

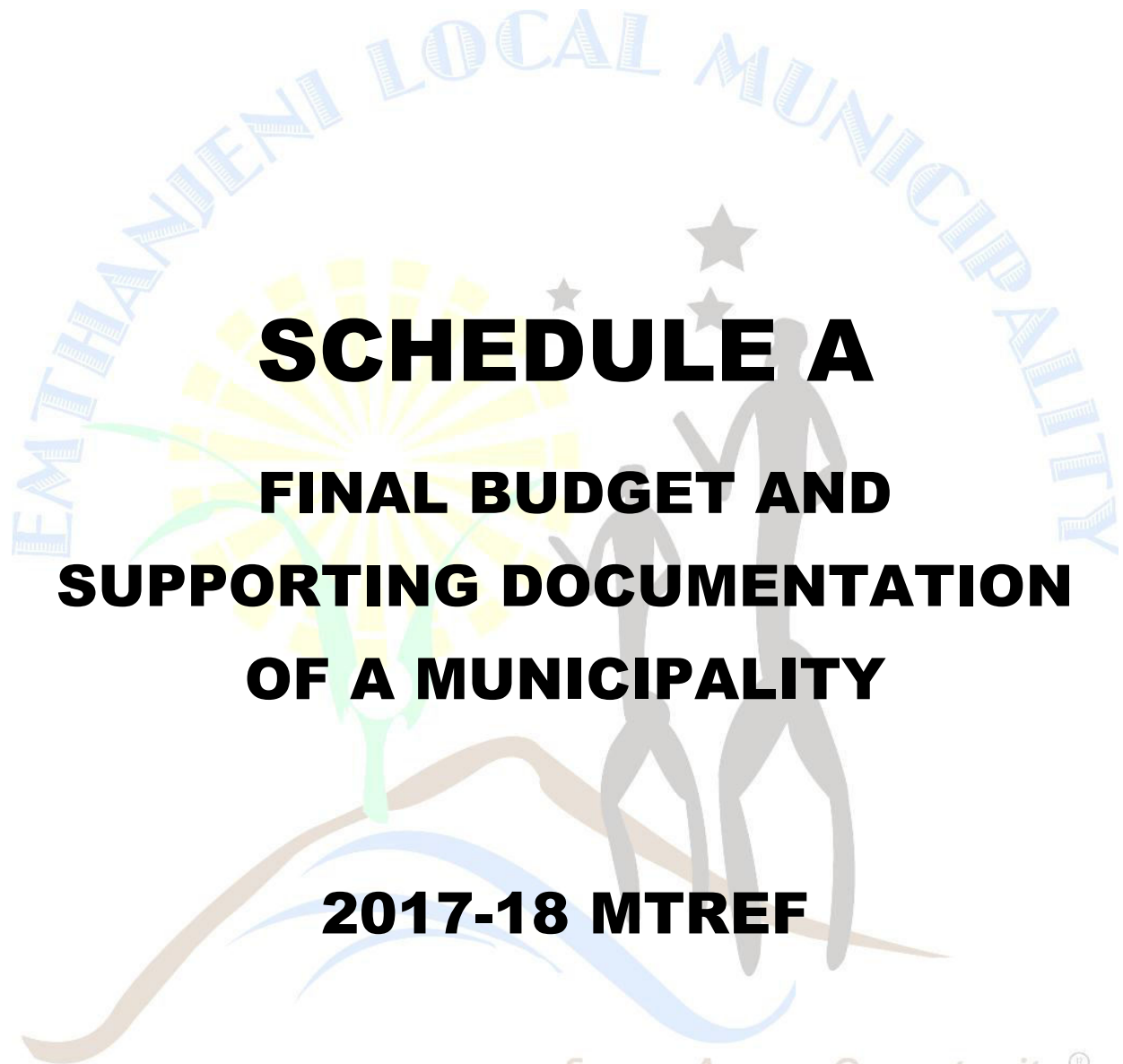
EMTHANJENI MUNICIPALITY



MTREF FINAL BUDGET

2017/2018 FINANCIAL YEAR

EMTHANJENI MUNICIPALITY (NC073)



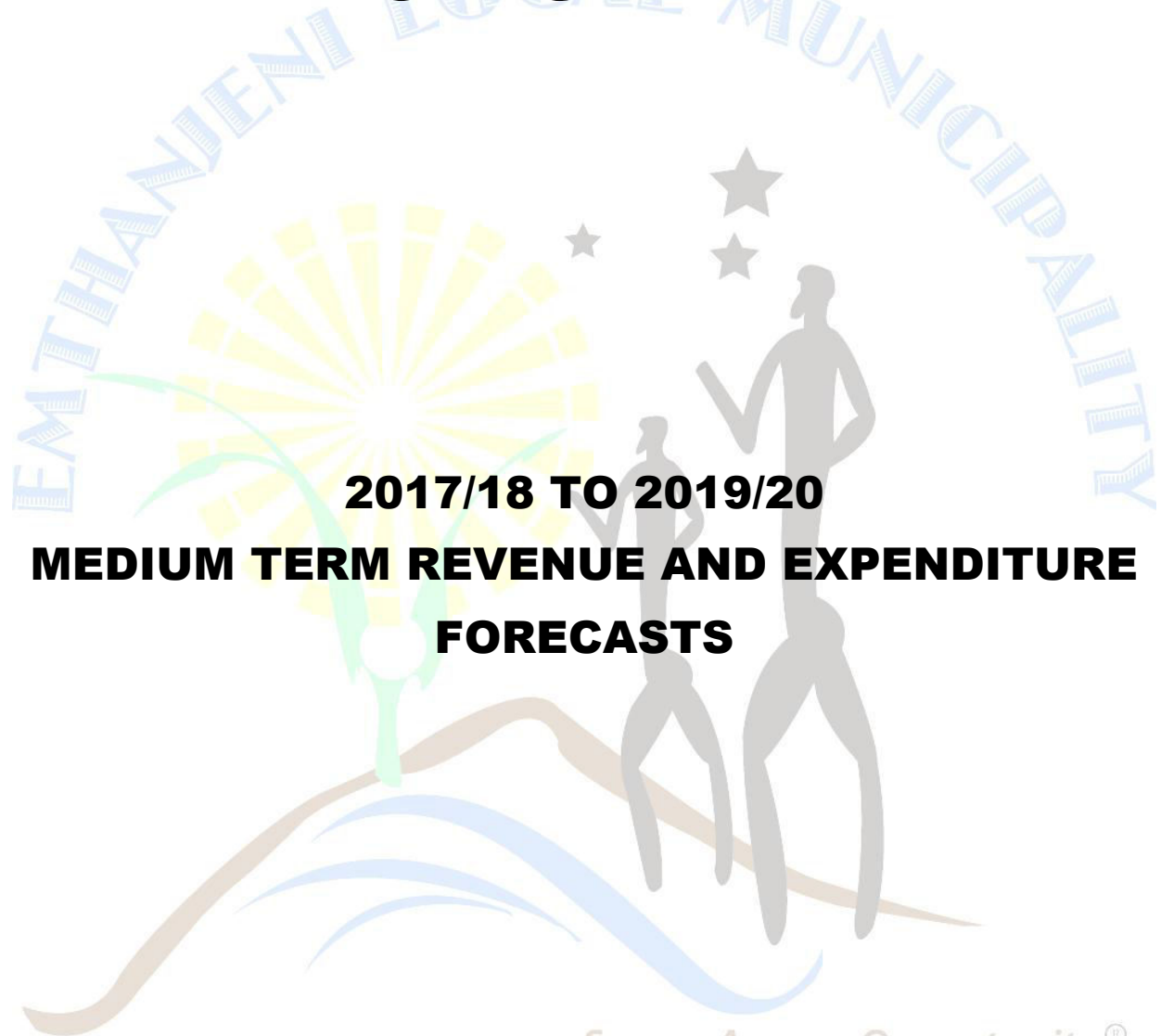
SCHEDULE A

FINAL BUDGET AND SUPPORTING DOCUMENTATION OF A MUNICIPALITY

2017-18 MTREF

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FINAL BUDGET OF
EMTHANJENI
MUNICIPALITY



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

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In the foyers of all municipal buildings
All public libraries within the municipality

At www.emthanjeni.co.za

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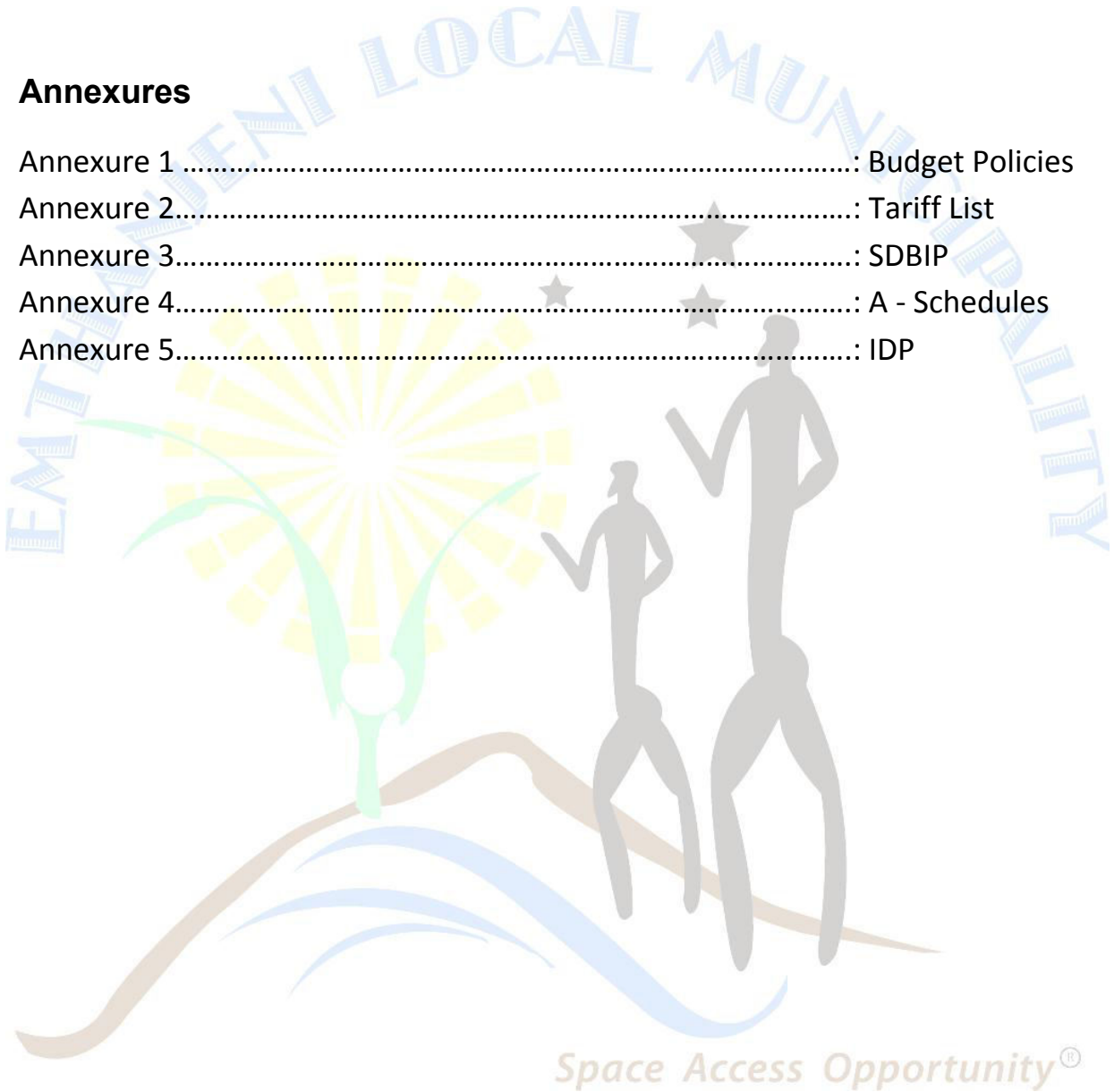
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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor’s Budget Speech

