

# HARRY GWALA DISTRICT MUNICIPALITY



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**2018/2019 SERVICE DELIVERY AND IMPLEMENTATION PLAN**

# 2018/2019 Service Delivery Budget and Implementation Plan

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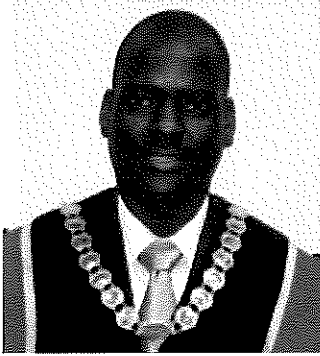
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Hon. District Mayor: Cllr M.E. Ndobe

### MAYOR'S FOREWORD

Warm Greetings' feel honoured to get this opportunity to share with you, the people of Harry Gwala District and South Africa on some of the tragic historical events that have taken place in the country during the apartheid government. My focus will be on the June 16 Soweto uprisings that tragically ended with young people killed by the apartheid government when they protested against the imposition of Afrikaans as the medium of instruction in schools. The month {June} is youth month. This is a month to commemorate the start of the Soweto riots that claimed lives of South African youth that stood up against the imposition of Afrikaans in black schools as a medium of instruction in 1976. The apartheid revolts gained momentum and spread to other areas, with hundreds of the country's youth sacrificing their lives in a struggle against apartheid. June is the month that bears the rich history of apartheid in which some of the young freedom fighters have never enjoyed its fruits. This is referred to Hector Peterson and Hastings Ndlovu, the two students who died in June 16, 1976 from the police gunfire leaving hundreds of other students seriously injured.

This is a month that has good stories to tell, showing the struggle of black people who were fighting through sweat and blood to ensure South Africa becomes a democratic country. Since we won the victory against apartheid, the time to fight is over now. "We can forgive but cannot forget". This is high time- as youth- to develop our minds progressively for the better South Africa. This is high time to discourage xenophobic attacks. It is also high time to stand together and build our beautiful nation for the benefit of our young generation. Today we are no more running our Government through machine guns but we are using our brains to maintain peace and promote social cohesion. Let's also use the youth month to position South Africa in a better place, by discouraging drug abuse, social ills, women and children abuse and take part in programmes set to develop young people and create job opportunities.

Yes, we must admit that South Africa today is a better place than it was before 1994 but it is not enough, and a lot is yet to be done. But, we cannot achieve all without your

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(youth/community) cooperation. This is why Harry Gwala District Municipality has special programmes dealing with the youth. Our district is also playing a pivotal role to ensure we develop our youth economically since we are doing our best to have our local youth development agency office. Currently, we have Harry Gwala Development Agency, which doesn't discriminate young people who want to be part of youth development programs they offer. In his State of the Nation Address, our President said "It is also the year of investing more in our future, by educating our children and the youth about the rich heritage of this country. Our youth is our future and their success fills us with immense pride". This is why our youth is the priority in almost all the programmes we have as the municipality. We are changing names of our streets, buildings, rivers and some of our towns because we need the youth to learn the history that is relevant to the current democratic situation.

I thank you.

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## Official Sign- Off

It is hereby certified that this Service Delivery Budget and Implementation Plan: Was developed by the management of the Harry Gwala District Municipality under the guidance of Honourable Mayor: Cllr. ME Ndobe. Accurately reflects the strategic outcome oriented goals and objectives which the Harry Gwala District Municipality will endeavour to achieve over the period of 1 year.

### Chief Financial Officer:

Mr M.M. Mkatu

Signature 

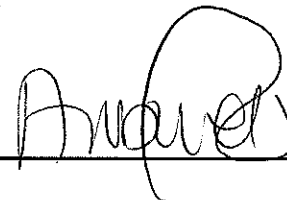
### Head of Social Services and Development

Planning: Ms N.C. James

Signature 

### Accounting Officer

Mrs A.N. Dlamini

Signature 

### Hon. Mayor:

Cllr M.E. Ndobe

Signature 

## Introduction

Performance management is a requirement for all local government in South Africa. It is primarily a mechanism to monitor, review and improve implementation of its IDP. The performance management system monitors actual performance against set targets and serves as a contractual obligations between the municipality and the community. Performance management system was established to measure performance of the municipality. The most valuable reason for measuring performance is that what gets measured gets done.

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

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

SDBIP is the implementation tool used to align the budget and the IDP. It is the second phase of municipal performance system. The SDBIP is the management and implementation tool which sets in-year targets and link each service delivery output to the budget of the municipality to ensure that key objectives and priorities are budgeted for and achieved. Working towards achieving the long term goal, Harry Gwala district municipality as a water service authority focuses on provision of clean drinkable water and dignified sanitation in the form of VIP toilets and water borne sewer system which is output oriented. The needs identified during the IDP roadshows form base of the SDBIP. Figure 1 illustrates the results chain framework.

## 2. Legislative Framework

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

The white paper of the Local Government (1998) acknowledges that involving the communities in developing some municipal Key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a

certain number of households, whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased and public trust in the local government system is enhanced.

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

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

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

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

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

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



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- Monitor and measure performance against set targets

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

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

#### Long Term Objective

KEY PERFORMANCE AREA	LONG TERM OBJECTIVE
Basic Services	To ensure the provision of infrastructure, water and sanitation services in a sustainable manner
Social and Local Economic Development	<p>To promote local economic development</p> <p>To promote agricultural and tourism activities</p> <p>To create a conducive environment for business opportunities for both local and foreign investors</p> <p>To uplift the economic well -being of Harry Gwala residence access to the environment that is not harmful to their health being.</p> <p>To have a disaster management that prevents, mitigate and respond effectively immediately after a disaster has been declared</p>
Municipal Institutional Transformation	To transform our institution to cater for the previously marginalized.
Good Governance and Public Participation	To promote and enhance community participation in the affairs of the municipality

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Municipal Financial Viability	To provide reasonable assurance that is sound and sustainable management of the fiscal and financial affairs of the district is accomplished.
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### 3. SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>1. Young and dynamic staff compliments that is willing to learn and grow</li> <li>2. A conducive working environment where potential can be untapped</li> <li>3. Accessibility of senior management</li> <li>4. Strong administrative leadership</li> </ul>	<ul style="list-style-type: none"> <li>1. Lack of rare skills i.e engineers</li> <li>2. Inexperienced staff compliment</li> <li>3. limited funding to effectively deal with backlog</li> <li>4. Rural based municipality</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>1. Easy access to major cities</li> <li>2. large pool of labour</li> <li>3. World class tourism destination</li> <li>4. stable political environment</li> </ul>	<ul style="list-style-type: none"> <li>1. Disasters</li> <li>2. Unskilled labour</li> <li>3. poor infrastructure</li> <li>4. Brain drain to major cities</li> <li>5. Theft(stock theft)</li> <li>6. Crime</li> </ul>

## Vision

By 2030 Harry Gwala will be a leading water services provider in the KZN province with its communities benefitting from a vibrant agriculture and tourism sector.

## Mission Statement

Working together with its communities and stakeholders Harry Gwala District Municipality will ensure the provision of clean, drinkable uninterrupted water services and proper sanitation facilities and strive to improve its agriculture and tourism sector to enhance human dignity.

## Core Values

1. Transparency
2. Accountability
3. Consultation  
Commitment
4. Honesty

## Principles Governing PMS

### 8.1. Simplicity

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

### 8.2. Political driven

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

### 8.3. Incremental implementation

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

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

### 8.4. Transparency and accountability

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

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

### 8.5. Integration

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

### 8.6. Objectivity

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

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

The IDP which is the planning tool for the municipality have a lifespan of 5 years which is then broken down into short term goals that can be achieved in 1 year. The SDBIP which is the implementation tool is developed to implement the IDP. It is used to align the budget to the

IDP. The focus of the SDBIP is on both financial and no-financial measurable performance objectives. It links each service delivery outputs to the budget of the municipality. The SDBIP provides a comprehensive picture of the performance of each department within the municipality. It consists of objectives, strategies, indicators and targets.

**Figure 1: Results chain framework**

**OUTPUTS** – What we produce or deliver?

(The final product, goods and services produced)



**ACTIVITIES** – What we do?

(The actions or process that uses a range of inputs to produce the desired outputs)



**INPUTS** – What we use to do work?

(The resources we use to produce the product e.g financial resources and human resources)

### 10. 2018/2019 OBJECTIVES (OUTPUTS)

Objectives state clearly the intention of the municipality, what it intends to produce in order to achieve its strategic output. The organisational objectives are SMART (specific, measurable,

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attainable, relevant and time-bound) and performance targets set are achievable. The table below illustrate the 2018/2019 objectives.

