

ZULULAND DISTRICT MUNICIPALITY



DRAFT SERVICE DELIVERY AND BUDGET IMPLIMENTATION PLAN (SDBIP) FOR THE YEAR ENDED 30 JUNE 2016

2015/2016

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Introduction

1.1. Background to the SDBIP

In terms of Section 69 (3) (a) of the Municipal Finance Management Act, the Municipal Manager must submit the SDBIP to the Mayor within 14 days after the approval of the Budget. The Mayor must subsequently approve the SDBIP within 28 days after the approval of the Budget in terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act. The Draft Annual Budget for the 2015/16 financial year was approved by Council on 31 March 2015. The SDBIP for the Zululand District Municipality was approved by the Mayor within 28 days after approval of budget as stated in S53 (1) (c) (ii) and it will be monitored and revised quarterly.

1.2. Purpose of the SDBIP

The purpose of the SDBIP can be summarized as follows:

1. It is a vital link between the Mayor and the administration of the municipality;
2. It facilitates the process for holding management accountable for its performance;
3. It is a tool for implementation, management and monitoring; and
4. It further serves as the basis for the performance measurement in service delivery against the year-end targets and the implementation of the budget.

1.3. Importance of the SDBIP

A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, and it:

- *Enables the Mayor to monitor the performance of the Municipal Manager,*
- *Municipal Manager to monitor the performance of the senior managers; and*
- *The community to monitor the performance of the municipality.*

It is the excellent mechanism that produces monthly targets that are reported to ensure implementation of the IDP. The SDBIP will also empower all councilors specifically facilitating engagement at ward level and allow them to undertake the appropriate oversight and monitoring of programs. The SDBIP will also measure in-year progress in

the implementation of the budget; under spending of budget will be dealt with at early stages because it is reviewed quarterly.

1.4 The Role of Council with regards to the SDBIP

It is vitally important for Council to note that the components of the SDBIP are primary indicators of the municipality's performance on the annual Budget. In this regard, Councilors are encouraged to scrutinize the various components of the SDBIP and to pose questions where it is deemed necessary. This form of in-year reporting should uncover major problems and is aimed at ensuring that the Mayor and the Municipal Manager take the corrective steps when any unanticipated problems arise.

1.5 Role of the Accounting Officer in respect of the SDBIP

The Accounting Officer must:

1. Implement the Budget;
2. Ensure that spending is in accordance with the Budget and ensure that the expenditure is reduced when revenue is anticipated to be less than projected in the Budget or the SDBIP
3. Ensure that revenue and expenditure is properly monitored;
4. Prepare an adjustments Budget when necessary; and
5. Submit the draft SDBIP and draft annual performance agreements for the Municipal Manager and all senior managers.

1.6 The key components of the 2015/16 SDBIP

In terms of Circular No. 13 of the MFMA No. 56 of 2003, the SDBIP must contain:

- Monthly projections of revenue to be collected for each source;
- Monthly projections of expenditure by source (not required in terms of this Act);
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators of each vote;
- Detailed capital works plan broken down by ward over three years (Capital Plan – MIG)

These components of the SDBIP are discussed below.

2 MONTHLY PROJECTIONS OF REVENUE PER SOURCE

In terms of Section 15 of the MFMA, a municipality may, except where otherwise provided in this Act,

- incur expenditure only in terms of the approved Budget; and
- Within the limits of the amounts appropriated for the different votes in the approved Budget.

One of the most important and basic priorities of a municipality is to collect all its revenue as budgeted for, failure to collect the revenue will undermine the municipality's ability to deliver services. The SDBIP contains the monthly projections of revenue to be collected per source for the 2015/16 financial year. The reason for the inclusion of this component of the SDBIP is to ensure that the municipality monitors revenue collected during the quarter as all expenditure to be incurred in terms of the approved Budget must be financed from realistically anticipated revenues to be collected.

The Accounting Officer must monitor the actual revenues received against those projected in the SDBIP and submit explanations of any remedial action to be taken to ensure that projected revenue and expenditure remain within the municipality's approved Budget. This type of information requires the municipality to take urgent remedial steps to ensure it improves on its revenue-collection capacity if it wants to maintain its levels of service delivery and expenditure.

The revenue for the financial year 2015/16 is indicated below as follows:

Monthly projections of total Revenue per Source

The municipality must ensure that it has instituted measures to achieve monthly revenue targets for each revenue source. In order to ensure realistic revenue projections and ultimately balanced budgets, the Zululand District Municipality has to have comprehensive, coherent revenue policies that take into account appropriate service delivery levels, standards, ability to pay and collection efforts.