Madam Speaker, the Chairperson of Council

Honorable members of EXCO

Honorable Councillors,

Chief Whip of the ruling party

The Municipal Manager Mr Isak Visser

The CFO and all Directors

Administration Support Staff

Members of the Public

Colleagues, friends and everyone who can hear my voice: Good morning.

Indeed, Madam Speaker, this is a humbling experience and honour for me to be tabling the first Budget of this term of administration. Furthermore, I appreciate the confidence and trust the voters have in the ANC, to mandate the ANC to govern this Municipality for the fourth consecutive term. I also appreciate the role played by the previous Mayors i.e. Mayor H Jenkins, Mayor BK Markman and the collective they led and managed to lay a solid foundation for good governance, political stability and an active citizenry that cares about the day to day running of their Municipality as the only hope they have to improve their lives for the better.

I appreciate the current councillors, both old and new, for showing willingness and eagerness to collectively lead and sustain Emthanjeni Municipality as the best performing Municipality. The officials and their workforce have made sacrifices, despite testing and trying times. Together we can move Emthanjeni forward.

Madam Speaker and Councillors, I am tabling this budget during a difficult and challenging economic situation. The economy of the country is not growing, the rating agencies have downgraded the country’s economy to JUNK STATUS and we are starting to feel the consequences thereof as the Municipality. The unemployment rate is around 41% and few investors are coming to our shores. The ever increasing debt is around R111 million. All of the above, have a direct bearing on the realization and successful implementation of the Municipality’s budget for the 2017/2018 financial year.

We need to “accelerate and improve on service delivery” as set out in the 2016 Local Government Manifesto of the ANC, which is a contract with the broader

masses, despite the odds and challenges facing us. We are adopting this budget in a year that has been declared the “Year of O.R Tambo – that requires deepening unity”. This budget must assist us to unite our communities and all role players. These are trying and testing times that will bring out the best in everyone. Leaders of great character and rare caliber will be able to weather the storm. I call upon our collective wisdom as Councillors and Officials, guided by the spirit of O.R. Tambo to keep this Titanic afloat.

Madam Speaker, this budget is tabled at a time our communities are faced by a number of service delivery challenges: the illegal occupation of land, the persistent existence of garbage heaps that increase daily, the increasing decline of worker discipline, the shrinking of the revenue base due to impaired revenue enhancement strategies, but we need to soldier on.

We need to radically implement our debt collection strategy and serious engagement with the sector departments as they form a huge part of our revenue base. We need to seriously explore options of persuading our agriculture community to support the Municipality by paying their rates and taxes. We need to formalize the engagements with the business sector and the new industrial initiatives i.e. Solar and Wind Farms to make a meaningful contribution to expand the revenue base and innovative and radical transformation of the economy of Emthanjeni by enhancing SMME’s, tourism, and rightfully placing our Municipality as a hub for development as the proposed LED strategy suggests. It is only then that we can meet the expectation of our communities. It cannot be business as usual. We need to put all hands on deck, both councillors (of different orientations) and officials, to ensure we make this budget a success.

In conclusion, Madam Speaker, I want to thank the CFO, Mr Faried Manuel and Mr Ludwick along with everyone in the Finance Directorate for preparing this budget. I know it’s not easy to try to make ends meet with so little available. The efforts of different directorates and individuals who committed their time and energy to the success of this budget are appreciated.

I also want to thank my wife, in absentia, for the support and prayers and for allowing me to execute my responsibilities diligently as well as the staff in the Mayor’s Office and my political organization for their trust and the confidence.

Madam Speaker, I present a budget of R257 million that represents an increase of 13% on the previous year’s budget

Together we can do more

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ALL POWER TO THE PEOPLE

I thank you

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RAADSVERGADERING / COUNCIL MEETING
2017/05/31

EMTHANJENI MUNISIPALITEIT



EMTHANJENI MUNICIPALITY

RAADSVERGADERING

COUNCIL MEETING

31 MEI / MAY 2017

**RAADSVERGADERING / COUNCIL MEETING
2017/05/31**

MUNISIPALITEIT EMTHANJENI MUNICIPALITY

Posbus / PO Box 42
DE AAR
7000

Mei / May 2017

RAADSLID / COUNCILLOR

Kennis geskied hiermee ingevolge Artikel 19(a) van die Wet op Plaaslike Regering: Munisipale Stelsels dat 'n Raadsvergadering gehou sal word op **WOENSDAG, 31 MEI 2017 om 08:00** in die **RAADSAAL, STADSAAL, DE AAR.**

Die vergadering sal oop wees vir die publiek.

*Notice is hereby given in terms of Section 19(a) of the Local Government: Municipal Systems that a Council Meeting will be held on **WEDNESDAY, 31 MAY 2017 at 08:00** in the **COUNCIL CHAMBER, TOWN HALL, DE AAR.***

The meeting will be open to the public.


J VISSER
MUNISIPALE BESTUURDER / MUNICIPAL MANAGER
/wf

ex

**RAADSVERGADERING / COUNCIL MEETING
2017/05/31**

17. VERSLAE VIR OORWEGING / REPORTS FOR CONSIDERATION

17.1 FINALE MUNISIPALE BEGROTING EN HERSIENE

**GEINTEGREERDE ONTWIKKELINGSPLAN: FINANSIËLE JAAR 2017/2018
MTEF / FINAL MUNICIPAL BUDGET AND REVISED INTEGRATED
DEVELOPMENT PLAN: FINANCIAL YEAR 2017/2018 MTEF (5/1/1/18 & 19/2)**

1. Agtergrond / Background

In Hoofstuk 4 van die WMFB word die munisipale begrotingsproses duidelik uiteengesit en Artikels 15 tot 27 handel oor die implementering van die jaarlikse begroting.

Artikel 25 en 34 van Hoofstuk 5 van die Stelselwet bepaal dat die Hersiene GOP ook jaarliks aan die Raad voorgelê moet word vir goedkeuring.

Chapter 4 of the MFMA clearly outlines the municipal budget process and Sections 15 to 27 give effect to the implementation of the annual budget.

In terms of Section 25 and 34 of Chapter 5 of the Systems Act the revised IDP must also be submitted to the Council annually for approval.

2. Regsimplikasies / Legal Implications

Daar moet voldoen word aan die bepalings van die betrokke artikels in die WMFB en die Stelselwet.

Die Munisipale Konsepbegroting en Konsep-GOP is vir 21 dae geadverteer vir openbare kommentaar in die plaaslike koerant, op die munisipale webtuiste, by biblioteke en die Munisipale Kantore. Geen kommentaar vanaf die publiek is ontvang nie.

The provisions of the relevant sections of the MFMA and Municipal Systems Act must be complied with.

The Draft Budget and Draft IDP was advertised for 21 days for public comment in the local newspaper on the municipal website, at libraries and the Municipal Offices. No comments were received from the public.

3. Finansiële Implikasies / Financial Implications

Alle uitgawes aangegaan vanaf 1 Julie 2017 sal in ooreenstemming wees met die goedgekeurde begroting soos bepaal in die WMFB.

All expenditure incurred from 1 July 2017 will be in accordance with the approved budget as set out in the MFMA.



4. Voorgestelde Aanbeveling / Proposed Recommendation

Dat die Raad die volgende goedkeur:

1. Begrotingsrede van die Burgemeester oor -

1.1 Die Finale begroting vir Totale Inkomste vir 2017/2018 wat R257 548 696 bedra.

1.2 Die Finale begroting vir Totale Kapitaal- en Bedryfsuitgawes vir 2017/2018 wat R270 431 245 bedra, asook aanduidende totale bedrae vir die tydperk van die Mediumtermynuitgaweraamwerk:

1.2.1 Finale Bedryfsbegroting wat R231 349 245 bedra.

1.2.2 Finale Kapitale Begroting wat R39 082 000 bedra.

1.2.3 Aanwendingsbegrotingsposte volgens die regering se finansiële-statistiek-funksies.

1.3 Verhoging van tariewe soos per tariewe skedule

(i) Eiendomsbelasting

(ii) Elektrisiteit

(iii) Water

(iv) Vullisverwydering

(v) Riolering / Sanitasie

(vi) Sekondêre Tariewe

1.4 Die Dienslewerings- en Begrotingsimplementeringsplan (DLBIP) vir elke Direkoraat, dit wil sê Munisipale Bestuurder, Korporatiewe Dienste, Gemeenskapsdienste, Finansiële Dienste en Infrastruktuurdienste, soos uiteengesit in elk van die Sleutelprestasiemetingsaanwysers wat gekoppel is aan die Sleutelprestasie-areas.

2. Ander begrotingsverwante dokumente

(a) 'n Opsomming van die Hersiene Geïntegreerde Ontwikkelingsplan vir 2017/2018 wat gekoppel is aan die begroting soos uiteengesit in die Kapitaalbegroting en Bedryfsbegroting.