<b>OBJECTIVES 2018/2019</b>
To Improve coverage, quality, efficiency and sustainability of water in all urban and rural communities by 2019
To improve coverage, quality, efficiency and sustainability of and sanitation in all urban and rural communities by 2019
To improve coverage, quality, efficiency and sustainability of and sanitation in all urban and rural communities by 2019
To increase work opportunities and income support to poor and unemployed people through the labour intensive delivery of public, community asset and services.
To ensure that WSA is fully complying to its mandate as set by the Department of water and sanitation
To ensure that water and waste water systems meet the relevant standard set by the Department of Water and Sanitation
To repair all water and sanitation schemes as per complaints received
To showcase and market the district
To promote human values by fighting poverty, crime, diseases, depravation and social ills, ensuring moral regeneration by working together through effective partnerships
To provide reasonable assurance that the municipality adheres to applicable laws and regulations.
To ensure that the municipality actually spend the percentage of a municipality's budget on implementing its Workplace Skills Plan
To implement the Integrated Health and Wellness strategy to ensure a

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healthy, motivated and dedicated workforce by June 2019
To capacitate Supply Chain Management officials and Bid Committee members
To implement the Integrated Health and Wellness strategy to ensure a healthy, motivated and dedicated workforce by June 2019
To provide secure ICT infrastructure which delivers appropriate levels of data confidentiality and integrity by June 2019
<b>OBJECTIVES 2018/2019</b>
To provide for an integrated and coordinated disaster management that focuses on preventing /reducing the risk of disasters by June 2019
To ensure effective communication internally and externally by June 2019
To ensure improved revenue collection by June 2019
To ensure updated and reliable indigent debtor information by June 2019
To ensure updated and reliable debtor information by June 2019
To ensure compliance with the MFMA and improve budgeting reporting processes by June 2019
To ensure prepare monthly financial statements by June 2019
To ensure updated fixed asset register by June 2019
To gazette Municipal Health Services tariffs by June 2019
To ensure the implementation Municipal Health programme based on the National Norms and Standards by June 2019
To implement the Youth Development plan by June 2019
To empower and promote healthy living, awareness and moral regeneration amongst the vulnerable and communities by June 2019
To foster social cohesion within the district by June 2019

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To identify suitable candidates through hosting build up sporting activities so as to participate in Provincial tournaments by June 2019

To promote the horse riding within the district by June 2019

To promote healthy life style within the district by June 2019

To improve Geographical Information System (GIS) data and operational systems by June 2019

To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders by June 2019

### 11. PERFORMANCE INDICATORS AND TARGETS AND BASELINE



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A set of performance indicators were identify in order to track the ongoing performance of the organisation. The indicators reflect equity and the value for money in the use of resources. They are related to outputs which will assists in achieving the organisational strategic outcome. The key stake holders are consulted to identify the key performance indicators. The key performance indicators are aligned to the national outcome. The present baseline information which is recorded prior to the planning period is stated clear in numbers in respect of each project objective and indicator. The SMART targets are set relating to the budget year of the MTEF. The table below illustrate the targets, indicators and baseline set in the organisational Score card.

### Key Performance Indicators and Baseline

KEY PERFORMANCE INDICATORS
Percentage of households with access to basic sanitation by June 2019
Number of households with access to basic sanitation by June 2019
Number of households connected to sewer water borne for the first time by June 2019
Number of jobs created through EPWP and capital projects by June 2019
Date in which water services By-laws were reviewed and gazetted
Number of water samples taken for analysis by June 2019
Percentage of reported complaints and responded by June 2019
Turnaround time to respond to reported complaints by June 2019
Number of schemes maintained by June 2019
Number of service delivery marketing activities conducted by June 2019
Number of municipal events held by June 2019
Number of audit committee meetings held by June 2019
Date in which the Fraud prevention was established
Number of meetings held by June 2019

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Date in which risk assessments were conducted
Number of people trained by June 2019
Percentage of budget spent on Workplace Skills plan by June 2019
Number of officials trained on SCM by June 2019
Number of Health and wellness activities implemented by 30 June 2019
Date in which WSP was submitted to LGSETA
Number of programmes implemented from the Employment Equity Plan by 30 June 2019
Number of software licenses renewed by June 2019
Number Newsletters developed and published by 30 June 2019
<b>KEY PERFORMANCE INDICATORS</b>
Number of customers on database billed by June 2019
Number of monthly reports on updated consumer data submitted to MANCO by June 2019
Date in which the 2018/2019 final budget was approved
Date in which AFS were submitted to Auditor General
Date in which fixed asset register was updated
Turnaround time to respond to the reported disaster incidents
Date in which Municipal Health services tariffs were gazetted
Number of training conducted on Food handling and inspection
Number of water samples submitted to Laboratory for analysis
Date in which Sampling Equipment was procured
Date in which Sampling Equipment was procured
Number of Youth programmes implemented from the Youth Development Plan by

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June 2019
Number of Special programmes conducted by June 2019
Date in which the cultural festival was held
Date in which HGDM hosted Mayoral Games
Date in which HGDM Participated in Indigenous games
Date in which HGDM hosted Harry Gwala Marathon
Date in which HGDM participated in Dundee July
Date in which HGDM hosted Summer Cup
Date in which the Harry Gwala marathon was hosted
Date in which the operating licences renewed and Geographical Information System(GIS) data updated
Number of IDP roadshows conducted by June 2019
Number of strategic documents produces by June 2019

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### 12. Risk Management

The risk management implementation plan for the Harry Gwala District Municipality was prepared to give effect to the implementation of the risk management policy and strategy and sets out all risk management activities planned for the 2018/2019 fiscal year. The table below illustrate the risks that were identified and the mitigation plans to ensure that the risks to not hinder the realisation of the strategic objectives.

No	Risk Description	Root cause	Consequences	Existing Risk Mitigation/Curent Controls	Risk rating	Control effectiveness	Residual risk	Risk Mitigation Task
1	Untimely response to service interruptions.	Insufficient communication mechanisms. Shortage of staff. Lack of a Customer Care Management System. Lack routine maintenance plan.	Water loss. Compromised Service delivery. Tarnish image of the municipality. Service delivery Protests.	Customer Care Policy. Customer Care Charter. Water Tankers. SMS Services. Annual contract with Service Providers. Loud Hailing. Standby Allowance. Share Call Number. Water Monitors. Code of conduct of call centre attendants. Awareness Campaigns.	Major	Satisfactory	Minor	To acquire Customer care management system.
2	Lack of water conservation and demand management.	Loss of water due to illegal connections. Potable water demand exceeds supply. Water resource shortage (dams). Theft of infrastructure/assets components. Lack of Bulk and domestic meters. Low	Unaccounted water and water losses. Shortage of water to the community.	Water Conservation and Demand Management Strategy. Refurbishment of schemes. Annual contracts. Awareness campaigns. By-laws.	Major	Weak	Insignificant	To install of domestic meters

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		willingness to pay from customers. Internal water leaks in customers. Ageing of infrastructure						
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No	Risk Description	Root cause	Consequences	Existing Risk Mitigation/Current Controls	Risk rating	Control effectiveness	Residual risk	Risk Mitigation Task
3	Failure to pay creditors within 30 days.	Delays in receiving invoices. Delays in approval of invoices. Lack of capacitation (skills and human resource). Poor record keeping. Lack of documented procedures. Lack of segregation of duties. Lack of an expenditure management procedure manuals	Audit query. Financial loss (interest and penalties). None compliance with Municipal Finance Management Act. Tarnished image of the municipality. Lack of credibility with suppliers. Fruitless and wasteful expenditure	Municipal Finance Management Act. Invoice Control Register. Registry Stamp. Invoice process plan.	Major	Satisfactory	Minor	Liaise with the departments to expedite the delivery of invoices.
4								To update irregular expenditure on a monthly basis.
5.								Restriction of water supply to non-paying customers.

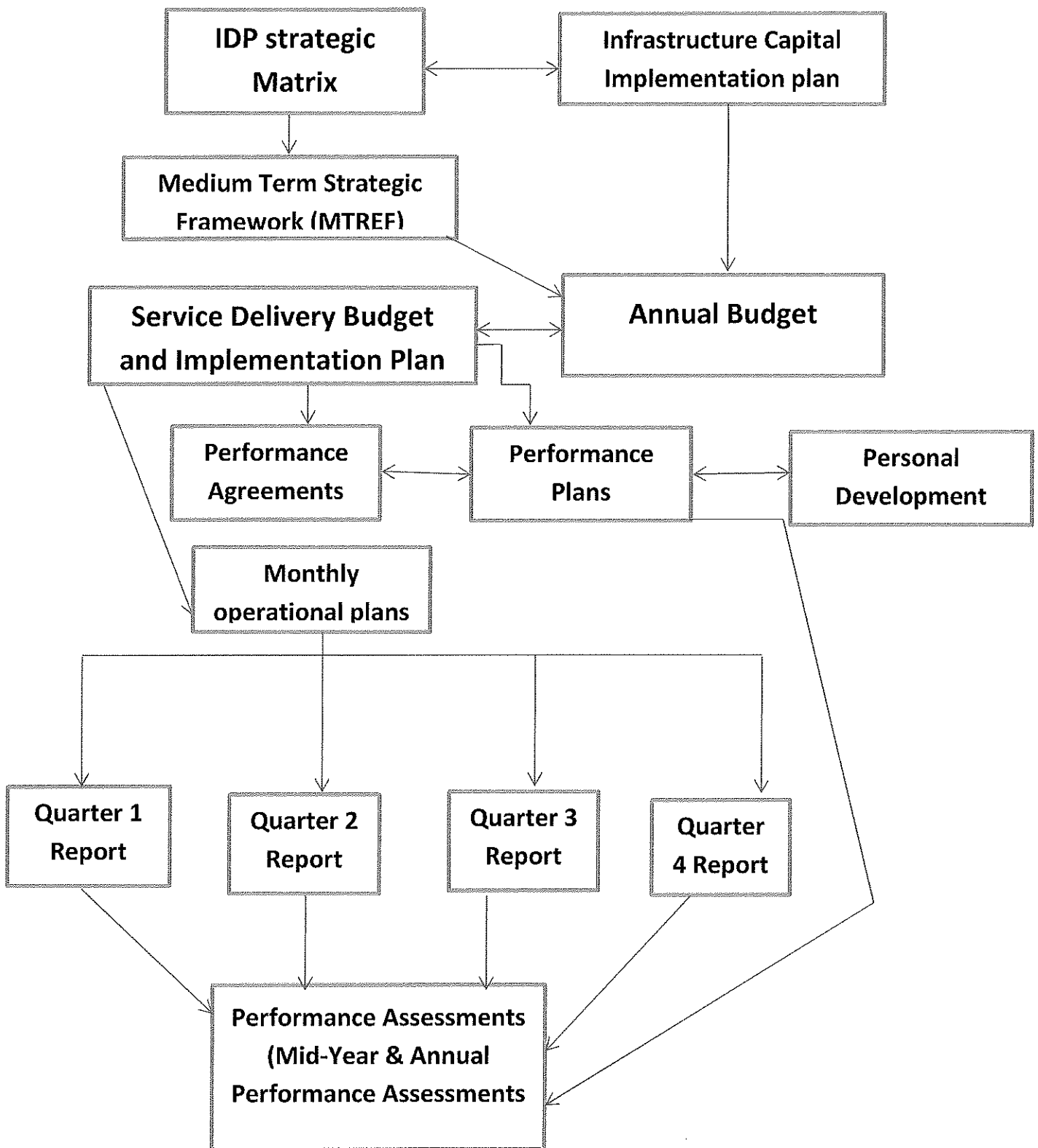
### 13. Process of the Service Delivery Budget and Implementation Plan (SDBIP)