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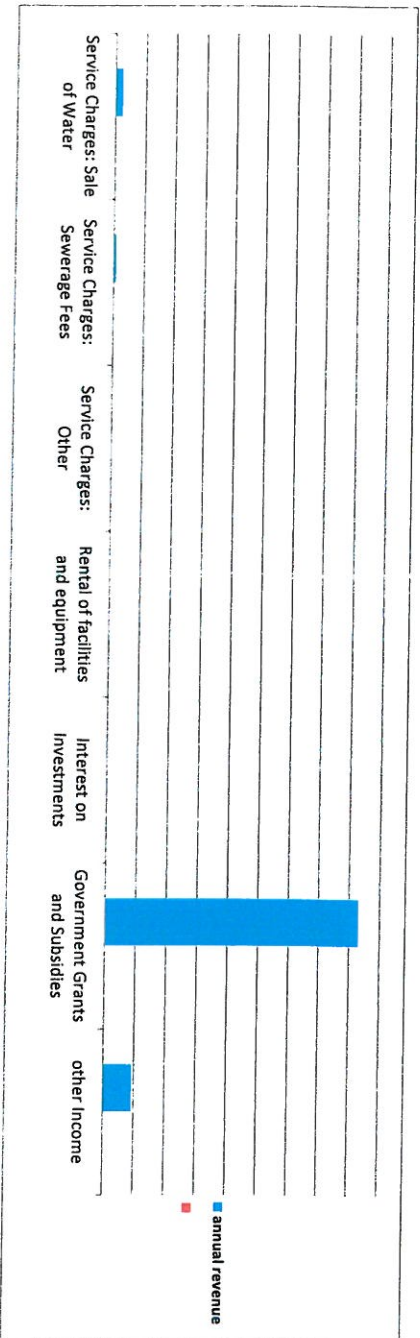
Monthly projections of Revenue by Source of
Zululand District Municipality for the year
ended 30 June 2015

Monthly Projections of Revenue by Source													
Revenue by Source	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL REVENUE
Service Charges: Sale of Water	1,897,359	1,897,359	1,897,359	1,897,359	1,897,359	1,897,359	1,897,359	1,897,359	1,897,359	1,897,359	1,897,359	1,897,359	22,768,302
Service Charges: Sewerage Fees	741,675	741,675	741,675	741,675	741,675	741,675	741,675	741,675	741,675	741,675	741,675	741,675	8,900,104
Service Charges: Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	13,167	13,167	13,167	13,167	13,167	13,167	13,167	13,167	13,167	13,167	13,167	13,167	158,000
Interest on investments	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	83,333	1,000,000
Government Grants and Subsidies : Operating and capital	69,495,750	69,495,750	69,495,750	69,495,750	69,495,750	69,495,750	69,495,750	69,495,750	69,495,750	69,495,750	69,495,750	69,495,750	833,948,000
Other income	7,967,232	7,967,232	7,967,232	7,967,232	7,967,232	7,967,232	7,967,232	7,967,232	7,967,232	7,967,232	7,967,232	7,967,232	95,606,784
Accumulated Surplus													
TOTALS	80,198,516	80,198,516	80,198,516	80,198,516	80,198,516	80,198,516	80,198,516	80,198,516	80,198,516	80,198,516	80,198,516	80,198,516	962,382,190

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Chart - Monthly Projections of Revenue by Source



3 MONTHLY PROJECTIONS OF EXPENDITURE PER SOURCE

The monthly projections of expenditure per source is not included in terms of circular No 13 of the MFMA, but we as Zululand District Municipality have decided to add this component in order to see the movement of expenditure per source on monthly basis to be able to respond promptly and to initiate any remedial steps when necessary.