(b) die Hersiene Eiendomsbelastingsbeleid en Verordening op Eiendomsbelasting

(c) die Hersiene Kredietbeheerbeleid

(d) die Hersiene Kliëntediensbeleid

(e) die Hersiene Behoeftigheidsbeleid tesame met die begroting vir gesubsidieerde gratis dienste soos water, elektrisiteit, vullisverwydering en riolering

(f) die Hersiene Tariefbeleid vir water, elektrisiteit en ander munisipale dienste

(g) die Hersiene Beleggingsbeleid en Beleggingskedule

(h) ander sake soos voorgeskryf word in Artikel 17 (1)(a-e)

(i) Hersiene Voorsieningskanaalbestuursbeleid

(j) Hersiene Reis- en Verblyfbeleid

- Tabel van toekennings en subsidies ingevolge die Wet op Verdeling van Inkomste

- Voorgestelde vergoedingsuitgawes per tabel vir-

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RAADSVERGADERING / COUNCIL MEETING
2017/05/31

- (a) (i) Raadslede
- (ii) Burgemeester
- (iii) Speaker
- (iv) Lede van die Uitvoerende Komitee
- (v) Ander gewone Raadslede

- (b) (i) Munisipale Bestuurder
- (ii) Hoof- Finansiële Beampste
- (iii) Direkteur: Korporatiewe Dienste
- (iv) Direkteur: Gemeenskapsdienste
- (v) Direkteur: Infrastruktuurdienste
- (vi) Ander Artikel 56-bestuurders

That the Council approve:

1. The Mayor's budget speech on -

1.1 The Final Total Revenue Budget for 2017/2018 amounting to R257 548 696.

1.2 The Final Total Capital and Operating Budget for 2017/2018 amounting to

R270 431 245 and also indicative total amounts for Medium Term Expenditure Framework:

1.2.1 Final Operating Budget amounting to R231 349 245.

1.2.2 Final Capital Budget amounting to R39 082 000.

*1.2.3 The appropriation votes as per Government Finance Statistics (GF)
functions*

1.3 Increase in tariffs as per tariff schedule

(i) Rates and Taxes

(ii) Electricity

(iii) Water

(iv) Refuse

(v) Sewerage / Sanitation

(vi) Secondary Tariffs

*1.4 The Services Delivery and Budget Implementation Plan (SDBIP) for each
directoriate i.e Municipal Manager, Corporate Services, Community Services, Financial
Services and Infrastructure Services as set out in each of the key performance measurement
indicators which are aligned to the Key Performance Areas.*

2. Other budget-related documents such as:

*(a) A Summary of the Revised Integrated Development Plan for 2017/2018, which is linked
to the budget as outlined in the Capital Budget and Operating Budget.*

(b) the Revised Property Rates Policy and Property Rates By-law.

(c) the Revised Credit Control Policy

(d) the Revised Customer Care Policy

(e) the Revised Indigent Policy, together with the budget for subsidized free basic services

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RAADSVERGADERING / COUNCIL MEETING
2017/05/31

- such as water, electricity, refuse and sewerage*
- (f) the Revised Tariff Policy for water, electricity and other municipal services*
 - (g) the Investment Policy and Schedule of Investments*
 - (h) other matters as prescribed in Section 17(1)(a-e)*
 - (i) Revised SCM Policy*
 - (j) Revised Subsistence and Travel Policy*

- *Grants and subsidies schedule according to Division of Revenue Act (DORA)*
- *Proposed remuneration expenditure as per schedule for-*

- (a) (i) Councillors*
 - (ii) Mayor*
 - (iii) Speaker*
 - (iv) Members of Executive Committee*
 - (v) Other Ordinary Councillors*

- (b) (i) Municipal Manager*
 - (ii) Chief Financial Officer*
 - (iii) Director: Corporate Services*
 - (iv) Director: Community Services*
 - (v) Director: Infrastructure Services*
 - (vi) Other Section 56 managers*

5. Kommentaar deur die Rekenpligte Beampte / Artikel 82 van die Strukturewet & Artikel 60 van die Wet op Munisipale Finansiële Bestuur / Comments by the Accounting Officer / Section 82 of the Structures Act & Section 60 of the MFMA

Dat die Raad goedkeuring van die Finale Begroting, Begrotingsbeleide soos hierbo genoem, en die Geïntegreerde Ontwikkelingsplan oorweeg.

That Council consider the approval of the Final Budget, Budget Policies, as set out above, and Integrated Development Plan.

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RAADSVERGADERING / COUNCIL MEETING
2017/05/31

6. Aanhangsels / Attachments

1. Hersiene Geïntegreerde Ontwikkelingsplan vir 2017/2018 (Opsomming) word aangeheg as **RV 1 tot RV 207.**
2. Finale Eiendomsbelastingsbeleid en Verordening op Eiendomsbelasting word aangeheg as **RV 208 tot RV 232.**
3. Finale Kredietbeheerbeleid word aangeheg as **RV 233 tot RV 243.**
4. Finale Klientediensbeleid word aangeheg as **RV 244 tot RV 260.**
5. Hersiene Finale Behoeftigheidsbeleid en begroting vir gratis basiese dienste word aangeheg as **RV 261 tot RV 270**
6. Finale Begrotingsbeleid word aangeheg as **RV 271 tot RV 299.**
7. Finale Beleggingsbeleid en beleggingskedule word aangeheg as **RV 300 tot RV 318.**
8. Batebestuursbeleid word aangeheg as **RV 319 tot RV 360.**
9. Tariefbeleid word aangeheg as **RV 361 tot RV 373.**
10. Munisipale Voorsieningskanaalbestuursbeleid: Wet op Munisipale Finansiële Bestuur, 2003 word aangeheg as **RV 374 tot RV 446**
11. Finale Aanvullingsbeleid word aangeheg as **RV 447 tot RV 460.**
12. Reis- en Verblyfbeleid word aangeheg as **RV 461 tot RV 69.**
13. Bekendmaking van Vergoeding van Raadslede en Personeel van Emthanjeni Munisipaliteit word aangeheg as **RV 470.**
14. Finale Beknopte Begrotingsoorsig word aangeheg as **RV 471 479.**
15. Opsomming: Finale Begrotingsaannames word aangeheg as **RV 480 tot RV 485.**
16. Finale Sleutelbegrotingskwessies word aangeheg as **RV 486 tot RV 490.**
17. Skedule van Beraamde Tariewe word aangeheg as **RV 491 tot RV5 08.**
18. Skedule A Begrotingstabelle word aangeheg as **RV 509 tot RV 520.**

1. *Revised Integrated Development Plan for 2017/2018 is attached as **RV 1 to RV 207.***
2. *Final Revised Property Rates Policy and Property Rates By-law are attached as **RV 208 to RV 233.***
3. *Final Revised Credit Control Policy is attached as **RV 234 to RV 244.***
4. *Final Customer Care Policy is attached as **RV 245 to RV 261.***
5. *Final Revised Indigent Policy and budget for free basic services is attached as **RV 262 to RV 271.***
6. *Final Budget Policy is attached as **RV 272 to RV 300.***
7. *Final Investment Policy and Schedule of Investments is attached as **RV 301 to RV 319.***
8. *Final Asset Management Policy is attached as **RV 320 to RV 361.***
9. *Final Tariff Policy is attached as **RV 362 to RV 374.***
10. *Municipal Supply Chain Management Policy: Municipal Finance Management Act, 2003 is attached as **RV 375 to RV 447.***
11. *Final Augmentation Policy is attached as **RV 448 to RV 461.***
12. *Subsistence Allowance and Travel Policy is attached as **RV 462 to RV 470.***
13. *Disclosure of Councillor and Staff Remuneration of Emthanjeni Municipality is attached as **RV 471.***
14. *Final Budget Executive Summary is attached as **RV 472 to RV 480.***
15. *Final Budget Assumptions Summary is attached as **RV 481 to RV 486.***

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RAADSVERGADERING / COUNCIL MEETING
2017/05/31

- 16. Final Key Budget Issues is attached as RV 487 to RV 491.
- 17. Schedule of Tariffs is attached as RV 492 to RV 509.
- 18. A Schedule Budget Tables are attached as RV 510 to R 521.

7. Besluit van die Raad / Recommendation to Council

Dat die Raad die volgende goedkeur:

1. Begrotingsrede van die Burgemeester oor -

1.1 Die Finale Begroting vir Totale Inkomste vir 2017/2018 wat R257 548 696 bedra.

1.2 Die Finale Begroting vir Totale Kapitaal- en Bedryfsuitgawes vir 2017/2018 wat R270 431 245 bedra, asook aanduidende totale bedrae vir die tydperk van die Mediumtermynuitgaweraamwerk:

1.2.1 Finale Bedryfsbegroting wat R231 349 245 bedra.

1.2.2 Finale Kapitale Begroting wat R39 082 000 bedra.

1.2.3 Aanwendingsbegrotingsposte volgens die regering se finansiële-statistiek-funksies.

1.3 Verhoging van tariewe soos per tariewe skedule

(i) Eiendomsbelasting

(ii) Elektrisiteit

(iii) Water

(iv) Vullisverwydering

(v) Riolering / Sanitasie

(vi) Sekondêre Tariewe

1.4 Die Dienslewering- en Begrotingsimplementeringsplan (DLBIP) vir elke Direkoraat, dit wil sê Munisipale Bestuurder, Korporatiewe Dienste, Gemeenskapsdienste, Finansiële Dienste en Infrastruktuurdienste, soos uiteengesit in elk van die Sleutelprestasiemetingsaanwysers wat gekoppel is aan die Sleutelprestasie-areas.

2. Ander begrotingsverwante dokumente

(a) 'n Opsomming van die Hersiene Geïntegreerde Ontwikkelingsplan vir 2017/2018 wat gekoppel is aan die begroting soos uiteengesit in die Kapitaalbegroting en Bedryfsbegroting.

