERY AND EQUIPMENT			3,333	3,333	3,333	1,2, 13, 18, 24-38	NEW
INFRASTRUCTURE		NETWORK REPAIRS			6,000	6,000	6,000	1,2, 13, 18, 24-38	NEW
INFRASTRUCTURE		NETWORK 132KV REHAB PLAN			38,800			31-34	RENEWAL
INFRASTRUCTURE		ELECTRIFICATION			-	7,000	10,000	1,2, 13, 18, 24-38	NEW
INFRASTRUCTURE		LESTER BROWN LINK ROAD			750	4,300	4,150	36	RENEWAL
INFRASTRUCTURE		CANALIZTN OF STREAMS-NORTHDALE			-	5,000	5,000	31 / 33	NEW
INFRASTRUCTURE		TRAFFIC CALMING MEASURES			-	300	-	1 - 37	NEW
INFRASTRUCTURE		EAST RING ROAD DETAIL DESIGN			400	-	-	37	NEW
INFRASTRUCTURE		MAYORS WALK ROAD WIDENING			200	5,000	5,200	25 / 32	RENEWAL
INFRASTRUCTURE		Z2:BUS TAXI LAY-BYES			-	400	350	1 - 37	NEW
INFRASTRUCTURE		NEW MACHINERY & EQUIP (Traffic signals controllers)			150	200	200	1 - 37	NEW
INFRASTRUCTURE		INSTALLAT OF NEW GUARD RAILS			-	300	300	27	NEW
INFRASTRUCTURE		REHAB PUB TRANSP FAC(TAXI RANKS			-	-	300	27 / 32	NEW
INFRASTRUCTURE		IMPLEMENTATION OF DROUGHT RELIEF MEASURES			8,000	1,000	1,000	10, 13, 18, 19, 39, 1 - 9	NEW
INFRASTRUCTURE		TELEMETRY EQUIPMENT AND UPGRADE			1,000	-	1,000	1, 19, 23, 24, 25, 28, 29	NEW
INFRASTRUCTURE		3rd Floor Renovation (at Furniture)			1,500	-	-	N/A	NEW
INFRASTRUCTURE		FURNITURE			500	-	-	N/A	NEW
INFRASTRUCTURE		VEHICLES			3,000	1,000	1,000	N/A	NEW
INFRASTRUCTURE		SATELLITE OFFICES			-	1,000	-	1-9, 39	NEW
INFRASTRUCTURE		REHABILITATION OF WATER INFRASTRUCTURE			-	6,000	7,000	ALL	RENEWAL
INFRASTRUCTURE		REHABILITATION OF SANITATION INFRASTRUCTURE			-	6,000	6,000	ALL	RENEWAL
INFRASTRUCTURE		BASIC WATER UPGRADE			28,191	45,000	26,000	1-9, 39	NEW
INFRASTRUCTURE		REDUCTION OF NON-REVENUE WATER			10,000	20,000	15,000	1-9, 39	RENEWAL
SUSTAINABLE DEVELOPMENT AND CIT		JIKA JOE ELECTRICAL RETICULATION			11,593	12,173	12,762	33	NEW
SUSTAINABLE DEVELOPMENT AND CIT		UNIT 5 PHASE B EXTENSION HOUSING - (water, roads, sewer)			4,900	5,145	5,402	16	NEW
SUSTAINABLE DEVELOPMENT AND CIT		EXPAND CCTV FOOTPRINT			2,682	7,000	6,100	N/A	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			835	921	-	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			320	353	-	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			115	127	-	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			70	77	-	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			235	247	259	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			215	226	237	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			115	121	127	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			45	47	50	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			70	74	77	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			2,025	2,126	2,233	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		TRANSPORT ASSETS			21	221	232	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			50	53	55	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			50	53	55	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		REFURB OPC & TAG EXT OF BUILD			2,000	2,100	2,205	VARIOUS	RENEWAL
SUSTAINABLE DEVELOPMENT AND CIT		NEW FENCES			1,000	1,050	1,103	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		APRON REMEDIAL			1,000	1,050	1,103	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			100	105	110	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		REFURBISHMENT OF ADMIN BUILDING			500	525	551	VARIOUS	RENEWAL
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			200	210	221	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			65	68	72	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			143	150	157	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			20	21	22	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			120	126	132	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			400	420	441	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			220	231	243	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			55	58	61	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		NEW OFFICE RENOVATIONS			80	84	88	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			215	226	237	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			40	44	-	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			70	77	-	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			220	243	-	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MANYALA HALL			3,000	3,000	3,000	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			54	60	-	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			140	147	154	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			300	315	331	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			70	74	77	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		COMPUTER EQUIPMENT			20	21	22	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		FURNITURE & OFFICE EQUIP			68	71	75	VARIOUS	NEW
SUSTAINABLE DEVELOPMENT AND CIT		MACHINERY & EQUIP			70	74	77	VARIOUS	NEW

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 City's website.