The SDBIP process plan is developed with the IDP process plan and is tabled to council for adoption. The draft SDBIP and the final SDBIP is submitted to the mayor not later than 28 days after the adoption of the budget and to the Provincial and National Treasury not later than 10 days after the adoption of the budget. The SDBIP is publicised through the local newspapers and the website of the municipality.

#### **13.1. Planning, budgeting and reporting**

This section will give a brief overview of the documents that the municipality is mandated to produce in relation to planning, budgeting, implementation, reporting, and monitoring. All these documents are tabled in relevant committees. Above all, published on the municipal website for public consumption. For the planning purpose the IDP is developed which is a five year plan. IDP process plan is tabled by the mayor as well as the budget timetable to Council by 31 August for approval (10 months before the beginning of the next budget year). The schedule of key deadlines indicates the processes relative to the review of the IDP as well as the preparation of the medium term revenue and expenditure framework (MTREF) budget and the revision of the annual budget. These target dates follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury. Strategic planning session is convened in September/October with senior managers to determine the IDP priorities which will form the basis for the preparation of the MTREF budget. By the 31<sup>st</sup> March, the Mayor tables the draft IDP and MTREF budget to council (90 days before the beginning of the new budget year) together with the draft resolutions and budget related policies. The Mayor approves the Service Delivery and Budget Implementation Plan (SDBIP) not later than 28 days after the approval of the Budget by Council. The SDBIP is submitted to Provincial and National Treasury not later 10 days after it has been approved by council.

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### **13.2. Public Consultation**

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

#### **13.3.1. Implementation**

SDBIP is the actual implementation of the Integrated Development plan (IDP) which is done over a single year cycle. It is known as a management tool used to monitor performance. It focuses on both financial and non-financial measurable performance objectives. SDBIP is essentially an implementation tool to ensure alignment of budget to the IDP. To measure performance, targets are set for each indicator. To achieve better service delivery the municipality has the responsibility to ensure responsible spending, given the nature of public funds. The results must be linked to budget expenditure to ensure value for money. Monthly performance and budget reports are prepared as per Section 71 of the MFMA and Section 41 (1) (e) of the Systems Act, Section 166 (2) (a) (v) and (vii) of the Municipal Management Finance Act (MFMA) and Regulation 7 of Municipal Planning and Performance Management Regulations. The SDBIP is revised once during the budget adjustment and amendments are done where necessary and then tabled to council.

#### **13.3.2. Monitoring and Reporting**

Monitoring is conducted to collect, analyse and report performance data. It provides continuous information on whether progress has been made towards achieving the results (inputs, activities and outputs). It assists to identify the strengths and weaknesses in each project. The information collected during reporting enhance learning and improves decision – making. Monthly operational reports are prepared and discussed in a MANCO and in the Portfolio committees to continuously track performance against what was planned. In order to comply with regulation 28 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to the Municipal manager, the quarterly reports are prepared and tabled to the Executive committee, Performance Audit Committee and Council. Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment the municipality must prepare the Annual performance report (APR) and clearly state the IDP objectives, planned targets, reasons and corrective measures provided where targets were not met. The APR forms part of the annual report. The Annual report is tabled to Council by 31 January. The draft and approved document is published by 31 March each year. It is submitted to MPAC, Council, Audit Committee, Auditor-General, Auditor-General, National Treasury and Provincial Treasury. Figure 2, illustrates the schedule for performance review.



14. SCHEDULE FOR PERFORMANCE REVIEW

REPORT	PERIOD	LEGISLATION	OVERSIGHT
First Quarter report	July – September	Regulation 28 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Manager, 2006	<ul style="list-style-type: none"> <li>• Internal Audit unit(IA)</li> <li>• Performance Audit committee (PAC)</li> <li>• Portfolio Committees</li> <li>• Executive committee(Exco)</li> <li>• Municipal Public Accounts Committee(MPAC)</li> <li>• Council</li> </ul>
Second Quarter/ Mid-Year	October - December	<ul style="list-style-type: none"> <li>• Regulation 28 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Manager, 2006</li> <li>• Regulation 13 of Local Government: Municipal Planning and Performance Management Regulations, 2001</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit unit</li> <li>• Audit committee</li> <li>• Portfolio Committees</li> <li>• Executive committee</li> <li>• Municipal Public Accounts Committee</li> <li>• Council</li> <li>• Provincial and National Treasury</li> <li>•</li> </ul>

## 2018/2019 Service Delivery Budget and Implementation Plan

Third Quarter	January - March	Regulation 28 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Manager, 2006	<ul style="list-style-type: none"> <li>• Internal Audit unit</li> <li>• Audit committee</li> <li>• Portfolio Committees</li> <li>• Executive committee</li> <li>• Municipal Public Accounts Committee</li> <li>• Council</li> </ul>
Fourth quarter/ Annual Performance	April - June	<ul style="list-style-type: none"> <li>• Regulation 28 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Manager, 2006</li> <li>• Regulation 13 of Local Government: Municipal Planning and Performance Management Regulations, 2001</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit unit</li> <li>• Audit committee</li> <li>• Portfolio Committees</li> <li>• Executive committee</li> <li>• Municipal Public Accounts Committee</li> <li>• Council</li> <li>• Provincial and National Treasury</li> <li>• Department of Co-operative Governance and Traditional Affairs(Cogta)</li> <li>• SA Auditor General (AG)</li> </ul>

### 15. Performance Evaluation Committee

Performance Evaluation committee was established as per the regulation 27 of Local Government: Municipal Performance Regulations for Municipal Manager and Managers directly accountable to Municipal Manager, 2006. The performance evaluation panel for the purpose of the assessing the Municipal manager constitutes the following persons:

- 1. The Mayor**
- 2. Chairperson of the Performance Audit committee (PAC) or Chairperson of the Audit Committee in the absence of the PAC.**
- 3. Member of the Executive committee**
- 4. Mayor from another municipality**
- 5. Member of the ward committee as nominated by the Mayor.**

For the purpose of evaluating performance of managers directly accountable to the municipal manager, the panel constitutes the following persons:

- 1. Municipal Manager**
- 2. Chairperson of the Performance Audit committee (PAC) or Chairperson of the Audit Committee in the absence of the PAC.**
- 3. Member of the Executive committee**
- 4. Municipal manager from another municipality**

As stipulated in Section 72 of the MFMA, the Mid-Year assessment report is prepared and submitted to the mayor, Provincial and National Treasury by the 25<sup>th</sup> of January of each financial year.

## 16. Financial Management Perspective

### 16.1. BUDGETING PRINCIPLES

The municipality should not budget for a deficit and should ensure that revenue projections in the budget are realistic taking into account actual collection levels and equitable share. Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget. Harry Gwala district Municipality has prepared a three-year budget (medium term revenue and expenditure framework (MTREF)) and will be reviewed annually and approved by Council. The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.

Table 1: Revenue

REVENUE	2018/19 REVENUE FOR PARENT MUN..	2018/2019 CONSOLIDATED REVENUE
Operational Grants & Subsidies	R 328, 8m	R 328, 8m
Capital Grants & Subsidies	R 341, 9m	R 341, 9m
Own Revenue	R 80, 3m	R 80, 6m
<b>TOTAL</b>	<b>R 751m</b>	<b>R 751, 4m</b>