(b) die Hersiene Eiendomsbelastingsbeleid en Verordening op Eiendomsbelasting

(c) die Hersiene Kredietbeheerbeleid

(d) die Hersiene Klientediensbeleid

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RAADSVERGADERING / COUNCIL MEETING
2017/05/31

- (e) die Hersiene Behoeftigheidsbeleid tesame met die begroting vir gesubsideerde gratis dienste soos water, elektrisiteit, vullisverwydering en riolering
- (f) die Hersiene Tariefbeleid vir water, elektrisiteit en ander munisipale dienste
- (g) die Hersiene Beleggingsbeleid en Beleggingskedule
- (h) ander sake soos voorgeskryf word in Artikel 17 (1)(a-e)
- (i) Hersiene Voorsieningskanaalbestuursbeleid
- (j) Hersiene Reis- en Verblyfbeleid

- Tabel van toekennings en subsidies ingevolge die Wet op Verdeling van Inkomste
- Voorgestelde vergoedingsuitgawes per tabel vir-

- (c) (i) Raadslede
- (ii) Burgemeester
- (iii) Speaker
- (iv) Lede van die Uitvoerende Komitee
- (v) Ander gewone Raadslede

- (d) (i) Munisipale Bestuurder
- (ii) Hoof- Finansiële Beampste
- (iii) Direkteur: Korporatiewe Dienste
- (iv) Direkteur: Gemeenskapsdienste
- (v) Direkteur: Infrastruktuurdienste
- (vi) Ander Artikel 56-bestuurders

That the Council approves:

1. The Mayor's budget speech on -

1.1 The Final Total Revenue Budget for 2017/2018 amounting to R257 548 696.

1.2 The Final Total Capital and Operating Budget for 2017/2018 amounting to R270 431 245 and also indicative total amounts for Medium Term Expenditure Framework:

1.2.1 Final Operating Budget amounting to R231 349 245.

1.2.2 Final Capital Budget amounting to R39 082 000.

1.2.3 The appropriation votes as per Government Finance Statistics (GF) functions

1.3 Increase in tariffs as per tariff schedule

- (i) Rates and Taxes
- (ii) Electricity
- (iii) Water

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- (iv) Refuse*
- (v) Sewerage / Sanitation*
- (vi) Secondary Tariffs*

1.4 The Services Delivery and Budget Implementation Plan (SDBIP) for each directorate i.e Municipal Manager, Corporate Services, Community Services, Financial Services and Infrastructure Services as set out in each of the key performance measurement indicators which are aligned to the Key Performance Areas.

2. Other budget-related documents such as:

- (a) A Summary of the Revised Integrated Development Plan for 2017/2018, which is linked to the budget as outlined in the Capital Budget and Operating Budget.*
- (b) the Revised Property Rates Policy and Property Rates By-law*
- (c) the Revised Credit Control Policy*
- (d) the Revised Customer Care Policy*
- (e) the Revised Indigent Policy, together with the budget for subsidized free basic services such as water, electricity, refuse and sewerage*
- (f) the Revised Tariff Policy for water, electricity and other municipal services*
- (g) the Investment Policy and Schedule of Investments*
- (h) other matters as prescribed in Section 17(1)(a-e)*
- (i) Revised SCM Policy*
- (j) Revised Subsistence and Travel Policy*

- Grants and subsidies schedule according to Division of Revenue Act (DORA)*
- Proposed remuneration expenditure as per schedule for-*

- (c) (i) Councillors*
 - (ii) Mayor*
 - (iii) Speaker*
 - (iv) Members of Executive Committee*
 - (v) Other Ordinary Councillors*

- (d) (i) Municipal Manager*
 - (ii) Chief Financial Officer*
 - (iii) Director: Corporate Services*
 - (iv) Director: Community Services*
 - (v) Director: Infrastructure Services*
 - (vi) Other Section 56 managers*

Proposed: Councillor ST Sthonga
Seconded: Councillor CJ Louw



Executive Summary Final Budget 2017/2018 MTEF

Council adopted the budget schedule at the end of August 2016 where after the IDP and the Budget processes started in earnest. Several consultative meetings, such as "Council meets the People", IDP Rep forums, Ward committee meetings were conducted to solicit the views, input, needs, etc. of the various communities of Emthanjeni Municipality. These has been recorded and taken into consideration when the Budget is aligned to the IDP.

The budget was prepared in conjunction with the MFMA circulars 70, 71, 72, 74, 75, 78, 79 and 82 and other regulations.

A.IDP and linkage of IDP to budget (Capital Budget)

A Revised IDP has been tabled to Council during March 2017 and thereafter it was published for comments. No comments were received and it was adopted by Council during the final budget meeting of 31 May 2017.

Communities re-assess their needs which forms part of the revised IDP document during the Budget feedback meetings. However all needs cannot be achieved, realized or addressed in one financial year or over one MTEF period.

Emthanjeni Municipality's total direct Final Capital Budget for 2017/2018 financial year amounts to R39 082 000.

The current linkage of the IDP to the budget is broken down as follows:

1. Capital Grants	R32 292 000
1.1 Municipal Infrastructure Grant	R12 292 000
1.2 Integrated National Electricity Programme (INEP)	R 6 000 000
1.3 Water Services Infrastructure Grant	R14 000 000

2. Own Capital Funding **R 6 790 000**

These capital projects will be finance from surplus internal funding. Projects includes

2.1 Resealing and construction of new streets	R2 800 000
2.2 Machinery and Equipment amounts to	R 630 000
2.3 Building Renovations	R 410 000
2.4 Prepaid Electricity Meters	R 400 000
2.5 Grap Compliance: Clean Audit status	R 480 000
2.6 MSCOA Readiness	R1 910 000
2.7 Computer equipment and other smaller Capital Projects	R 160 000

3. Borrowed Capital **R 0**

4. CAPITAL GRANTS IN KIND	R 2 000 000
4.1 Water Services Infrastructure Grant	R2 000 0000

These grants are administered by the Department of Water Sanitation and will not be recorded in Emthanjeni Municipality's budget.

B. OPERATING BUDGET

1. Budgeted Income

1.1. Total expected Net Rates Income will be R27 762 540 (R30 665 305 in 2016/2017)

- A new General Valuation Roll will be implemented from 01 July 2017.
- The new valuations as per the new valuation roll reflects a sharp increase in the residential properties of the town of De Aar.
- The valuation in the towns of Hanover and Britstown almost remained static with the current valuation roll. This was also the trend for all other property categories.
- With this situation, De Aar West Residential Property owners will have an increase above inflation rate whilst the other towns will have a decrease in property rates.
- The annual exemption remains R28 000 for residential properties.

1.2 Other Levied Services budgeted income are almost R119 675 979

- 1.2.1 -Electricity amount to R58 966 060
- 1.2.2 -Water amounts R30 345 658
- 1.2.3 -Sewerage amounts to R18 938 394
- 1.2.4 -Refuse removal amounts to R11 300 893
- 1.2.5 -Other service charges amounts to R124 974.

1.3 Fines will be budgeted for at gross amounts of R3 720 000

1.4 Licenses and permits will be R1 970 388

1.5 Rental of facilities and equipment expected income will be R789 075

1.6 Interest Income will be R2 190 089

- 1.6.1 External Investments amounts to R931 000
- 1.6.2 Interest charged on Arrear accounts amounts to R1 259 089

1.7 Operating Grants and Subsidies amount to R40 761 000

- 1.7.1 - Equitable Share R37 094 000
- 1.7.2 -Finance Management Grant R 1 700 000
- 1.7.3 -Library Development Fund R 881 000
- 1.7.4 -EPWP R 1 086 000

1.8 Other Budgeted Revenue R28 119 625

Prepaid Electricity Sales of R26 505 839 is included in the other budgeted revenue.

1.9 The Total Budgeted Revenue (Income) for the 2017/2018 Financial year are R257 548 696. The total budgeted income consists out of

- 1.9.1 Capital Grants - R 32 292 000
- 1.9.2 Operating Grants and Subsidies - R 40 761 000
- 1.9.3 Borrowed Capital - R 0
- 1.9.4 Own generation of budgeted income - R 183 858 696

There is an increase in total budgeted income of between 10,5 and 11,5 % in relation to the previous year.

The main reasons for the increase are:

- (i) Total revenue for Rates and Taxes will decrease compared to the previous financial year, although valuations increased in the De Aar West for residential property owners. Although the rates tariff will decrease significantly in relation to the previous year, the rates levy will increase above the inflation rate for residential property owners in De Aar West, but in De Aar East, Nonzwakazi, Hanover and Britstown the property rates levies will reflect a decrease on the property rates accounts. The total exemption valuation (rebate amount) remains R28 000 to R15 000 as per the Municipal Property Rates Act.**

Agricultural property owners will also see a decrease in their levies. The other property categories rates and taxes will increased.

- (ii) (Water, Sewerage and Refuse will be increase very conservatively by 6.4% in relation to the previous financial year.**
- (iii) Electricity tariffs will be increased by 1.88% as per NERSA guidelines discussion document and approval will have an impact on this final tariffs.**
- (iv) A very cautious and conservative approach were followed during the budget preparations. The current payment patterns of consumers played a crucial role in our budget approach.**
- (v) The Anticipated Budgeted Revenue for the majority of services has decrease from the previous year. This relates to the current economic conditions that exist nationally and within Emthanjeni Municipality.**

(The general increment of service tariffs and levies was followed as per MFMA guidelines.

- (vi) The general apathy of non-payment for municipal services by the consumers will impact severely on service delivery and will contribute to non-payment of creditors and service providers.**
- (vii) Continuous Credit Control Mechanisms and the enforcement of credit control policies together with all budgetary policies cannot be more emphasize as it will impact negative or positive on the operations of the municipality.**
- (viii) The budget has been prepared on the basis of sustainable delivery and financial viability and cost effectiveness to render municipal services to its communities, residents and consumers on an ongoing, unstoppable basis. Payment for services by consumers cannot be emphasized more or enough.**

2. Expenditure

2.1 Salary and wages

-The total salaries and social contributions for the year amounts to **R76 930 252** (R67 557 719 in 2016/2017)

-Annual increase of 7.36 % has been provided as per Collective Wage Agreement as per SALGBC.

-The total salary package includes the salary of all the current personnel and some vacant positions. Not all posts on the approved organogram have been budgeted for in the 2016-2017 financial year. If we have to budget for all the positions, our salary budget will take up more than 70% of the municipal operating budget

-Efficient and effective alignment of staff, should to be undertaken to ensure overall productivity of staff within the municipality.

-The salary budget needs to be monitored as we must really assess the current staff and positions. The productivity of staff need to be prioritized as much more work must be done on this issue. New appointments must be reconsidered as the wage bill is increasing at an alarming rate. -

-The salary percentage to the **Operating Budget is 31,5%** and to the **total capital and operating budget is +/- 17%**

2.2 Councillor Remuneration

-Councillor Remuneration amounts for **R5 275 150** (R5 046 248 in 2016/2017).

-Councillor remuneration has been provided a 7,5% increase on the current Public Officers Bearers Act, dated December 2016.

-the councillor remuneration percentage to the total capital and operating budget is +/-2,3%

The total salaries and wages, social contributions and councillor remuneration is 35,54% in relation to the total capital and operating budget.