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has employed a number of interns who undergoing training in various divisions of the Financial Services Department, as well as other sector departments especially in the technical and services sector.

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 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/18 MTREF.

6. Annual Report

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

2.13 Other supporting documents

Table 46 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN225 Msunduzi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	970,458	691,879	742,251	1,190,345	1,190,345	1,190,345	1,190,345	1,261,765	1,337,471	1,417,720
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		367,505	5,483	199	391,617	391,617	391,617	391,617	415,114	440,021	466,422
Net Property Rates		602,954	686,396	742,052	798,728	798,728	798,728	798,728	846,651	897,450	951,297
Service charges - electricity revenue											
Total Service charges - electricity revenue	6	1,493,680	1,573,279	1,786,781	2,010,609	2,010,609	2,010,609	2,010,609	2,040,851	2,079,219	2,118,308
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>		6,741	7,145	2,195	2,363	2,363	2,363	2,363	2,407	2,453	2,499
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>											
Net Service charges - electricity revenue		1,486,939	1,566,133	1,784,586	2,008,246	2,008,246	2,008,246	2,008,246	2,038,443	2,076,766	2,115,809
Service charges - water revenue											
Total Service charges - water revenue	6	398,851	471,681	591,751	755,156	755,156	755,156	755,156	873,829	1,004,903	1,155,639
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>		18,044	19,238	118,730	131,968	131,968	131,968	131,968	157,163	180,737	207,848
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>											
Net Service charges - water revenue		380,807	452,443	473,021	623,188	623,188	623,188	623,188	716,666	824,166	947,791
Service charges - sanitation revenue											
Total Service charges - sanitation revenue	6	133,963	135,638	130,949	152,666	152,666	152,666	152,666	156,710	166,112	176,079
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>		7,662	8,122	4,558	4,827	4,827	4,827	4,827	-	-	-
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>											
Net Service charges - sanitation revenue		126,301	127,516	126,391	147,839	147,839	147,839	147,839	156,710	166,112	176,079
Service charges - refuse revenue											
Total refuse removal revenue	6	82,069	84,317	87,320	102,823	102,823	102,823	102,823	105,531	111,863	118,574
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>		2,616	2,773	3,080	3,265	3,265	3,265	3,265	-	-	-
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>											
Net Service charges - refuse revenue		79,453	81,544	84,240	99,557	99,557	99,557	99,557	105,531	111,863	118,574
Other Revenue by source											
Airport		6,220	6,343	7,281	5,342	5,342	5,342	5,342	5,650	5,989	6,348
Forestry		15,090	23,794	27,999	14,823	14,823	14,823	14,823			
Market		20,676	20,229	20,207	24,599	24,599	24,599	24,599			
Burials & Crematoriums		2,165	2,487	2,479	1,307	1,307	1,307	1,307	1,385	1,469	1,557
Buildings		1,585	2,114	2,127	1,877	1,877	1,877	1,877			
Reconnections		8,909	13,954	10,735	12,826	12,826	12,826	12,826			
Training Levy Recoveries		1,497	2,983	370	4,169	4,169	4,169	4,169			
Illegal connection fee		-	2,079	2,250	-	-	-	-			
Rates Certificates		-	1,008	1,082	-	-	-	-			
Parking fees		-	1,541	1,573	-	-	-	-	518	549	582
Other Revenue		11,550	5,390	7,821	5,647	5,647	5,647	5,647			
Sundry Income	3	11,093	7,299	3,884	12,749	205,843	205,843	205,843	284,266	301,322	319,401
Total 'Other' Revenue	1	78,786	89,221	87,808	83,339	276,433	276,433	276,433	291,819	309,328	327,888
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	500,112	566,400	626,416	710,164	742,538	742,538	742,538	773,523	831,071	881,151
Pension and UIF Contributions		9,379	10,767	11,521	134,921	141,118	141,118	141,118	153,482	161,714	171,417
Medical Aid Contributions		143,280	154,656	149,748	68,352	71,491	71,491	71,491	54,410	57,516	60,967
Overtime		30,263	38,098	49,205	36,413	38,085	38,085	38,085	52,231	55,365	58,686
Performance Bonus									55,497	58,827	62,356
Motor Vehicle Allowance		36,189	40,026	42,592	15,126	15,821	15,821	15,821	18,257	20,155	21,364
Cellphone Allowance					2,943	3,079	3,079	3,079	416	3,809	4,037
Housing Allowances		2,972	3,026	4,475	4,465	4,670	4,670	4,670	6,262	6,000	6,360
Other benefits and allowances					50,453	52,770	52,770	52,770	13,252	720	763
Payments in lieu of leave											
Long service awards		22,763	22,289	22,222	18,100	18,932	18,932	18,932	19,546	20,719	21,962
Post-retirement benefit obligations	4	79,570	50,089	36,903							
sub-total	5	824,530	885,351	943,082	1,040,938	1,088,504	1,088,504	1,088,504	1,146,875	1,215,895	1,289,064
<i>Less: Employees costs capitalised to PPE</i>											
Total Employee related costs	1	824,530	885,351	943,082	1,040,938	1,088,504	1,088,504	1,088,504	1,146,875	1,215,895	1,289,064
Contributions recognised - capital											
<i>List contributions by contract</i>											