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Monthly Projections of Expenditure by Source of
Zululand District Municipality for the year ended 30 June 2015

Monthly Projections of Expenditure by Source												
Expenditure by Source	july	august	september	october	november	december	january	february	march	april	may	june
Operating Expenditure												
Employee related costs wages and salaries	10,357,841	10,357,841	10,357,841	10,357,841	10,357,841	10,357,841	10,357,841	10,357,841	10,357,841	10,357,841	10,357,841	10,357,841
Employee related costs social contribution	2,107,117	2,107,117	2,107,117	2,107,117	2,107,117	2,107,117	2,107,117	2,107,117	2,107,117	2,107,117	2,107,117	2,107,117
Remuneration of Councilors	514,621	514,621	514,621	514,621	514,621	514,621	514,621	514,621	514,621	514,621	514,621	514,621
Bad debts	289,500	289,500	289,500	289,500	289,500	289,500	289,500	289,500	289,500	289,500	289,500	289,500
Collection costs	115,833	115,833	115,833	115,833	115,833	115,833	115,833	115,833	115,833	115,833	115,833	115,833
Depreciation	2,713,750	2,713,750	2,713,750	2,713,750	2,713,750	2,713,750	2,713,750	2,713,750	2,713,750	2,713,750	2,713,750	2,713,750
Repairs and maintenance	2,836,250	2,836,250	2,836,250	2,836,250	2,836,250	2,836,250	2,836,250	2,836,250	2,836,250	2,836,250	2,836,250	2,836,250
Inter-Departmental Charges	-	-	-	-	-	-	-	-	-	-	-	-
Interest on external borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Redemption	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases	7,072,333	7,072,333	7,072,333	7,072,333	7,072,333	7,072,333	7,072,333	7,072,333	7,072,333	7,072,333	7,072,333	7,072,333
Grants & Subsidies paid	155,083	155,083	155,083	155,083	155,083	155,083	155,083	155,083	155,083	155,083	155,083	155,083
Contracted services	36,375,782	36,375,782	36,375,782	36,375,782	36,375,782	36,375,782	36,375,782	36,375,782	36,375,782	36,375,782	36,375,782	36,375,782
General expenses - other (including abnormal expenses)	82,548,211	82,548,211	82,548,211	82,548,211	82,548,211	82,548,211	82,548,211	82,548,211	82,548,211	82,548,211	82,548,211	82,548,211
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044
Capital Expenditure												
Total asset from own funds	487,333	487,333	487,333	487,333	487,333	487,333	487,333	487,333	487,333	487,333	487,333	487,333
Total asset from grants & subsidies	41,461,500	41,461,500	41,461,500	41,461,500	41,461,500	41,461,500	41,461,500	41,461,500	41,461,500	41,461,500	41,461,500	41,461,500
Total Operating Expenditure	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044
TOTAL EXPENDITURE	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044	104,487,044

384,787,378

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4 ANNUAL PROJECTIONS OF REVENUE & EXPENDITURE PER VOTE

It is important to view expenditure in relation to revenue used to finance it. In this context, it is easy to see when expenditure exceeds Revenue and the necessary remedial steps can then be taken to correct this situation. Failure to monitor expenditure in relation to Revenue will seriously hamper the municipality's ability to achieve its strategic goals for the year.

Annual Projections of Expenditure and Revenue per Vote

Compares the planned revenue and expenditure for the year ended 30 June 2016. It is clear that Zululand District Municipality will spend a lot in the provision of water to the community that it serves.