2.3 Provision for Bad Debts, working capital reserve to R7 578 345 (R7 440 685 2016/2017).

2.4 Net Impairment of assets & depreciation estimated at R9 055 599 (R7 33 936 in 2016/2017)

2.5 Repair and maintenance total estimation are R19 397 385 (R16 770 984 in 2016/2017) **which is being be split between Materials and Contracted Services. An amount of R4 944 000 is included for the Operating Vehicle Leases (Full Maintenance Leases)**

2.6 Contracted Services costs are budgeted for R9 818 660 (R7 882 495 in 2016/2017)

2.7 Capital Charges for interest on loans amounts to R 2 054 710 (R5 468 355 in 2016/2017).

2.8 Bulk Purchases for Water and Electricity amounts to R60 434 251

-Electricity amounts to **R57 991 543** (R 54 709 003 in 2016/2017). **This increase represents mainly the Eskom's tariff increment as stated in the MFMA Circular issued by National Treasury. The approved guidelines will be issue by NERSA in due course.**

-Water amounts to R 2 442 708 (R2 413 620 in 2016/2107). The issue of the remuneration of Farmers for the mining of water whether through access or damage should be finalise before the end of the current financial year. An Equitable Damage costs for all farmers should be determine and concluded soon.

2.9 Operating Grants and subsidy expenditure amounts to R10 504 779 (R11 505 694 in 2016/2017), which are mostly spent on the 4000 Indigent Households for the subsidized free basic services provide to approved Indigent Households.

2.10 Capital Grants payments amounts to R32 292 000. These amounts are mainly recognized on the income side and also on the expenditure side.

2.11 Capital projects that are finance from own funds amounts to R6 790 000 (R6 833 997 in 2016/2017).

2.12 The ward projects are finance from the repair and maintenance category of R2 400 000. Each ward has an allocation of R300 000 which need proper management and planning of developmental projects.

2.13 Other expenditure amounts to R28 912 404 (R29 180 893 in 2016/2017) include some of activities that will take place amongst others:

-Employee Wellness	R1 320 000
-Audit Fees	R2 622 390
-Telephone	R 997 296
-Departmental Accounts (Water, Electricity, Street lighting, etc.)	R4 184 793
-Fuel and Oil	R3 161 706
-General Valuation Costs	R 420 000
-Insurance	R1 624 471
-Subsistence and Travel	R1 400 156
-SALGA Membership	R 730 000
-Electrical Rural Pump Costs for Water provision	R2 248 059
-Postage	R 345 450
-Stationery and Printing	R 891 806
-Spluma expenses	R1 280 000
-Skills Development and Training	R 440 471
-Provision for Performance Bonuses	R 605 000
-Security Services	R 2 700 000

The major types have been decrease in relation to the previous year. A marginal increment was allocated at those expenditure types who increased. Real Budget Austerity measures are being introduce to monitor expenditure. Proper planning must be the order of the day when it comes to spending. A collective effort must be employed to eliminate non priority spending from all stakeholders in the municipality.

Strict control mechanisms must be enforced by Budget Drivers. Expenditure must be prioritized. Travelling expenses must be managed properly and only meetings that will add value to the municipality should be attended by Councillors and Officials of the municipality.

Budgeted Expenditure for 2017/2018 are **R270 431 245** which comprise of Operating Budget of **R231 349 245** and the Capital budget of **R39 082 000**. This represents a total increase of +-13% in the relation to the previous year's Budget. The increase is mainly due to the capital increase of grants received. The operating expenditure increased very slightly and is almost insignificantly. Expenditure budgeting control will continue to be enforce strictly. The realization of revenue impacts on the expenditure management.

C. Tariff Increments

Tariffs expected increases for the 2017/2018 financial year are set out below. These are

1. Rates and taxes

- Residential properties will increased and decreased.
- Agricultural properties will decreased mostly.
- Other categories will increased.

The new General Valuation Roll will be implemented from 01 July 2017 and will be effective till 30 June 2022. Properties where values increase or decrease will see tariff increases or decreases

- Agriculture properties will be levied according (residential properties) in the ratio 1:0,25 and must apply for the rebate of 25% before the end of August 2017.
- The owner must be at least sixty (65) years of age and total gross monthly income or earnings must not exceed
 - (i) an amount of R5 200 to qualify for a 50% rates rebate
 - (ii) an amount of R5 950 to qualify for a 45% rates rebate
 - (iii) an amount of R6 750 to qualify for a 40% rates rebate
- Mining and Industrial property will increase higher than the other categories. Portions of farms which are exclusive used for renewable or solar energy will be part of this category of properties.

2. Electricity

- Basic fee will increase by 1.88%
- Conventional and Prepaid electricity tariffs will be increase (see tariff schedule)
 - 1-50 kWh increase by 1.88 %
 - 51-350 kWh increase by 1.88%
 - 351 and more kWh units increase by 1.88%

2. Water

- Basic fee will increase by 6.4%.
- **All economic active residential consumers will received the first three (3) kiloliters (kl) of water free. This is a decrease from six (6) kiloliters in relation to the previous years. Economic active**

Residential consumers will start from paying on the fourth (4) kiloliter of water consumed.

- Water consumption will be increased by 6.4% in all blocks
- Water will be levied from the first kiloliter consumed for all consumers that are not residential consumers.

4. Sewerage and sanitation

- Tariffs increased by 6.4%

5. Refuse removal

- Tariffs increased by 6.4%

6. All other secondary tariffs.

- Tariffs increased by 8%.

D. Indigent households

A total of almost 4000 indigent households are expected to receive subsidized services every month. The subsidized services include

1. Rates (The first R28 000 of municipal valuations exempted from paying Rates and taxes)	R 0
2. 50 kWh of electricity	R47. 88
3. Water <i>(Policy makes provision that Indigent Households will receive 8kl of water).</i>	R93. 40
4. Monthly sewerage	R182.71
5. Monthly refuse removal	R113.93
Total monthly subsidized services to Indigent Households	R437.92

Please note: Free Basic services amounts include Value added Tax (VAT)

The re-application of all Indigent Households for Subsidized services (FBS) can continued and be process early in the 2017/2018 financial year. **The process needs to be completed by end of June 2017 in order to update our records and registers annually. Auditors are auditing the application process very intensively.**

J. CONCLUSION

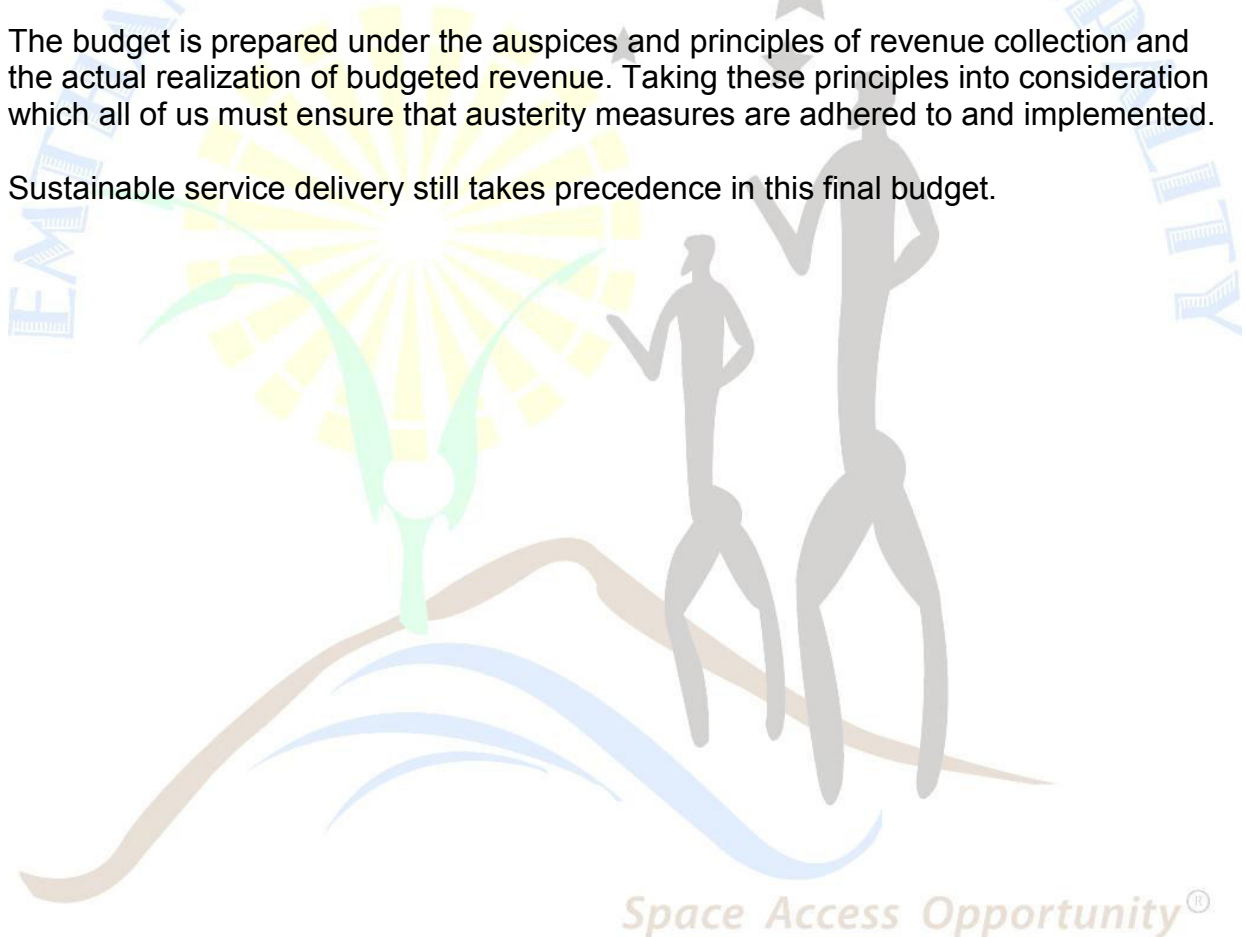
The 2017/2018 budget is an budget to make services affordable to all consumers. It is a plan to implement the cross-cutting of expenditure. The budget testifies of the continuation with the developmental agenda to expand the infrastructure to new and higher levels. It also aims to continue with the creation of jobs, fighting poverty and most of all ensure that we invest in infrastructure assets of the Emthanjeni municipality.

The inflationary increases of tariffs are mainly focused on affordability and to ensure that we generated all revenue as budgeted for. Hence the low increment of operating expenditure and expenditure control that will be sharpened over the next financial year.

The Council commitment to create an conducive environment for Investors to invest in the economy of Emthanjeni municipality cannot be underestimated. The various economic initiatives are testimony of Council's commitment, readiness and ability to ensure that we continue with the path of National Development Plan.

The budget is prepared under the auspices and principles of revenue collection and the actual realization of budgeted revenue. Taking these principles into consideration which all of us must ensure that austerity measures are adhered to and implemented.

Sustainable service delivery still takes precedence in this final budget.