KZN225 Msunduzi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		452,697	465,037	505,842	507,298	507,298	507,298	507,298	537,298	570,315	605,290
Lease amortisation											
Capital asset impairment		662	16,571	50,002							
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	453,359	481,608	555,845	507,298	507,298	507,298	507,298	537,298	570,315	605,290
Bulk purchases											
Electricity Bulk Purchases		1,081,219	1,164,244	1,337,394	1,408,955	1,408,955	1,408,955	1,408,955	1,466,635	1,494,208	1,522,299
Water Bulk Purchases		372,183	422,558	461,820	527,753	554,868	554,868	554,868	606,916	697,953	802,646
Total bulk purchases	1	1,453,402	1,586,802	1,799,214	1,936,708	1,963,823	1,963,823	1,963,823	2,073,551	2,192,161	2,324,945
Transfers and grants											
Cash transfers and grants		4,429	11,572	5,911	140,526	140,526	140,526	140,526	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	4,429	11,572	5,911	140,526	140,526	140,526	140,526	-	-	-
Contracted services											
Security Contract		21,366	29,964	72,531	35,408	445,077	445,077	445,077	420,727	446,309	473,442
sub-total	1	21,366	29,964	72,531	35,408	445,077	445,077	445,077	420,727	446,309	473,442
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		21,366	29,964	72,531	35,408	445,077	445,077	445,077	420,727	446,309	473,442
Other Expenditure By Type											
Collection costs		15,373	5,973	12,529	6,296	6,296	6,296	6,296	5,163	5,473	5,795
Contributions to 'other' provisions											
Consultant fees		8,514	20,520	29,536	34,898	34,898	34,898	34,898	28,616	30,333	32,418
Audit fees		4,341	3,806	4,069	5,956	5,956	5,956	5,956	6,016	6,377	6,753
General expenses		273,862	349,790	195,885	91,253	58,099	58,099	58,099	107,556	113,146	118,974
Other		41,388	32,656	55,620	59,170	27,762	27,762	27,762	52,857	56,011	59,299
External Services		30,494	42,932	55,183	48,122	48,122	48,122	48,122	6,085	6,450	6,830
Petrol & Lubricants		28,436	25,000	25,963	32,646	32,646	32,646	32,646	3,294	3,492	3,698
Insurance		10,917	11,173	10,925	19,631	19,631	19,631	19,631	17,865	18,937	20,054
Forestry		12,127	16,921	19,969	8,240	8,240	8,240	8,240	5,498	5,828	6,172
Plant Hire		3,663	2,105	1,586	4,528	4,528	4,528	4,528	4,121	4,368	4,626
Marketing & Promotion		8,629	20,500	22,052	6,686	6,686	6,686	6,686	2,085	2,210	2,340
Govt Training Levy		6,208	6,972	7,879	3,620	3,620	3,620	3,620	3,294	3,492	3,698
Ward Committee Expenses		-	-	-	4,851	4,851	4,851	4,851	4,415	4,679	4,956
Telephones		7,425	7,328	7,035	7,362	7,362	7,362	7,362	2,700	2,862	3,031
Ward Committee Costs		6,770	7,959	4,655	4,307	4,307	4,307	4,307	3,919	4,154	4,399
Small Medium & Micro Enterprises (Smme)		902	2,588	6,719	2,675	2,675	2,675	2,675	2,435	2,581	2,733
Kwanalogo Subscriptions		6,185	17,101	9,950	8,649	8,649	8,649	8,649	7,871	8,343	8,835
Mayoral Projects		5,169	7,790	7,700	4,374	4,374	4,374	4,374	3,980	4,219	4,468
Special Projects		-	-	-	2,522	2,522	2,522	2,522	2,295	2,433	2,576
Software Licences		3,121	5,829	6,597	10,703	10,703	10,703	10,703	9,740	10,325	10,934
IDP Expenses		4,144	6,522	4,000	2,734	2,734	2,734	2,734	2,488	2,637	2,792
Personnel - Training		6,004	6,638	5,491	3,846	3,846	3,846	3,846	3,499	3,709	3,928
Bank Charges		3,743	4,439	5,823	6,412	6,412	6,412	6,412	5,835	6,185	6,550
Consolidated Billing Costs		2,813	3,417	2,747	2,485	2,485	2,485	2,485	2,262	2,397	2,539
pension payable			12,763	20,633							
Total 'Other' Expenditure	1	490,228	620,721	522,546	381,970	317,406	317,406	317,406	293,887	310,640	328,398
Repairs and Maintenance											
Employee related costs											
Other materials									55,636	51,833	54,436
Contracted Services		139,295	193,444	163,292	172,009	171,344	172,009	172,009	222,933	241,648	256,833
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	139,295	193,444	163,292	172,009	171,344	172,009	172,009	278,569	293,481	311,269
check		139,295	193,444	163,292	172,009	171,344	172,009		278,569	293,481	311,269