Chart 1: Revenue Sources

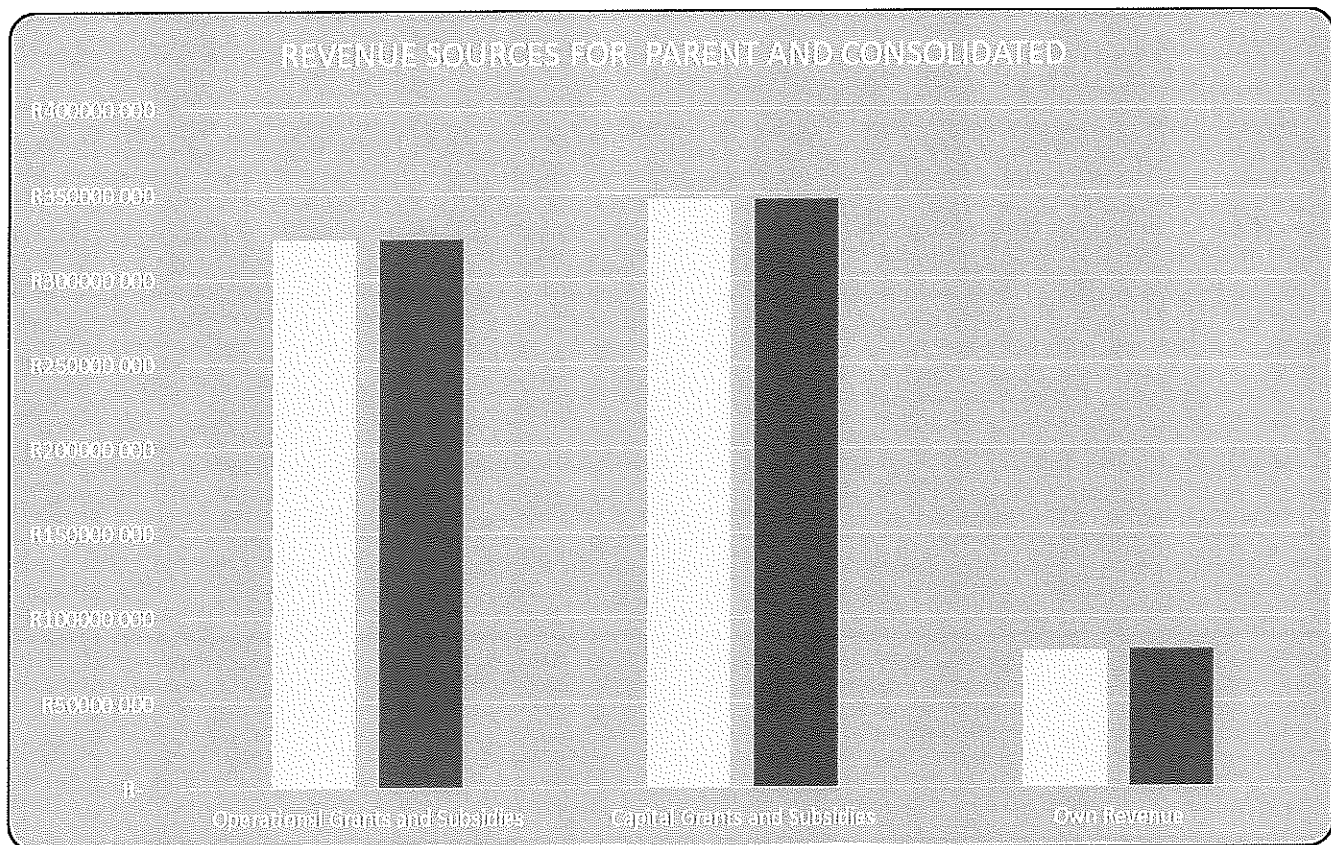


Chart 2: Percentage Revenue Sources

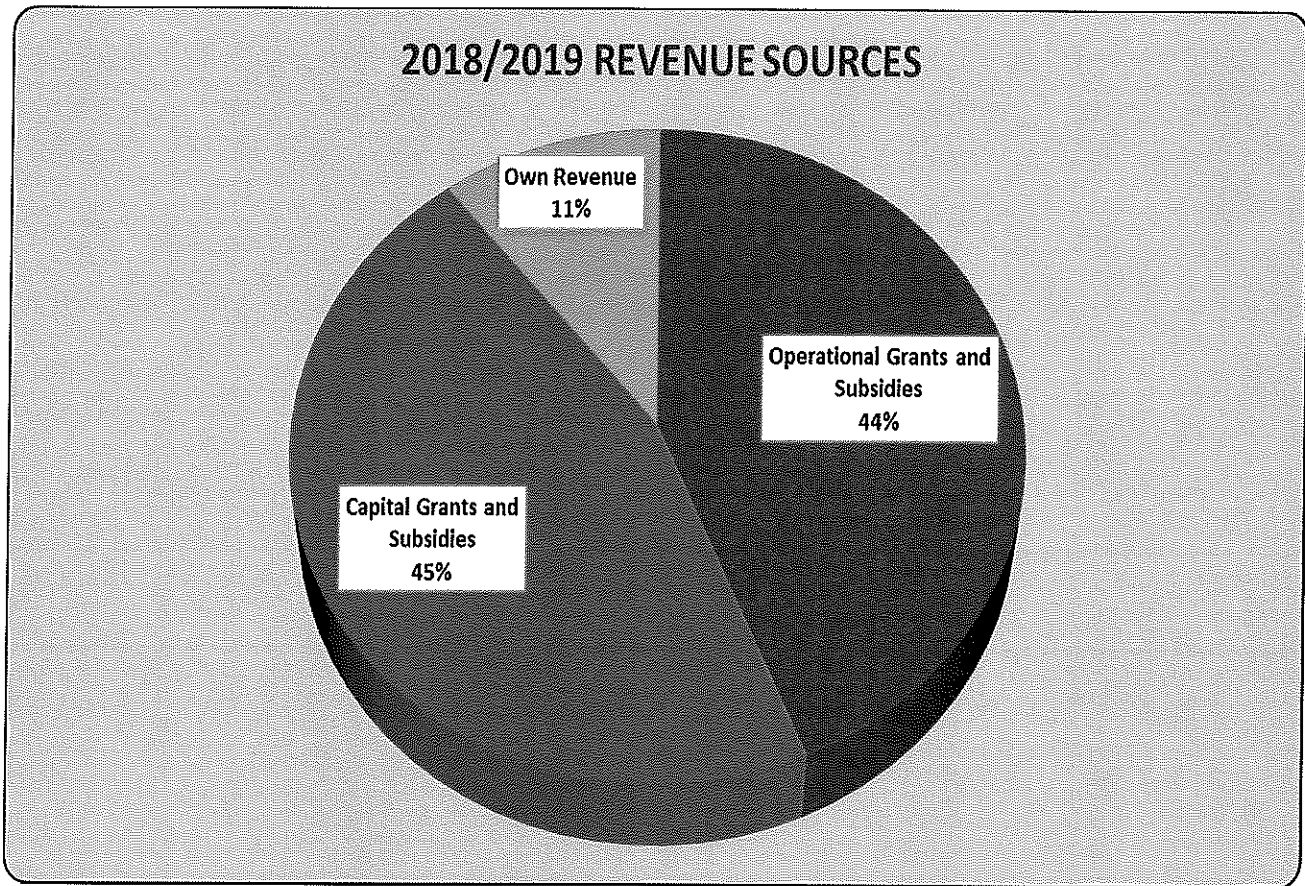
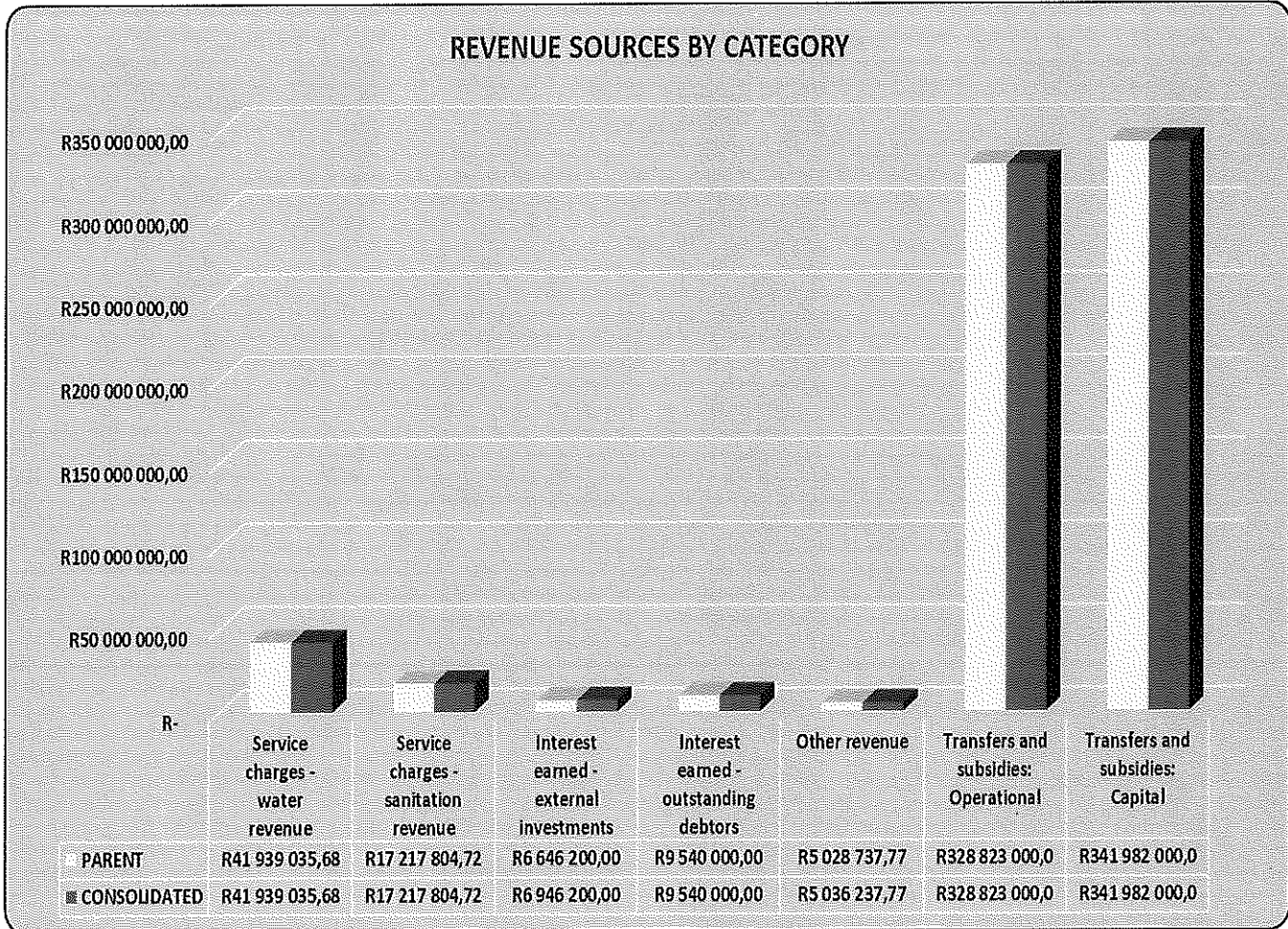