1.2 Operating Revenue Framework

For Emthanjeni to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty and socio economic conditions that affect rural areas. 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 Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90 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 Municipality.
- The recovering of outstanding arrears with the assistance of a debt collection firm.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source): **Table 1 Summary of revenue classified by main revenue source**

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Revenue By Source			
Property rates	25 716	22 061	23 208
Service charges - electricity revenue	–	–	–
Service charges - water revenue	–	–	–
Service charges - sanitation revenue	–	–	–
Service charges - refuse revenue	–	–	–
Service charges - other	125	132	139
Rental of facilities and equipment	789	779	817
Interest earned - external investments	931	764	804
Interest earned - outstanding debtors	1 259	1 132	1 190
Dividends received	–	–	–
Fines, penalties and forfeits	3 720	3 888	4 083
Licences and permits	1 970	2 060	2 162
Agency services	–	–	–
Transfers and subsidies	40 761	44 109	47 146
Other revenue	–	–	–
Gains on disposal of PPE	268	278	320
Total Revenue (excluding capital transfers and contributions)	75 540	75 202	79 869

Table 2 Percentage growth in revenue by main revenue source

Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework						
	R thousand	Adjusted Budget	%	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
Revenue By Source									
Property rates	30 665		14.13%	27 763	12.32%	27 818	11.95%	29 265	11.92%
Service charges - electricity revenue	56 217		25.91%	58 966	26.18%	61 272	26.32%	64 459	26.26%
Service charges - water revenue	27 953		12.88%	30 346	13.47%	31 084	13.35%	32 576	13.27%
Service charges - sanitation revenue	17 348		7.99%	18 938	8.41%	19 289	8.29%	20 292	8.27%
Service charges - refuse revenue	10 057		4.63%	11 301	5.02%	11 215	4.82%	11 798	4.81%
Service charges - other	118		0.05%	125	0.06%	132	0.06%	139	0.06%
Rental of facilities and equipment	786		0.36%	789	0.35%	779	0.33%	817	0.33%
Interest earned - external investments	806		0.37%	931	0.41%	764	0.33%	804	0.33%
Interest earned - outstanding debtors	954		0.44%	1 259	0.56%	1 132	0.49%	1 190	0.48%
Dividends received	–		0.00%	–	0.00%	–	0.00%	–	0.00%
Fines, penalties and forfeits	2 882		1.33%	3 720	1.65%	3 888	1.67%	4 083	1.66%
Licences and permits	2 508		1.16%	1 970	0.87%	2 060	0.88%	2 162	0.88%
Agency services	–		0.00%	–	0.00%	–	0.00%	–	0.00%
Transfers and subsidies	39 983		18.43%	40 761	18.10%	44 109	18.95%	47 146	19.21%
Other revenue	26 595		12.26%	28 120	12.48%	28 941	12.43%	30 429	12.40%
Gains on disposal of PPE	130		0.06%	268	0.12%	278	0.12%	320	0.13%
Total Revenue (excluding capital transfers and contributions)	217 001		100.00%	225 257	100.00%	232 760	100.00%	245 479	100.00%

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 Municipality. Rates and service charge revenues comprise more than ten percentage of the total revenue mix. In the 2017/18 financial year, revenue from rates and services charges totalled R147, 439 million or 65.45 %. This increases to R150, 810 million, and R158, 528 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 3.57 per cent in 2017/18, to 2.29 per cent in 2018/19 and to 5.12 % in 2019/20. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the demand of electricity due to the various developments taking place in Emthanjeni Municipality. Eskom tariffs for bulk electricity. It is also worth noting that the increase in 2017/2018 financial the increase is so small due to a new valuation roll being implemented and a drop in the valuations results in a drop in rates revenue. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

The largest source of income is generated from Electricity which totals R58, 966. Water is the second largest revenue source totalling 13.47 per cent or R30, 346 million rand and increases to R32, 576 million by 2019/20. The third largest source is Property Rates and it followed by Sewerage revenue realised. The 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R40, 761 million in the 2017/18 financial year and steadily increases to R47, 146 million by 2019/2020.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
RECEIPTS:			
Operating Transfers and Grants			
National Government:	39 880	42 458	45 410
Local Government Equitable Share	37 094	40 758	43 710
Finance Management	1 700	1 700	1 700
EPWP Incentive	1 086		
Provincial Government:	881	1 651	1 736
Sport and Recreation	881	1 651	1 736
District Municipality:	-	-	-
Other grant providers:	-	-	-
Total Operating Transfers and Grants	40 761	44 109	47 146

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

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

1.2.1 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.

Property Rates tariffs increased very conservatively since 2009.

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

A new General Valuation Roll will be implemented from 01 July 2017.

-The new valuations as per the new valuation roll reflects a sharp increase in the residential properties of the town of De Aar.

-The valuation in the towns of Hanover and Britstown almost remained static with the current valuation roll. This was also the trend for all other property categories.

-With this situation, De Aar Residential Property owners will have an increase above inflation rate whilst the other towns will have a decrease in property rates.

The following stipulations in the Property Rates Policy are highlighted:

- The first R28 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). 25 per cent rebate will be granted on all agricultural properties but must be applied for before 31 August 2017 as per the rates policy.
- Mining and Industrial property will increase higher than the other categories. Portions of farms which are exclusive used for renewable or solar energy will be part of this category of properties.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy if the market value of their property is R28 000 or less.
- For pensioners a further rebate will be granted upon application and must the criteria as set out in the Rates Policy
- The Municipality may grant rebates to rateable undertakings that promote local, social or economic development within the municipal jurisdiction. The following criteria will apply: – (a) job creation in the municipal area;
 - (b) social upliftment of the local community; and
 - (c) creation of infrastructure for the benefit of the community.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a percentage increases(decreases) from 1 July 2017 is contained below:

Table 4 Comparison of proposed rates to be levied for the 2017/18 financial year

Category	Current Tariff (1 July 2016)	Proposed tariff (from 1 July 2017)
	c/R	c/R
Residential properties	0,013632	0,011000
Agricultural Properties (1:0.25 irt residential properties) (Agricultural Property must take note that the Nett Effect of the Agricultural Levy will be as follows:)*	0,003408	0,002750
State owned properties	0,017950	0,019027
Business & Guesthouses	0,014200	0,015950
Industrial	0,018460	0,020080
Place of Worship	0,013632	0,011000
Public Benefit Organization	0,003408	0,002750
Mining	0,021565	0,023500
Vacant land	0,034503	0,026000
Farm property where a portion is used for renewable energy generation purpose	0,043460	0,015950

1.2.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2015.

Better maintenance of infrastructure, new water provision construction programmes and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Emthanjeni Municipality will increase water tariffs by an average of 6,4 per cent from 1 July 2017.

Emthanjeni Municipality has undertaken a critical assessment of its capital infrastructure requirements. Regional Bulk Water's assessment indicates that for the extension of water resources in De Aar and Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice to upgrade infrastructure, hence the significant increase in the cost of water.

A tariff increase of 6.4 per cent from 1 July 2017 for water is proposed. This is based on input cost assumptions of between 6 to 15 per cent increase in the cost of bulk water to the water farmers. In addition 6 kℓ water per 30-day period will again be granted free of charge to all households.

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

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2016/17	PROPOSED TARIFFS 2017/18
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
Basic fee: Residential	60.83	64.73
(i) 1 to 6 kℓ per 30-day period	4.48	4.75
(ii) 7 to 15 kℓ per 30-day period	8.11	8.60
(iii) 16 to 30 kℓ per 30-day period	9.21	9.76
(iv) 31 to 45 kℓ per 30-day period	10.74	11.38
(v) 46 and 65 kℓ per 30-day period	11.28	11.96
(vi) 66 kℓ and more per 30-day period	12.41	13.15
NON-RESIDENTIAL		
Basic fee: Business	310.75	330.64
(i) 1 to 6 kℓ per 30-day period	4.48	4.75
(ii) 7 to 15 kℓ per 30-day period	8.11	8.60
(iii) 16 to 30 kℓ per 30-day period	9.21	9.76
(iv) 31 to 45 kℓ per 30-day period	10.74	11.38
(v) 46 and 65 kℓ per 30-day period	11.28	11.96
(vi) 66 kℓ and more per 30-day period	12.41	13.15

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

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

Monthly consumption kℓ	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
Basic Fee	60.83	64.73	3.90	6.4%
6			0%	
15	72.99	77.66	4.67	6.4%
30	138.15	146.99	8.84	6.4%
45	161.10	171.41	10.31	6.4%
51	67.68	72.01	4.33	6.4%
100	603.55	642.18	38.63	6.4%

Emthanjeni Municipality tariff structure in 2017/18 has remained unchanged compared to that of 2016/17, however the tariff structure is still designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R13.15 per kilolitre for consumption in excess of 65kℓ per 30 day period.

1.2.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

Considering the Eskom increases, the consumer tariff had to be increased by 1.88 per cent to offset the additional bulk purchase cost from 1 July 2017. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

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

The following table shows the impact of the proposed increases in electricity tariffs for domestic customers (excluding VAT):

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

Monthly consumption kWh	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
100	94.15	95.92	1.77	1.88%
250	160.50	163.52	3.02	1.88%
500	335.00	341.30	6.30	1.88%
750	420.50	428.41	7.91	1.88%
1 000	447.50	455.91	8.41	1.88%
2 000	1790.00	1823.65	33.65	1.88%

It should further be noted that Emthanjeni Municipality implemented the IBT as required by NERSA. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). Emthanjeni Municipality has implemented the Incline Block Tariff (IBT) structure since 01 July 2009.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. Most of the suburbs and network reticulation was designed or strengthened during the 1980's and 1990's with an expected 20-25 year life-expectancy. The upgrading of the municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

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

1.2.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.4 per cent for sanitation from 1 July 2017 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately between 20 - 30 per cent of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Free sanitation will be applicable to registered indigent households; and
- The network extension and upgrade of exiting purification plants will impact on tariffs over the MTEF period.

The total revenue expected to be generated from rendering this service amounts to R18, 458 million for the 2017/18 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2016/17	PROPOSED TARIFF 2017/18
Residential Households	150.62	160.27
Business	210.53	224.01
Government	283.88	302.06

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1.2.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6.4 per cent increase in the waste removal tariff is proposed from 1 July 2017. Higher increases will not be viable in 2017/18 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services.

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

Table 9 Comparison between current waste removal fees and increases

Service	CURRENT TARIFFS 2016/17	PROPOSED TARIFFS 2017/18
Tariff per households container per month or part of a month:	93.90	99,94
Tariff per Special refuse removal *	163.60	174,13
Building rubble*	329.10	350,23
Solar Rubble per / Kg self removal*	43,99	46,81
Solar Rubble per / Kg :Removal by the Municipality per truck*	43,99	2 850,00

1.2.6 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.