Table 47 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN225 Msunduzi - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & d

Description	Ref	Vote 1 - City Manager	Vote 2 - City Finance	Vote 3 - Community Services and Social Equity	Vote 4 - Corporate Services	Vote 5 - Infrastructur e Services	Vote 6 - Sustainable Development and City	Total
R thousand	1							
Revenue By Source								
Property rates			846,651					846,651
Service charges - electricity revenue						2,038,443		2,038,443
Service charges - water revenue						716,666		716,666
Service charges - sanitation revenue						156,710		156,710
Service charges - refuse revenue				105,531				105,531
Service charges - other								-
Rental of facilities and equipment				22,002				22,002
Interest earned - external investments			52,227					52,227
Interest earned - outstanding debtors			66,010					66,010
Dividends received								-
Fines, penalties and forfeits							46,497	46,497
Licences and permits								-
Agency services								-
Other revenue					291,819			291,819
Transfers and subsidies			542,411					542,411
Gains on disposal of PPE								-
Total Revenue (excluding capital transfers and contributions)		-	1,507,298	127,533	291,819	2,911,819	46,497	4,884,967
Expenditure By Type								
Employee related costs			1,140,659					1,140,659
Remuneration of councillors				45,185				45,185
Debt impairment			103,942					103,942
Depreciation & asset impairment			536,470					536,470
Finance charges			62,129					62,129
Bulk purchases						2,073,551		2,073,551
Other materials			85,667					85,667
Contracted services					420,405			420,405
Transfers and subsidies			8,901					8,901
Other expenditure							292,886	292,886
Loss on disposal of PPE								-
Total Expenditure		-	1,937,768	45,185	420,405	2,073,551	292,886	4,769,795
Surplus/(Deficit)								
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		456,612						456,612
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)								-
Transfers and subsidies - capital (in-kind - all)								-
Surplus/(Deficit) after capital transfers & contributions		456,612	(430,470)	82,348	(128,586)	838,268	(246,389)	571,784