Chart 3: Consolidated Revenue by Category



## 2018/2019 Service Delivery Budget and Implementation Plan

Table 2: Detailed Revenue Sources

**REVENUE**

NATIONAL GRANTS	2018/19	2019/20	2020/21
<b>EQUITABLE SHARE</b>	R 318 074 000	R 344 466 000	R 374 185 000
<b>MUNICIPAL INFR GRANT</b>	R 191 582 000	R 195 859 000	R 207 629 000
<b>MUNICIPAL INFR GRANT (PMU)</b>	R 5 005 000	R 5 001 000	R 5 051 000
<b>REGIONAL BULK INFRASTRUCTURE GRANT</b>	R 70 000 000	R 50 000 000	R 67 460 000
<b>RURAL ROADS ASSETS INFRASTRUCTURE - GRANT</b>	R 2 221 000	R 2 226 000	R 2 357 000
<b>FINANCE MANAGEMENT GRANT</b>	R 1 000 000	R 1 000 000	R 1 000 000
<b>EXPANDED PUBLIC WORKS PROGRAMME</b>	R 1 718 000	R 0	R -
<b>WATER SERVICES INFRASTRUCTURE GRANT</b>	R 80 400 000	R 98 000 000	R 103 390 000
<b>TOTAL</b>	<b>R 670 805 000</b>	<b>R 696 683 000</b>	<b>R 761 210 000</b>
<b>PROVINCIAL GRANTS</b>			
<b>Development Planning Shared service</b>	R 0	R 400 000	R 500 000
<b>SUBTOTAL</b>	<b>R 0</b>	<b>R 400 000</b>	<b>R 500 000</b>
<b>OWN REVENUE</b>			
<b>Service charges - water revenue</b>	R 41 939 036	R 44 790 890	R 47 836 671

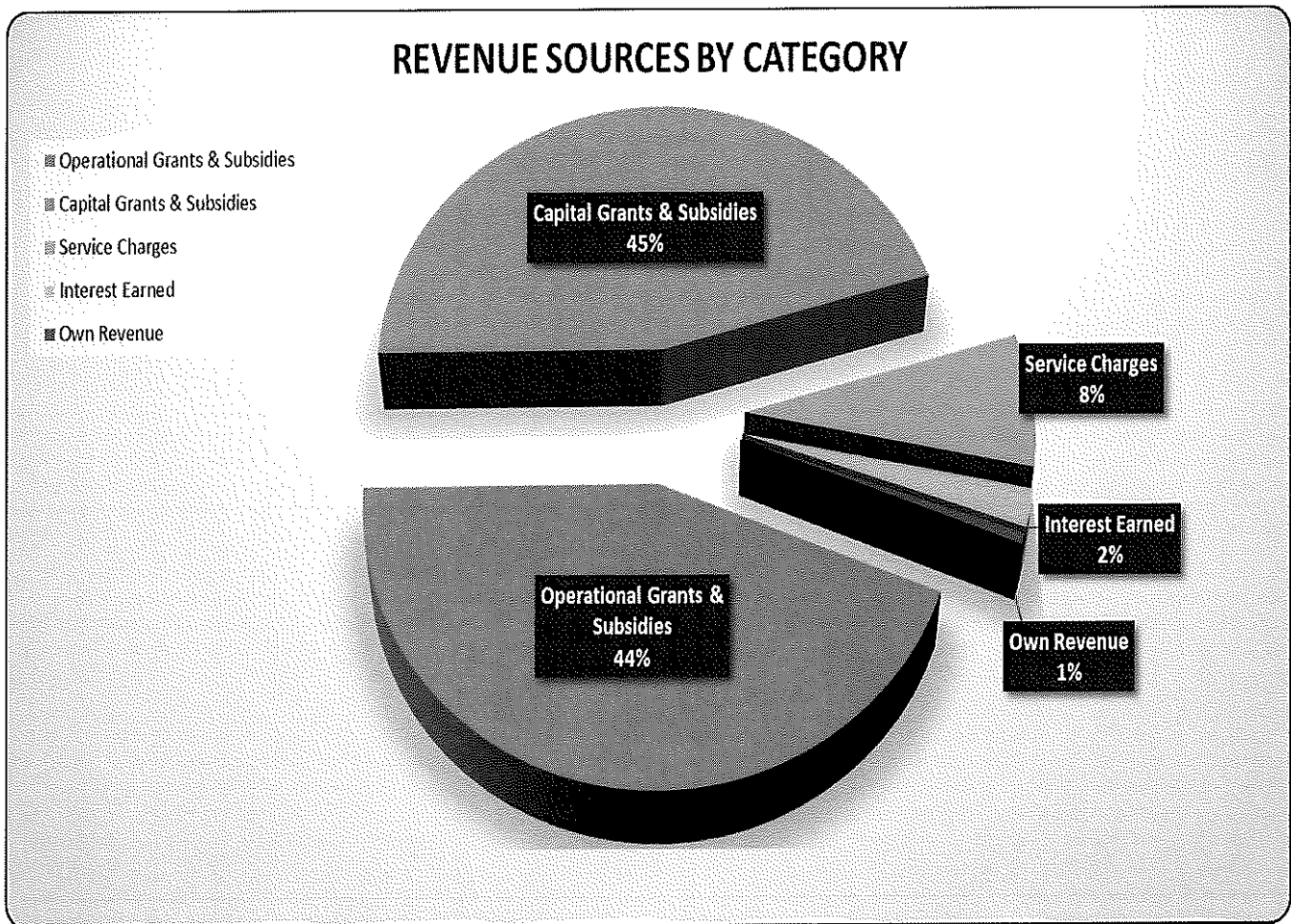


## 2018/2019 Service Delivery Budget and Implementation Plan

<b>Service charges - sanitation revenue</b>	R 17 217 805	R 18 388 615	R 19 639 041
<b>Interest earned - external investments</b>	R 6 646 200	R 7 098 142	R 7 576 668
<b>Interest earned - outstanding debtors</b>	R 9 540 000	R 10 112 400	R 10 719 144
<b>Other revenue</b>	R 5 028 738	R 5 297 272	R 5 580 147
<b>SUBTOTAL</b>	<b>R 80 371 778</b>	<b>R 85 687 320</b>	<b>R 91 351 671</b>
<b>TOTAL REVENUE</b>	<b>R 751 176 778</b>	<b>R 794 064 079</b>	<b>R 848 765 464</b>

The water & sanitation tariffs are proposed to increase by 6, 8% considering economic viability of Harry Gwala District Municipality for the ensuing year. The proposed tariff increase is at 6, 8% below the inflation rate forecast of 5, 3% as forecasted by the National Treasury.

Chart 4: The Chart below presents the budget summary for the 2018-19 budget year categorised by revenue sources



## 2018/2019 Service Delivery Budget and Implementation Plan

### CAPEX

Table 3: Capital Budget by Type

<b>BUDGET</b>	
Water	R 264 516 000
Sanitation	R 77 466 000
Office Equipment, Computers & Other	R 7 310 000
<b>Total</b>	<b>R 349 292 000</b>

Table 4: 2018/2019 CONDITIONAL GRANTS ALLOCATION

<b>GRANTS</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>MIG</b>	R 191 582 000	R 195 859 000	R 207 629 000
<b>WSIG</b>	R 80 400 000	R 98 000 000	R 103 390 000
<b>RBIG</b>	R 70 000 000	R 50 000 000	R 67 460 000
<b>EPWP</b>	R 2 518 000	R 0.00	R 0.00
<b>RURAL ROAD</b>	R 2 226 000	R 2 357 000	R 2 494 000
	<b>R 346 726 000</b>	<b>R 346 216 000</b>	<b>R 380 973 990</b>

Table 5: Capex Budget per Local Municipality

<b>PROJECTS</b>		<b>BUDGET</b>		
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	
<b>Kokstad</b>	R 42 000 000	R 40 000 000	R 50 000 000	
<b>NDZ</b>	R 104 151 100	R 114 238 500	R 103 363 975	
<b>Ubuhlebezwe</b>	R 86 029 000	R 97 600 000	R 153 850 000	
<b>Umzimkhulu</b>	R 109 801 900	R 92 020 500	R 71 265 025	

## 2018/2019 Service Delivery Budget and Implementation Plan

	R 7 310 000	R 7 704 740	R 8 128 501
<b>Internal</b>			
<b>TOTAL</b>	<b>R 349 292 000</b>	<b>R 351 563 740</b>	<b>R 386 607 501</b>