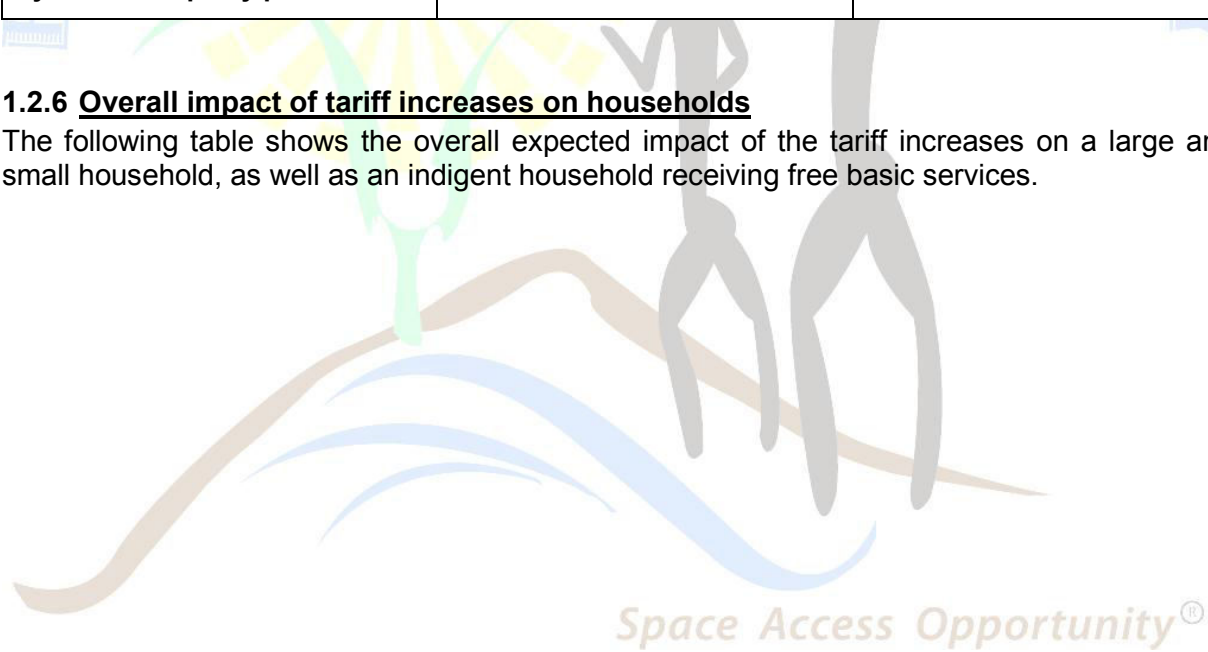


Table SA14 – Household bills Table 10 MBRR

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	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	542.29	574.83	609.32
Electricity : Basic levy	145.94	184.67	199.44
Electricity : Consumption	1 381.26	1 464.14	1 551.98
Water: Basic levy	64.73	64.73	69.90
Water: Consumption	224.72	238.20	252.50
Sanitation	182.71	193.66	209.17
Refuse removal	113.93	120.76	130.43
Other			
sub-total	2 655.58	2 840.99	3 022.73
VAT on Services	371.78	397.74	423.18
Total large household bill:	3 027.36	3 238.72	3 445.92
% increase/-decrease	-	7.0%	6.4%
Monthly Account for Household - 'Affordable Range'			
Rates and services charges:			
Property rates	383.96	407.00	431.42
Electricity : Basic levy	145.94	184.67	199.44
Electricity : Consumption	920.95	976.21	1 034.78
Water: Basic levy	64.73	64.73	69.90
Water: Consumption	175.78	186.33	197.51
Sanitation	182.71	193.66	209.17
Refuse removal	113.93	120.76	130.43
Other			
sub-total	1 988.00	2 133.35	2 272.64
VAT on Services	278.32	298.67	318.17
Total small household bill:	2 266.32	2 432.02	2 590.81
% increase/-decrease	-	7.3%	6.5%
Monthly Account for Household - 'Indigent Household receiving free basic services'			
Rates and services charges:			
Property rates	225.63	239.17	253.52
Electricity : Basic levy	145.94	184.67	199.44
Electricity : Consumption	62.39	66.13	70.10
Water: Basic levy	64.73	64.73	69.90
Water: Consumption	160.26	169.88	180.07
Sanitation	182.71	193.66	209.17
Refuse removal	113.93	120.76	130.43
Other			
sub-total	955.59	1 039.00	1 112.63
VAT on Services	133.78	145.46	155.77
Total small household bill:	1 089.37	1 184.45	1 268.39
% increase/-decrease	-	8.7%	7.1%

1.3 Operating Expenditure Framework

Emthanjeni Municipality'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;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*.

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

Table 11 Summary of operating expenditure by standard classification Item

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Expenditure By Type			
Employee related costs	76 930	80 423	86 053
Remuneration of councillors	5 275	5 668	6 065
Debt impairment	7 578	9 463	10 670
Depreciation & asset impairment	9 056	9 463	9 936
Finance charges	2 055	6 042	9 805
Bulk purchases	60 434	63 876	67 198
Other materials	19 397	19 551	20 416
Contracted services	9 819	9 785	5 477
Transfers and subsidies	–	–	–
Other expenditure	40 805	47 469	49 155
Loss on disposal of PPE	–	–	–
Total Expenditure	231 349	251 740	264 775

The budgeted allocation for employee related costs for the 2017/18 financial year totals R76, 930 million, which equals 33.25 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement and as per National Treasury Budget Circular 85/2016, salary increases have been factored at a percentage increase of 7.3 per cent for the 2017/18 financial year. As part of the Municipality's cost reprioritization and cash management strategy vacancies only departmental prioritization of critical vacancies within the Municipality has been budgeted for. In addition expenditure against overtime must significantly be managed

to reduced costs, with provisions against this budget item only being provided for essential 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 Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 90 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R7, 578 million and escalates to R10, 670 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 a Net of R9, 056 million for the 2017/18 financial and equates to 3.91 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0, 89 per cent (R2. 055 million) of operating expenditure excluding annual redemption for 2017/18 and increases to R 9. 805 million by 2019/20.

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

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2017/18 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2017/18 financial year, this group of expenditure totals R9, 819 million and has decreased since last year and continues to decrease over the MTEF to an amount of R5, 477. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

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. Growth has been limited to 7.47 per cent for 2017/18 and curbed at 3.19 and 3.55 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

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

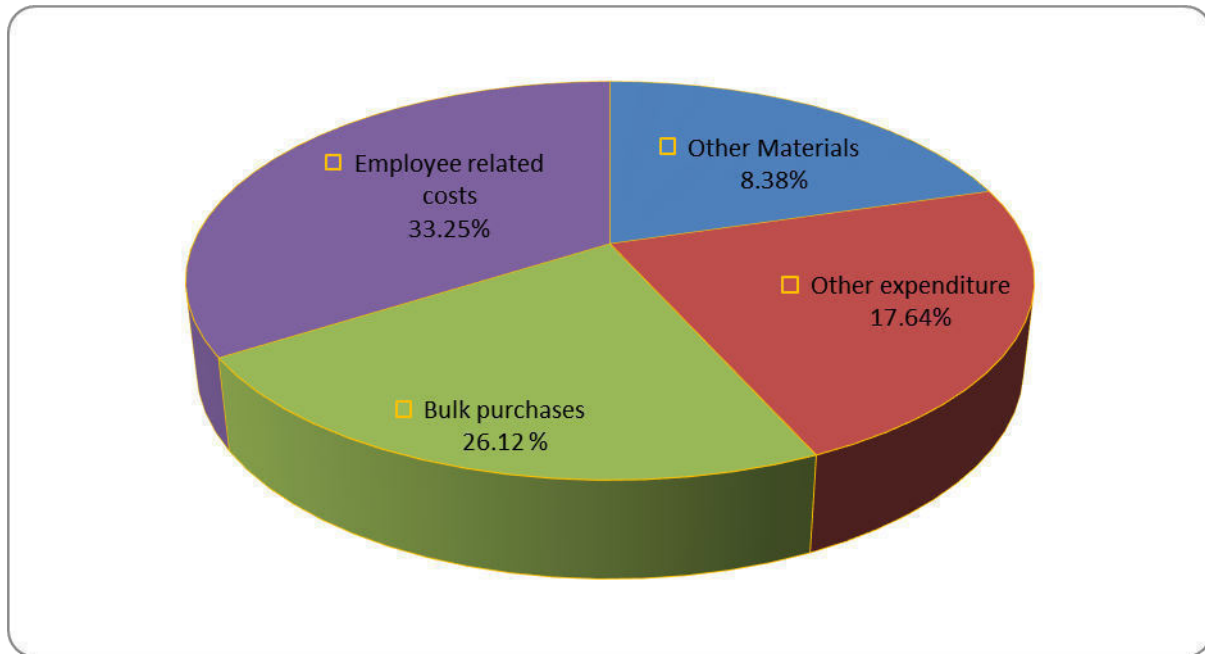


Figure 1 Main operational expenditure categories for the 2017/18 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality'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 Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 12 Operational repairs and maintenance

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
by Expenditure Item			
Employee related costs	-	-	-
Other materials	9 107	10 496	9 448
Contracted Services	10 291	9 055	10 968
Other Expenditure	-		
Total Repairs and Maintenance Expenditure	19 397	19 551	20 416

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, materials (repairs and maintenance) were gradually increased in the 2017/18 financial year, from R11, 661 million to R19, 397 million. As part of the 2017/18 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2017/18 equates to R19, 397 million a growth of 15.66 per cent in relation to the Adjustment Budget and continues to grow at 0.79 and 4.42 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 8.38, 7.77 and 7.71 per cent for the respective financial years of the MTREF.