Table 48 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN225 Msunduzi - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Call investment deposits											
Call deposits		777,883	349,548	337,091	951,589	1,011,463	1,011,463	1,011,463	1,056,020	1,331,964	1,622,412
Other current investments		7,485	404,046	559,210	793	793	793	793	810	825	836
Total Call investment deposits	2	785,368	753,595	896,301	952,382	1,012,256	1,012,256	1,012,256	1,056,830	1,332,789	1,623,248
Consumer debtors											
Consumer debtors		804,907	717,015	888,164	2,042,648	2,042,648	2,042,648	2,042,648	2,411,048	2,818,683	3,249,638
Less: Provision for debt impairment		(137,510)			(1,077,401)	(1,077,401)	(1,077,401)	(1,077,401)	(1,181,343)	(1,291,521)	(1,408,310)
Total Consumer debtors	2	667,397	717,015	888,164	965,246	965,246	965,246	965,246	1,229,705	1,527,162	1,841,328
Debt impairment provision											
Balance at the beginning of the year		(1,052,407)			956,586	956,586	956,586	956,586	1,077,401	1,181,343	1,291,521
Contributions to the provision		(137,510)			120,815	120,815	120,815	120,815	103,942	110,178	116,789
Bad debts written off											
Balance at end of year		(1,189,917)	-	-	1,077,401	1,077,401	1,077,401	1,077,401	1,181,343	1,291,521	1,408,310
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		8,244,897	9,563,323	9,965,482	9,543,016	9,606,732	9,606,732	9,606,732	10,239,336	10,771,618	11,305,231
Leases recognised as PPE											
Less: Accumulated depreciation		2,114,915	2,525,274	3,045,419	2,521,124	2,521,124	2,521,124	2,521,124	3,057,594	3,626,252	4,229,029
Total Property, plant and equipment (PPE)	2	6,129,982	7,038,049	6,920,062	7,021,891	7,085,607	7,085,607	7,085,607	7,181,742	7,145,366	7,076,202
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		338	1,512	1,553							
Current portion of long-term liabilities		42,691	52,012	67,762	67,762	67,762	67,762	67,762	(79,368)	(83,217)	(83,644)
Total Current liabilities - Borrowing		43,029	53,524	69,315	67,762	67,762	67,762	67,762	(79,368)	(83,217)	(83,644)
Trade and other payables											
Trade and other creditors		452,998	566,105	530,737	848,092	848,092	848,092	848,092	890,496	935,021	981,773
Unspent conditional transfers		298,530	134,857	249,941	262,898	262,898	262,898	262,898	276,042	289,845	304,337
VAT		49,453	39,492	55,841	41,467	41,467	41,467	41,467	43,955	46,592	49,387
Total Trade and other payables	2	800,981	740,454	836,519	1,152,457	1,152,457	1,152,457	1,152,457	1,210,493	1,271,458	1,335,497
Non current liabilities - Borrowing											
Borrowing		496,829	541,301	568,133	511,999	511,999	511,999	511,999	432,631	349,414	265,770
Finance leases (including PPP asset element)		3,329	2,099	347							
Total Non current liabilities - Borrowing	4	500,157	543,401	568,480	511,999	511,999	511,999	511,999	432,631	349,414	265,770
Provisions - non-current											
Retirement benefits		543,597	591,899	625,699	677,666	677,666	677,666	677,666	718,326	761,426	807,111
List other major provision items											
Refuse landfill site rehabilitation											
Other		61,002	61,850	67,041	65,882	65,882	65,882	65,882	65,882	65,882	65,882
Total Provisions - non-current		604,599	653,749	692,740	743,548	743,548	743,548	743,548	784,208	827,308	872,993
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		7,169,989	7,570,653	7,615,548	7,542,264	7,684,624	7,684,624	7,684,624	8,233,264	8,820,186	9,321,918
GRAP adjustments											
Restated balance		7,169,989	7,570,653	7,615,548	7,542,264	7,684,624	7,684,624	7,684,624	8,233,264	8,820,186	9,321,918
Surplus/(Deficit)		92,095	44,013	37,849	487,409	468,572	468,572	468,572	571,784	504,905	512,985
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	7,262,084	7,614,667	7,653,396	8,029,673	8,153,196	8,153,196	8,153,196	8,805,048	9,325,091	9,834,903
Reserves											
Housing Development Fund		51,543	53,883	72,159	52,685	52,685	52,685	52,685	52,685	52,685	52,685
Capital replacement			151,936	151,936	120,000	120,000	120,000	120,000	100,000	100,000	100,000
Self-insurance		-			229	229	229	229	229	229	229
Other reserves											
Revaluation		52,129	52,129	52,129							
Total Reserves	2	103,672	257,948	276,224	172,914	172,914	172,914	172,914	152,914	152,914	152,914
TOTAL COMMUNITY WEALTH/EQUITY	2	7,365,756	7,872,615	7,929,620	8,202,588	8,326,110	8,326,110	8,326,110	8,957,962	9,478,005	9,987,817

2.14 Municipal manager's quality certificate

I Sizwe Hadebe, municipal manager of Msunduzi Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Sizwe Hadebe

Municipal manager of Msunduzi Municipality (KZN 225)

Signature _____

Date _____