Chart 5: Capital Distribution per Local Municipality

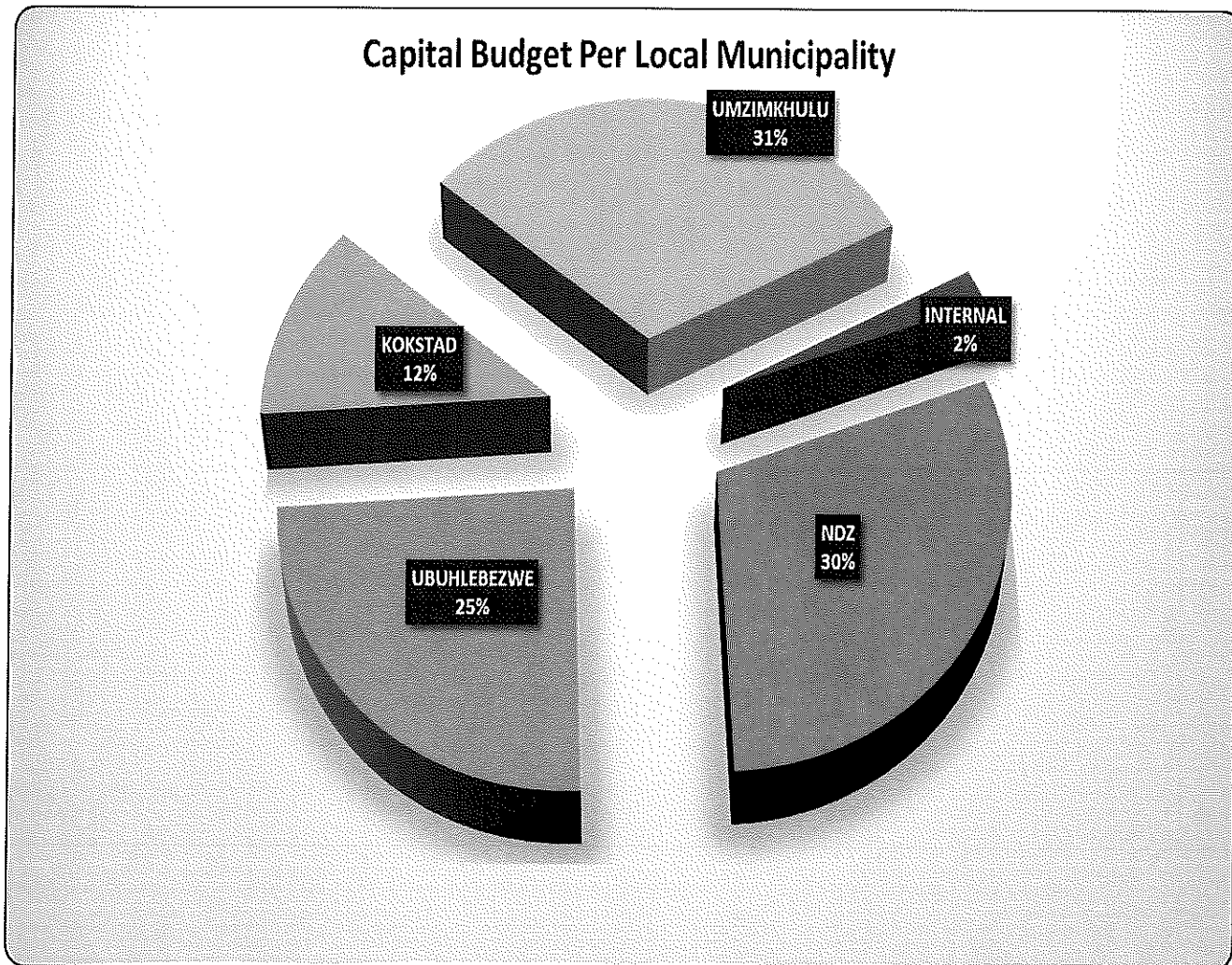


TABLE 6: MUNICIPAL INFRASTRUCTURE GRANT ALLOCATION PER LM'S

LOCAL MUNICIPALITY	2018/19	2019/20	2020/21
KOKSTAD	R 23 000 000	R 25 000 000	R 20 000 000
NDZ	R 40 751 100	R 53 838 500	R 53 363 975

## 2018/2019 Service Delivery Budget and Implementation Plan

UBUHLEBEZWE	R 41 029 000	R 66 000 000	R 86 000 000
UMZIMKHULU	R 86 801 900	R 51 020 500	R 48 265 025
<b>TOTAL</b>	<b>R 191 582 000</b>	<b>R 195 859 000</b>	<b>R 207 629 000</b>