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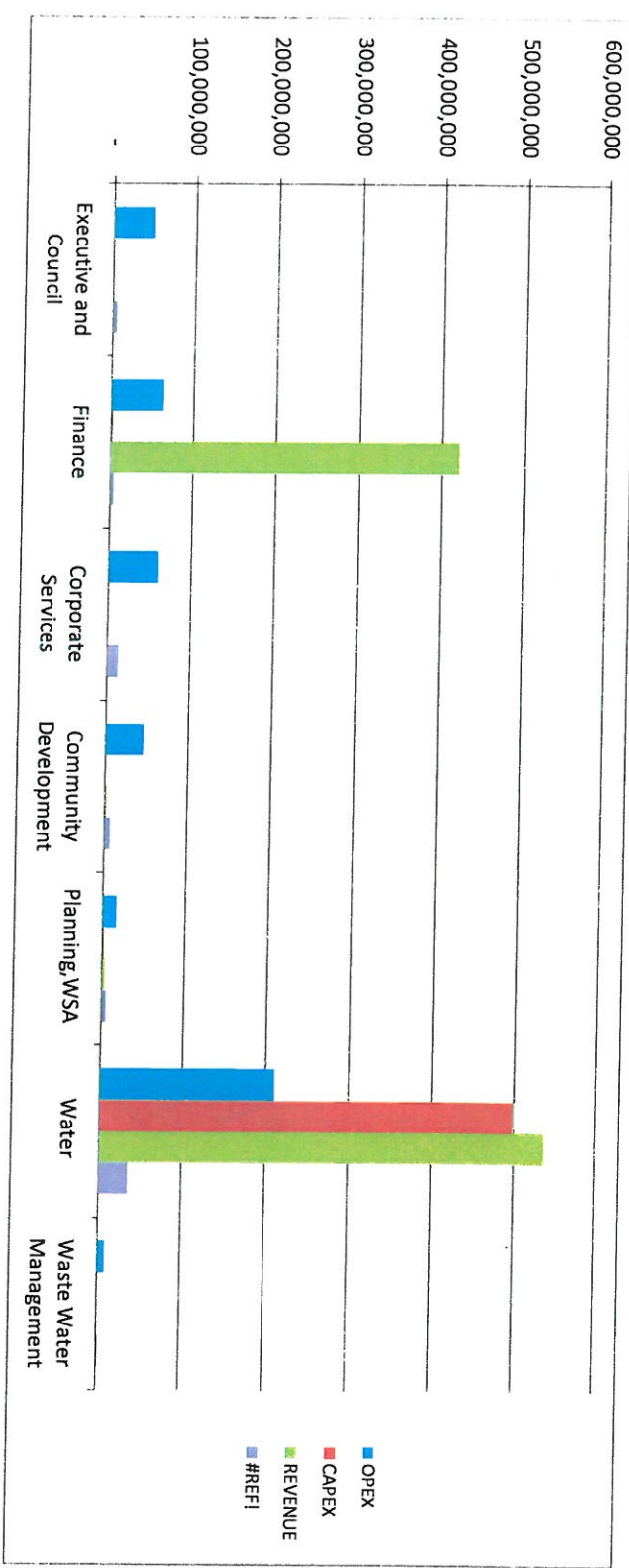
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**Projections of Expenditure & Revenue by Vote
for Zululand District Municipality for the year
ended 30 June 2015**

Projections for expenditure and revenue by vote				
Department	Operating Exp	CAPITAL EXP	REVENUE	
Executive and Council	49,240,686	-	-	
Finance	64,387,885	2,050,000	420,720,784	
Corporate Services	61,324,389	450,000	-	
Community Development	46,565,399	-	1,815,000	
Planning & WSA	16,934,067	2,181,000	3,113,000	
Water	211,694,784	498,665,000	536,733,405	
Waste Water Management	8,848,980	40,000	-	
Total	458,996,190	503,386,000	962,382,190	

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Chart-Monthly projection of Revenue and Expenditure by vote



5 QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS OF EACH VOTE

In terms of the SDBIP, Zululand District Municipality is required to provide non-financial measurable performance objectives in the form of service delivery targets and other performance indicators. Service delivery targets relate to the level and standards of service being provided to the community, and include targets for the reductions in backlogs of basic services.

The goals and objectives set by Council as quantifiable outcomes that should be implemented by the administration over the next financial year are indicated on the sheet below.

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Program driver	Indicator	No	Baseline	Quarter 1	Quarter 2		Mid-Year Performance Q3 + Q4 (Jan 5/16)		Quarter 4	Annual Target 2015/16	Evidence reference								
				Evidence reference	Target	Actual	Target	Actual	Target	3 (fully Effective)									
P	Approved WSDP plan	1	- to be confirmed end of June 2015	-	-	-	N/A	-	30 June 2016	30 June 2016	Certified course resolution								
TS	Percentage of households with access to basic level of water supply (functional household connections)	2	-	0.16%	0.34%	0.17%	0.76%	Design report, interim report and or Engineer certificate of completion											
												79.28%	79.61%	79.61%	80.04%	80.04%			
												-	257	537	284	1207			
TS	Percentage of households earning less than K1600 p/m with access to fire water (Household material)	3	-	79.28%	0.13%	0.31%	79.58%	150	480	125630	125630	Design report, interim report and or Engineer certificate of completion							
													79.28%	0.06%	0.31%	79.58%	150	480	125630
													-	100	200	125340	125340		
TS	Number of water quality tests as per the approved strategy	4	-	Sample test results as certified by the lab	459	918	459	1836			Sample test results as certified by the lab								
TS	Percentage of households with access to basic level of sanitation (as per WSDP)	5	-	0.44%	0.76%	0.55%	2.47%	Design report, interim report and or Engineer certificate of completion											
												73.92%	74.68%	74.68%	76.39%	76.39%			
												-	700	1200	1500	3900			
Program driver	Indicator	No	Baseline	Evidence reference	Target	Actual	Target	Actual	Target	3 (fully Effective)	Evidence reference								
												Quarter 1	Quarter 2	Mid-Year Performance Q3 + Q4	Quarter 4	Annual Target			
												116691	117891	117891	120591	120591			
TS	Percentage of households earning less than K1600 p/m with access to free basic sanitation	6	-	0.44%	0.76%	0.55%	2.47%	Design report, interim report and or Engineer certificate of completion											
												73.92%	74.68%	74.68%	76.39%	76.39%			
												-	700	1200	1500	3900			
			116691	117891	117891	120591	120591	120591	120591										