CHART 6: MUNICIPAL INFRASTRUCTURE GRANT ALLOCATION PER LM'S

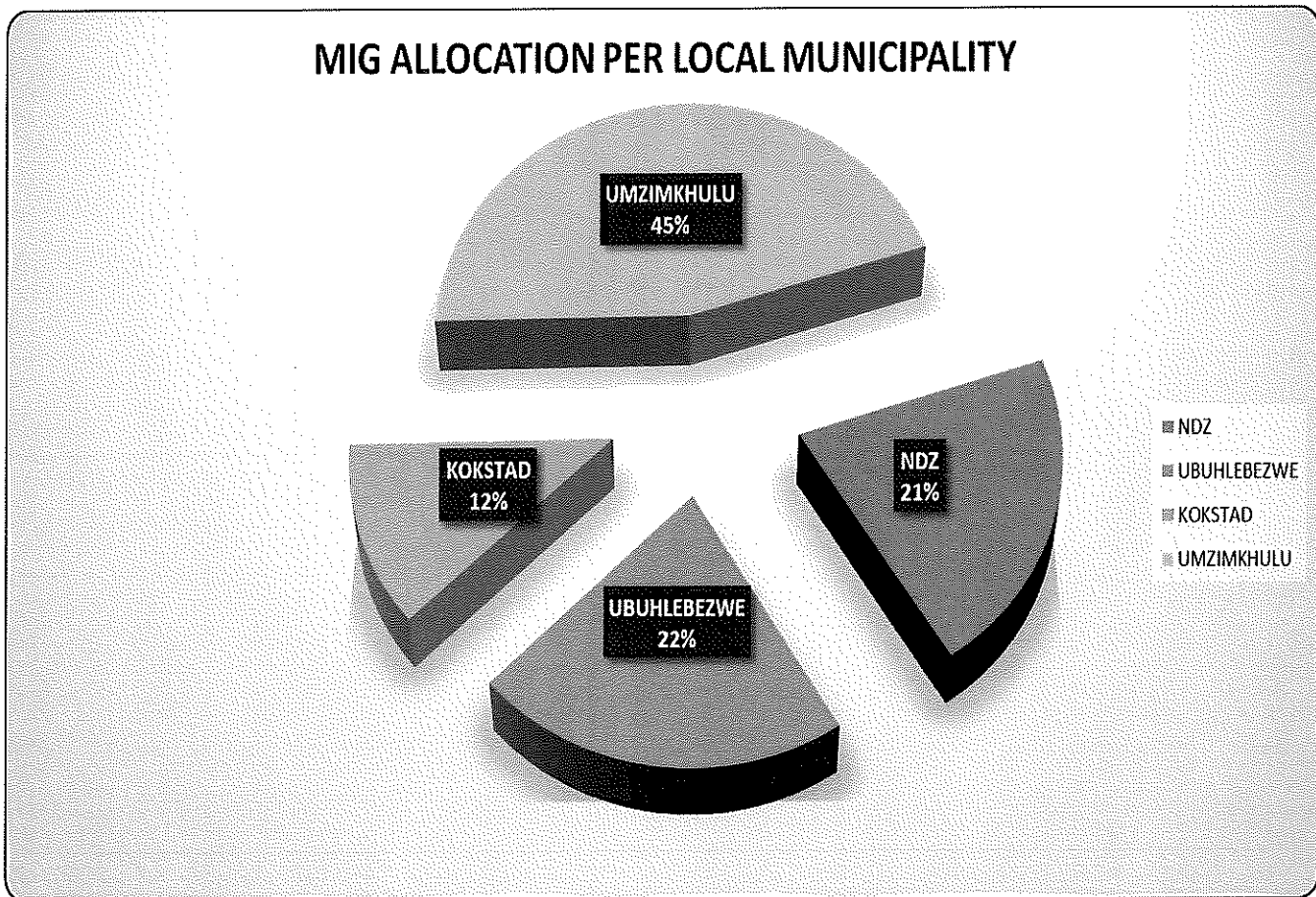


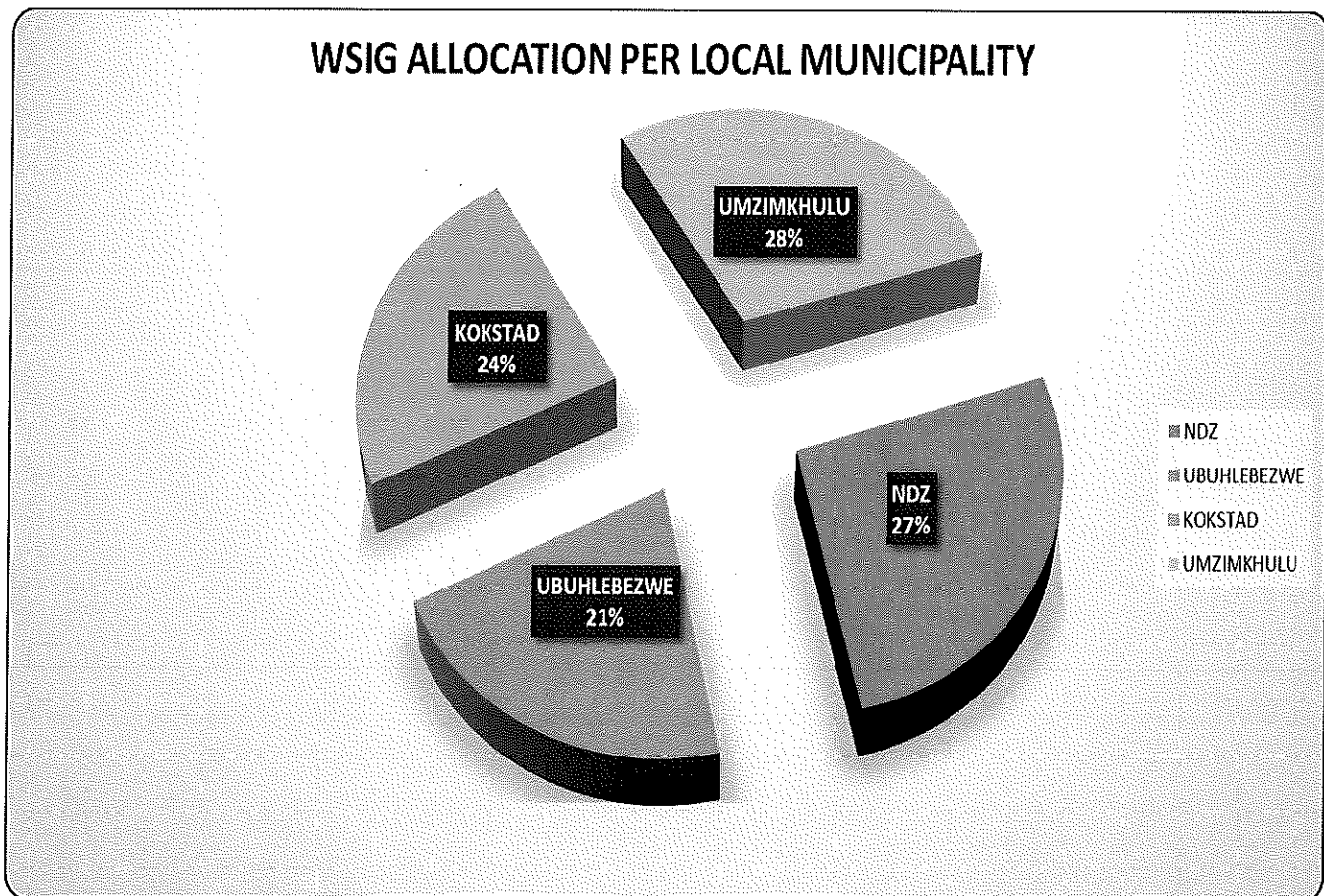
TABLE 7: WATER SERVICES INFRASTRUCTURE GRANT ALLOCATION PER LOCAL MUNICIPALITY

PROJECTS	2018/19	2019/20	2020/21
KOKSTAD	R 19 000 000	R 15 000 000	R 30 000 000
NDZ	R 21 400 000	R 25 400 000	R 10 000 000

## 2018/2019 Service Delivery Budget and Implementation Plan

UBUHLEBEZWE	R 17 000 000	R 16 600 000	R 40 390 000
UMZIMKHULU	R 23 000 000	R 41 000 000	R 23 000 000
<b>TOTAL</b>	<b>R 80 400 000</b>	<b>R 98 000 000</b>	<b>R 103 390 000</b>

CHART 7: WATER SERVICES INFRASTRUCTURE GRANT ALLOCATION PER LOCAL MUNICIPALITY



## 2018/2019 Service Delivery Budget and Implementation Plan

Table 8: Capital Projects and Budget Distribution per Local Municipality

### NDZ PROJECT LIST

PROJECTS	2018/19	2019/20	2020/21
<b>MUNICIPAL INFRASTRUCTURE GRANT</b>			
Bulwer to Nkelabantwana and Nkumba Water	R 5 500 000	R 5 000 000	R 8 363 975
Khukhulela Water	R 3 000 000	R 6 000 000	R 0
Kwanomandlovu Water project	R 6 000 000	R 10 000 000	R 0
Mbhulelweni Water supply	R 2 551 100	R 5 000 000	R 0
NDZ household sanitation project	R 700 000	R 838 500	R 3 000 000
Underberg Bulk Water Supply Upgrade Phase 2	R 10 000 000	R 6 000 000	R 8 000 000
Greater Khilimoni Water Supply	R 3 000 000	R 14 000 000	R 19 000 000
Gala Reticulation	R 6 000 000	R 6 000 000	R 5 000 000
Stepmore Water Project	R 4 000 000	R 1 000 000	R 10 000 000
<b>RBIG</b>			
Bulwer Donnybrook Water Supply Scheme Project (RBIG) dam	R 42 000 000	R 35 000 000	R 40 000 000
<b>WSIG</b>			
NDZ Refurbishment	R 15 800 000	R 11 800 000	R 0
Greater KwaNomandlovu Water Supply Phase 2	R 5 600 000	R 5 600 000	R 10 000 000
Eradication of Sanitation Backlog in NDZ	R 0	R 8 000 000	R 0
<b>TOTAL</b>	<b>R104 151 100</b>	<b>R114 238 500</b>	<b>R103 363 975</b>

### KOKSTAD PROJECT LIST

PROJECTS	2018/19	2019/20	2020/21
<b>MIG</b>			
Horseshoe Sanitation Project	R 10 000 000	R 15 000 000	R 10 000 000

## 2018/2019 Service Delivery Budget and Implementation Plan

Kokstad Water & Sewer Upgrade	R 10 000 000	R 10 000 000	R 10 000 000
Makhoba Bulk Water Supply	R 3 000 000	R 0	R 0
<b>WSIG</b>			
Kokstad Water Infrastructure Upgrade	R 19 000 000	R 15 000 000	R 30 000 000
<b>TOTAL</b>	<b>R 42 000 000</b>	<b>R 40 000 000</b>	<b>R 50 000 000</b>

### UBUHLEBEZWE PROJECT LIST

PROJECTS	2018/19	2019/20	2020/21
<b>MIG</b>			
Ncakubana Water Project	R 6 000 000	R 10 000 000	R 10 000 000
Ufafa Water Supply	R 0	R 8 000 000	R 7 000 000
Umkhunya Water Projects	R 18 029 000	R 20 000 000	R 20 000 000
Eradication Of Sanitation Backlog In Ubuhlebezwe	R 0	R 3 000 000	R 4 000 000
Ixopo Hopewell Water Supply	R 4 000 000	R 8 000 000	R 15 000 000
Ixopo Town Sewer System, Raising of Home Farm Dam	R 13 000 000	R 12 000 000	R 15 000 000
Highflats Town Water Projects	R 0	R 5 000 000	R 15 000 000
<b>WSIG</b>			
Nokweja Water Supply	R 10 000 000	R 0	R 10 390 000
Ubuhlebezwe refurbishment	R 4 000 000	R 10 600 000	R 30 000 000
Raising of Dam wall	R 3 000 000	R 6 000 000	R 10 000 000
<b>RBIG</b>			
(GREATER BULWER DONNYBROOK WATER SUPPLY SCHEME (GBDWSSS))	R 28 000 000	R 15 000 000	R 27 460 000
<b>TOTAL</b>	<b>R 86 029 000</b>	<b>R 97 600 000</b>	<b>R 153 850 000</b>



## 2018/2019 Service Delivery Budget and Implementation Plan

### UMZIMKHULU CAPITAL PROJECTS

PROJECTS	2018/19	2019/20	2020/21
<b>MUNICIPAL INFRASTRUCTURE GRANT</b>			
Greater Summerfield Water Supply	R 30 099 000	R 12 000 000	R 10 000 000
Greater Mngqumeni Water Supply	R 20 446 108	R 8 000 000	R 8 000 000
KwaMeyi/ Teerkloof Water Supply	R 13 390 792	R 5 000 000	R 10 000 000
Umzimkhulu Sewer Emergency Upgrade	R 7 400 000	R 12 000 000	R 5 000 000
Eradication of Sanitation Backlog in Umzimkhulu	R 12 466 000	R 8 020 500	R 15 265 025
Ibisi Sewer Reticulation	R 3 000 000	R 6 000 000	R 0
<b>WSIG</b>			
Umzimkhulu Water Supply Infrastructure Upgrade, Community Residential Unit Refurbishment	R 7 000 000	R 11 000 000	R 8 000 000
Water Supply In Identified Villages( Lukhasini, Lucingweni, Tsawule etc)	R 6 000 000	R 10 000 000	R 8 000 000
Eradication of Sanitation Backlog in Umzimkhulu	R 5 000 000	R 12 000 000	R 5 000 000
Provision for bulk services	R 5 000 000	R 8 000 000	R 2 000 000
<b>TOTAL</b>	<b>R 109 801 900</b>	<b>R 92 020 500</b>	<b>R 71 265 025</b>

### HARRY GWALA DM

OTHER CONDITIONAL GRANTS/ PROJECTS	2018/2019	2019/2020	2020/2021
INTERNAL FUNDING	R 7 310 000	R 7 704 740	R 8 128 501
<b>TOTAL</b>	<b>R 7 310 000</b>	<b>R 7 704 740</b>	<b>R 8 128 501</b>

## 2018/2019 Service Delivery Budget and Implementation Plan

### CAPITAL BUDGET

The total capital budget is R 349, 2m. This is largely funded from Municipal Infrastructure Grant, Water Services Infrastructure Grant and Rural Bulk Infrastructure Grant.

Table 9: Capital Budget per Department

<b>DEPARTMENT</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
Finance	R 550 000	R 579 700	R 611 584
Corporate Services	R 3 760 000	R 3 963 040	R 4 181 007
Infrastructure Services	R 342 482 000	R339 385 000	R373 984 965
Water Services	R 2 500 000	R 2 635 000	R 2 779 925
<b>TOTAL</b>	<b>R 349 292 000</b>	<b>R 346 562 740</b>	<b>R 381 557 481</b>

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

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

### OPERATIONS BUDGET

The operating expenditure budget for the 2018/19 budget is R401, 8m.