Balance Scorecard Perspective

Balance Scorecard Perspective

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6. DETAILED CAPITAL WORKS PLAN AND WARD INFORMATION

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MIG BUDGET ALLOCATIONS PER REGIONAL SCHEME

Regional Scheme	% Overall	MIG 2015/2016	MIG 2015/16 (Committed funds)	Revised Allocations for new work (2015/2018)	Variation	% Variation	RBIG 2015/16	MWIG 2015/16	Comments
Budget Allocation		R 221,359,000					R 195,000,000	R 79,000,000	
SANITATION									
AbaQulusi	18.20%	R 10,071,835	R 12,758,900	R 4,728,461					
eDumbe	0.00%	COMPLETED							
iPhongolo	13.40%	R 7,415,527							All existing communities have been served by a sanitation project in the past.
Nongoma	46.10%	R 25,511,625	R 10,199,501	R 27,652,888					
Ulundi	22.30%	R 12,340,764							
Phase 2 (New Infrastructure)	25.00%	R 55,339,750							
RUDIMENTARY									
Rudimentary Scheme (N)									
- Drilling bh's, testing, springs, hp's	2.50%	R 5,533,975	R 4,996,588	R 537,387					RAWS
Rudimentary Scheme (S)									
- Drilling bh's, testing, springs, hp's	7.50%	R 16,601,925	R 10,450,000	R 6,151,925					DLV
	10.00%	R 22,135,900							
INTERMEDIATE STAND ALONE SCHEMES									
MIG Funding	6.40%	R 13,635,900							ECA / DLV
	6.40%	R 13,635,900						R 79,000,000	
RWSS									
Nkonjeni RWSS	12.80%	R 15,583,674	R 16,403,057	R -819,383	R -819,383	100%			
Usuthu RWSS	45.30%	R 42,551,595	R 40,550,000	R 2,001,595	R 2,001,595	100%	R 138,000,000		R12.6m to Sim East
Mandlakhazi RWSS	13.50%	R 16,435,906	R 41,567,939	R -25,132,033	R -25,132,033	100%	R 57,000,000		R41 567 939 (GIBB) phased over 2 yrs
Simdl East	2.80%	R 16,008,929	R -	R 16,008,929	R 16,008,929	100%			Rising main from Pongola to PS1 to start
Simdl Central	3.00%	R 12,152,424	R 12,173,734	R -21,311	R -21,311	100%			Gravity Main to start. R8.5m allocated from Int. Stand- alones
Simdl West	6.80%	R 18,278,827	R -	R 18,278,827	R 18,278,827	100%			Mangosuthu completed: WTW to start (Req. R25m)
Khambi	1.20%	R 4,260,969	R -	R 4,260,969	R 4,260,969	100%			RAWS requires R4m to complete (R2.8m allocated from Cor); Land Reform areas to follow (R13.5m)
Coronation (Enyathi)	4.70%	R 2,922,130	R 1,000,000	R 1,922,130	R 1,922,130	100%			Master Plan to be completed. R2.8m allocated to Khambi
eMondlo	9.70%	R 1,809,503	R 2,004,870	R -195,367	R -195,367	100%			Dam investigation to be done (RWSS on hold); R10m to Sim West
	55.00%	R 121,747,450		R 16,304,355			R 195,000,000	R 79,000,000	
	median 5.75%								
Total Budget Available	96.40%	R 212,859,000							