## 2018/2019 Service Delivery Budget and Implementation Plan

Chart 7: 2018-19 MTREF Operational Budget per Vote

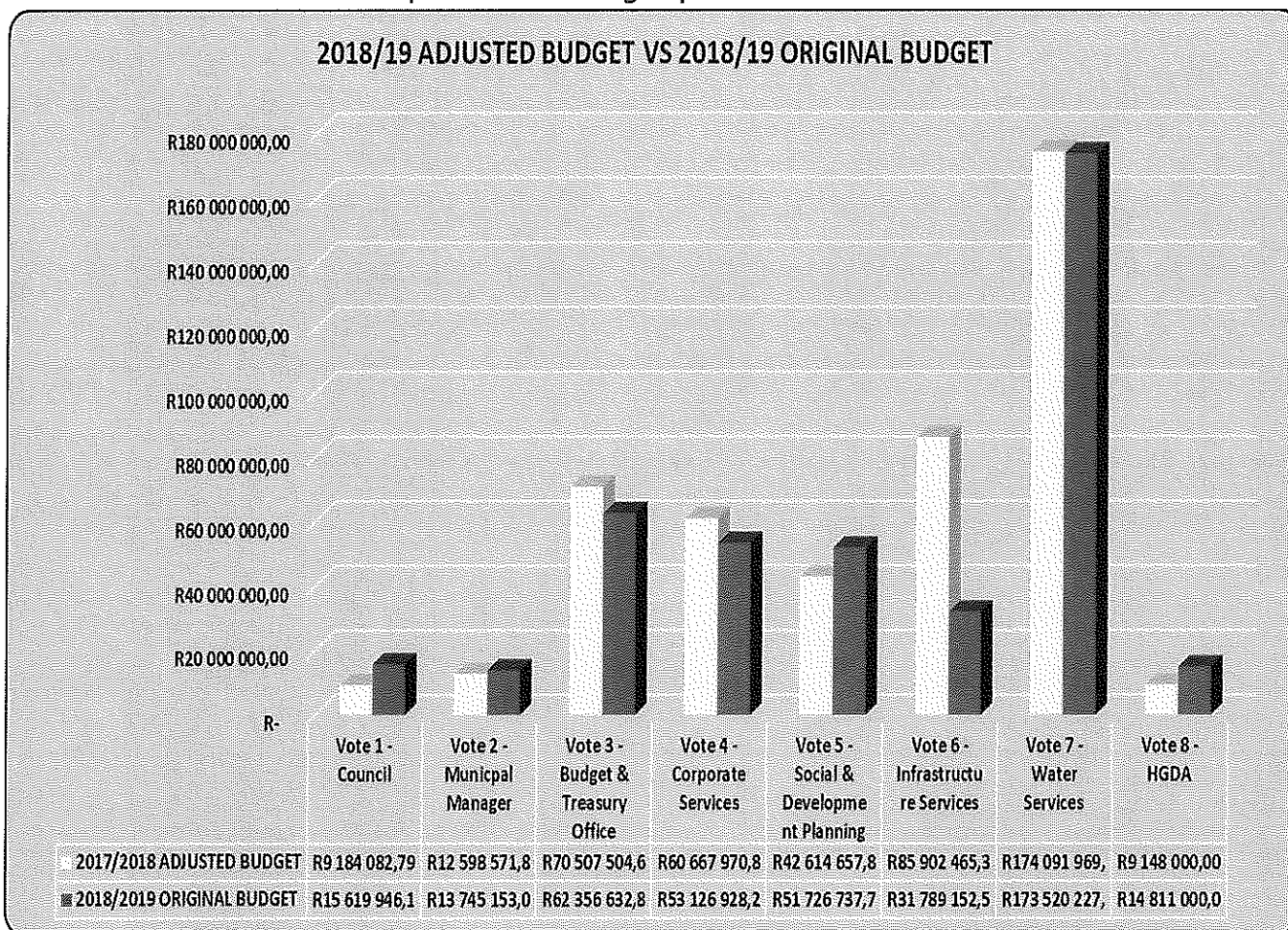
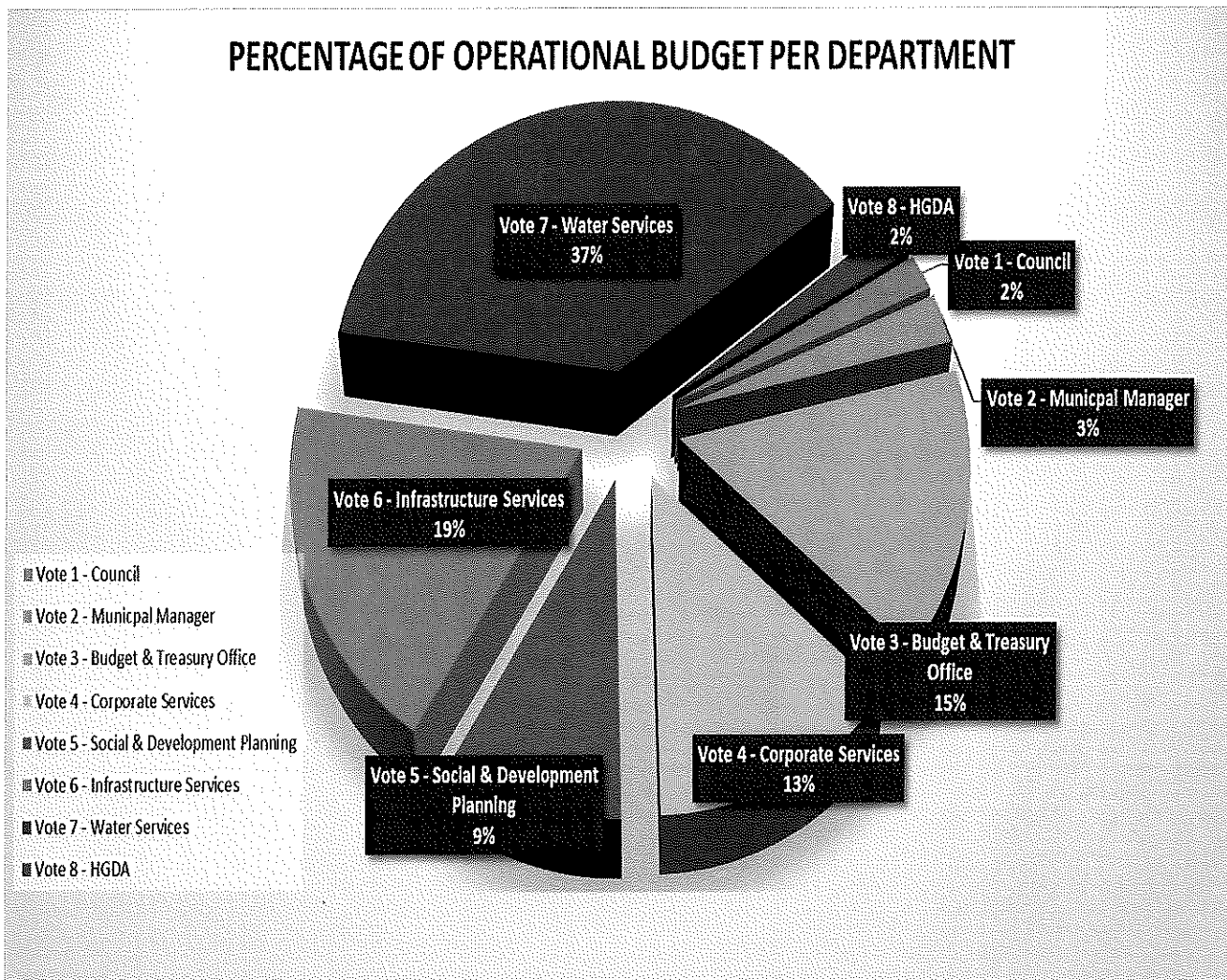


Chart 3 above presents a comparison between the 2017/2018 adjusted operational budget and the 2018/19 draft operational budget. The detailed line items providing operational projects as well as operational expenditure have been inserted in the table below. The comparison indicates a decrease in operational budget by 12% or R53, 6m in monetary value.

CHART 8: PERCENTAGE PER DEPARTMENT



## 2018/2019 Service Delivery Budget and Implementation Plan

Table 10: Special Programmes

**The following are the highlights of the special programmes projects.**

DESCRIPTION	2018/19	2019/20	2020/21
SPORT DEVELOPMENT	R 3 000 000	R 3 162 000	R 3 335 910
RURAL HORSE RIDING - GAMES (SUMMER CUP)	R 600 000	R 632 400	R 667 182
DISABLED PROGRAMMES	R 100 000	R 105 400	R 111 197
YOUTH DEV PROGRAMMES	R 200 000	R 316 200	R 333 591
BURSARIES-COMMUNITY	R 200 000	R 210 800	R 222 394
MEDICAL BURSARIES	R 200 000	R 210 800	R 222 394
WOMENS EMPOWERMENT PROGRAMME	R 210 000	R 210 800	R 222 394
MENS FORUM AND CAPACITY BUILDING	R 100 000	R 52 700	R 55 599
SENIOR CITIZENS PROGRAMMES	R 150 000	R 158 100	R 166 796
FINANCIAL ASSISTANCE & SCHOOL CAMPAIGN	R 100 000	R 210 800	R 222 394
TO ATTEND UMKHOSI WOMHLANGA	R 90 000	R 52 700	R 55 599
HARRY GWALA DISTRICT MARATHON	R 1 000 000	R 1 054 000	R 1 111 970
RELIGIOUS FORUMS	R 100 000	R 105 400	R 111 197
<b>TOTAL</b>	<b>R 6 150 000</b>	<b>R 6 482 100</b>	<b>R 6 838 617</b>

**2018/2019 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN**

**HARRY GWALA  
DISTRICT  
MUNICIPALITY**









**HARRY GWALA  
DEVELOPMENT  
AGENCY**