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YEAR	Municipality	Project	Word	AREA	Amount	
2014/15	Abaqulusi (KZ263)	Hlahlindlela	17	Phembukthula	4,006,600	598
2014/15	Nongoma (KZ265)	Mandhlakazi	2	Isibonela	737,000	110
2014/15	Nongoma (KZ265)	Mandhlakazi	2	Msebe	569,500	85
2014/15	Nongoma (KZ265)	Mandhlakazi	2	Zikaniphela	415,400	62
2014/15	Nongoma (KZ265)	Mandhlakazi	2	Ovukneni	777,200	116
2014/15	Nongoma (KZ265)	Mandhlakazi	2	Enkanyezini	274,700	41
2014/15	Nongoma (KZ265)	Mandhlakazi	2	Dungamanzi 1	408,700	61
2014/15	Nongoma (KZ265)	Mandhlakazi	3	Kwagongolozane	502,500	75
2014/15	Nongoma (KZ265)	Mandhlakazi	3	Okhalweni 2	321,600	48
2014/15	Nongoma (KZ265)	Mandhlakazi	3	Macijo	348,400	52
2014/15	Nongoma (KZ265)	Mandhlakazi	3	Kolubomvu 2	341,700	51
2014/15	Nongoma (KZ265)	Mandhlakazi	3	Esqelwini	33,500	5
2014/15	Nongoma (KZ265)	Mandhlakazi	3	Esikuthwaneni	462,300	69
2014/15	Nongoma (KZ265)	Mandhlakazi	3	Mkhuze 1	13,400	2
2014/15	Nongoma (KZ265)	Mandhlakazi	5	Mpuphusi	783,900	117
2014/15	Nongoma (KZ265)	Mandhlakazi	5	Nhlebeli	683,400	102
2014/15	Nongoma (KZ265)	Mandhlakazi	5	New Town	415,400	62
2014/15	Nongoma (KZ265)	Mandhlakazi	5	Mthincongo	1,018,400	152
2014/15	Nongoma (KZ265)	Mandhlakazi	5	Khethankomo	1,145,700	171
2014/15	Nongoma (KZ265)	Mandhlakazi	6	Esigodiphola 2	113,900	17
2014/15	Nongoma (KZ265)	Mandhlakazi	20	Ekubungazeleni	1,346,700	201
2014/15	Nongoma (KZ265)	Mandhlakazi	20	Manqushaneni	723,600	108
2014/15	Nongoma (KZ265)	Usuthu	13	Kwamfemfeni	582,900	87
2014/15	Nongoma (KZ265)	Usuthu	13	Kwankulu	147,400	22
2014/15	Nongoma (KZ265)	Usuthu	13	Hlambanyathi 1	904,500	135
2014/15	Nongoma (KZ265)	Usuthu	13	Ingundwane	174,200	26
2014/15	Nongoma (KZ265)	Usuthu	13	Emgodi 2	428,800	64
2014/15	Nongoma (KZ265)	Usuthu	15	Kohlakolo	663,300	99
2014/15	Nongoma (KZ265)	Usuthu	15	Kwa Ntanzu	670,000	100
2014/15	Nongoma (KZ265)	Usuthu	16	Mangomhlophe	1,534,300	229
2014/15	Nongoma (KZ265)	Usuthu	16	Sefamona	247,900	37
2014/15	Nongoma (KZ265)	Usuthu	16	Mgogodi	254,600	38
2014/15	Nongoma (KZ265)	Usuthu	16	Nkanisweni	824,100	123

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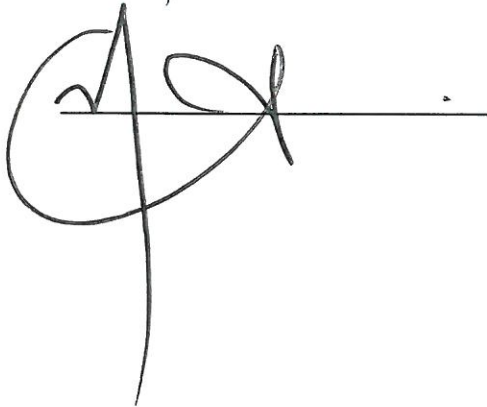
**APPROVAL OF THE ZULULAND DISTRICT MUNICIPALITY'S SERVICE DELIVERY
AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR THE YEAR ENDED 30 JUNE
2016.**

The Zululand District Municipality's draft SDBIP for the year ended 30 June 2016 has been reviewed and approved by the Honorable Mayor: Cllr. M.A Hlatshwayo as said in S69 (3) (a) and S54 (3) of the Municipal Finance Management Act.

Date received: 17 April 2015

Date Approved: 24 April 2015

Signature:

A handwritten signature in black ink, consisting of a large, stylized 'M' and 'A' intertwined, followed by a horizontal line and a small dot.