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



Table 13 Repairs and maintenance per asset class

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Repairs and maintenance expenditure by Asset Class/Sub-class			
Infrastructure	3 891	4 045	4 223
Roads Infrastructure	369	383	400
<i>Roads</i>	369	383	400
Storm water Infrastructure	336	349	365
<i>Storm water Conveyance</i>	336	349	365
Electrical Infrastructure	1 732	1 801	1 880
<i>HV Transmission Conductors</i>	1 197	1 244	1 299
<i>Capital Spares</i>	536	557	581
Water Supply Infrastructure	1 380	1 435	1 498
<i>Dams and Weirs</i>	225	234	244
<i>Distribution</i>	1 155	1 201	1 254
Sanitation Infrastructure	74	77	81
<i>Reticulation</i>	74	77	81
Solid Waste Infrastructure	–	–	–
Rail Infrastructure	–	–	–
Coastal Infrastructure	–	–	–
Information and Communication Infrastructure	–	–	–
Community Assets	2 284	2 374	2 479
Community Facilities	2 150	2 235	2 334
<i>Capital Spares</i>	2 150	2 235	2 334
Sport and Recreation Facilities	134	139	145
<i>Outdoor Facilities</i>	134	139	145
	1	1	1
Heritage assets	–	–	–
Investment properties	–	–	–
Revenue Generating	–	–	–
Non-revenue Generating	–	–	–
Other assets	2 100	2 183	2 280
Operational Buildings	2 100	2 183	2 280
<i>Municipal Offices</i>	1 902	1 978	2 066
<i>Capital Spares</i>	197	205	214
Housing	–	–	–
Biological or Cultivated Assets	–	–	–
Intangible Assets	1 708	1 775	1 855
Licences and Rights	1 708	1 775	1 855
<i>Computer Software and Applications</i>	1 708	1 775	1 855
Computer Equipment	699	728	760
Computer Equipment	699	728	760
Furniture and Office Equipment	999	1 038	1 084
Furniture and Office Equipment	999	1 038	1 084
Machinery and Equipment	1 079	1 121	1 171
Machinery and Equipment	1 079	1 121	1 171
Transport Assets	6 637	6 286	6 564
Transport Assets	6 637	6 286	6 564
Libraries	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–
Total Repairs and Maintenance Expenditure	19 397	19 551	20 416

For the 2017/18 financial year, 20.69 per cent or R3, 891 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 9.2 per cent (R1, 732 million), water infrastructure at 7.3 per cent (R1, 380 million). Community assets have been allocated R2, 284 million of total repairs and maintenance equating to 12.14 per cent.

1.3.2 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 Municipality Indigent Policy. The target is to register +/- 4 000 indigent households during the 2017/18 financial year, a process reviewed annually by the end of June 2017. Detail 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 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.

1.4 Capital expenditure

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

Table 14 2017/18 Medium-term capital budget per vote

Vote Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Capital Expenditure - Functional			
Governance and administration	3 185	3 015	3 160
Executive and council	1 925	1 489	1 561
Finance and administration	1 260	1 526	1 599
Community and public safety	242	253	265
Community and social services	120	125	131
Sport and recreation	65	68	71
Public safety	57	60	62
Economic and environmental services	15 153	15 734	16 354
Road transport	15 153	15 734	16 354
Trading services	20 502	2 629	1 659
Energy sources	6 400	2 523	1 548
Water management	14 080	84	88
Waste management	22	23	24
Total Capital Expenditure - Functional	39 082	21 631	21 438
Funded by:			
National Government	32 292	14 744	14 221
Transfers recognised - capital	32 292	14 744	14 221
Internally generated funds	6 790	6 887	7 217
Total Capital Funding	39 082	21 631	21 438

For 2017/18 an amount of R39, 082 million has been budgeted for the development of assets. Infrastructure Assets represents 52.45 per cent of the total capital budget. In the outer years this amount totals R21, 631 million, 12.15 per cent and R21, 438 million, 7.73 per cent

respectively for each of the financial years. Roads department receives the highest allocation of R15, 153 million followed by water management of R14, 080 million in 2017/18 financial years. Roads will receive the highest allocation in 2018/19 as well as in 2019/20, this will amount to R15, 734 and R 16, 354 respectively.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). 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. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

1.5 Annual Budget Tables - Emthanjani Municipality

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



NC073 Emthanjeni - 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	27 763	27 818	29 265
Service charges	119 676	122 992	129 264
Investment revenue	931	764	804
Transfers recognised - operational	40 761	44 109	47 146
Other own revenue	36 126	37 078	39 001
	225 257	232 760	245 479
Total Revenue (excluding capital transfers and contributions)			
Employee costs	76 930	80 423	86 053
Remuneration of councillors	5 275	5 668	6 065
Depreciation & asset impairment	9 056	9 463	9 936
Finance charges	2 055	6 042	9 805
Materials and bulk purchases	79 832	83 427	87 613
Transfers and grants	–	–	–
Other expenditure	58 202	66 717	65 303
Total Expenditure	231 349	251 740	264 775
Surplus/(Deficit)	(6 093)	(18 979)	(19 296)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	32 292	44 744	18 978
Contributions recognised - capital & contributed assets	–	–	–
Surplus/(Deficit) after capital transfers & contributions	26 199	25 765	(318)
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	26 199	25 765	(318)
Capital expenditure & funds sources			
Capital expenditure	39 082	21 631	21 438
Transfers recognised - capital	32 292	14 744	14 221
Public contributions & donations	–	–	–
Borrowing	–	–	–
Internally generated funds	6 790	6 887	7 217
Total sources of capital funds	39 082	21 631	21 438
Financial position			
Total current assets	111 476	112 494	111 112
Total non current assets	953 090	962 673	972 350
Total current liabilities	34 159	35 174	36 974
Total non current liabilities	36 792	37 528	38 279
Community wealth/Equity	993 615	1 002 465	1 008 209
Cash flows			
Net cash from (used) operating	38 753	39 459	40 711
Net cash from (used) investing	(38 814)	(40 548)	(42 547)
Net cash from (used) financing	95	92	89
Cash/cash equivalents at the year end	1 172	175	(1 572)
Cash backing/surplus reconciliation			
Cash and investments available	1 201	(8)	(1 755)
Application of cash and investments	(12 104)	(12 456)	(12 918)
Balance - surplus (shortfall)	13 305	12 448	11 163
Asset management			
Asset register summary (WDV)	953 005	962 585	972 261
Depreciation	–	–	–
Renewal of Existing Assets	6 590	6 887	7 217
Repairs and Maintenance	19 397	19 551	20 416
Free services			
Cost of Free Basic Services provided	–	–	–
Revenue cost of free services provided	25 716	22 061	23 208
Households below minimum service level			
Water:	–	–	–
Sanitation/sewerage:	0	0	0
Energy:	1	1	1
Refuse:	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms 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) Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the adopted policies. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2017/18, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2017/18 the free basic water will remain at 8kl for Indigent Households.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC073 Emthanjeni - 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		
R thousand	1	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										
Governance and administration		-	-	-	-	-	-	50 514	52 808	56 039
Executive and council		-	-	-	-	-	-	4 245	4 458	4 770
Finance and administration		-	-	-	-	-	-	46 269	48 351	51 268
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	6 857	7 710	8 099
Community and social services		-	-	-	-	-	-	1 683	2 334	2 453
Sport and recreation		-	-	-	-	-	-	162	137	144
Public safety		-	-	-	-	-	-	4 969	5 192	5 452
Housing		-	-	-	-	-	-	44	47	50
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	13 850	13 238	13 739
Planning and development		-	-	-	-	-	-	13 378	12 744	13 221
Road transport		-	-	-	-	-	-	472	494	518
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	186 327	203 748	186 580
Energy sources		-	-	-	-	-	-	94 497	93 840	97 571
Water management		-	-	-	-	-	-	48 659	65 660	42 221
Waste water management		-	-	-	-	-	-	26 925	27 796	29 389
Waste management		-	-	-	-	-	-	16 246	16 452	17 399
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	257 549	277 504	264 457
Expenditure - Functional										
Governance and administration		-	-	-	-	-	-	50 913	53 643	55 135
Executive and council		-	-	-	-	-	-	14 865	15 520	19 640
Finance and administration		-	-	-	-	-	-	36 049	38 123	35 495
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	30 369	32 976	35 057
Community and social services		-	-	-	-	-	-	12 954	13 816	14 676
Sport and recreation		-	-	-	-	-	-	5 220	5 889	6 273
Public safety		-	-	-	-	-	-	9 647	10 554	11 209
Housing		-	-	-	-	-	-	2 396	2 557	2 731
Health		-	-	-	-	-	-	153	160	168
Economic and environmental services		-	-	-	-	-	-	29 560	29 963	32 074
Planning and development		-	-	-	-	-	-	12 896	11 861	12 892
Road transport		-	-	-	-	-	-	16 664	18 102	19 181
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	119 817	134 426	141 732
Energy sources		-	-	-	-	-	-	76 082	82 062	86 432
Water management		-	-	-	-	-	-	15 250	18 236	19 194
Waste water management		-	-	-	-	-	-	15 605	15 701	16 584
Waste management		-	-	-	-	-	-	12 880	18 427	19 522
Other	4	-	-	-	-	-	-	690	732	778
Total Expenditure - Functional	3	-	-	-	-	-	-	231 349	251 740	264 775
Surplus/(Deficit) for the year		-	-	-	-	-	-	26 199	25 765	(318)

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 14 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, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC073 Emthanjeni - 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 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	4 245	4 458	4 770
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	46 269	48 351	51 268
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	13 378	12 744	13 221
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	1 683	2 334	2 453
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	4 969	5 192	5 452
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	162	137	144
Vote 8 - ROAD TRANSPORT		-	-	-	-	-	-	472	494	518
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	44	47	50
Vote 11 - WASTE MANAGEMENT		-	-	-	-	-	-	16 246	16 452	17 399
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	26 925	27 796	29 389
Vote 13 - ELECTRICITY		-	-	-	-	-	-	94 497	93 840	97 571
Vote 14 - WATER		-	-	-	-	-	-	48 659	65 660	42 221
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	-	-	257 549	277 504	264 457
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	14 865	15 520	19 640
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	36 049	38 123	35 495
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	12 896	11 861	12 892
Vote 4 - HEALTH		-	-	-	-	-	-	153	160	168
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	12 954	13 816	14 676
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	9 647	10 554	11 209
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	5 220	5 889	6 273
Vote 8 - ROAD TRANSPORT		-	-	-	-	-	-	16 664	18 102	19 181
Vote 9 - OTHER		-	-	-	-	-	-	690	732	778
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	2 396	2 557	2 731
Vote 11 - WASTE MANAGEMENT		-	-	-	-	-	-	12 880	18 427	19 522
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	15 605	15 701	16 584
Vote 13 - ELECTRICITY		-	-	-	-	-	-	76 082	82 062	86 432
Vote 14 - WATER		-	-	-	-	-	-	15 250	18 236	19 194
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	231 349	251 740	264 775
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	26 199	25 765	(318)

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

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

Table 17: Surplus/(Deficit) calculations for the trading services

Description	2012/13	2013/14	2014/15	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
	R thousand	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
Electricity										
Total Revenue (incl capital grants and transfers)	52 352	60 590	72 801	90 239	89 653	89 653	94 497	93 840	97 571	
Operating Expenditure	74 911	82 559	69 876	71 539	72 776	72 776	76 082	82 062	86 432	
Surplus/(Deficit) for the year	- 22,559	-21,969	2,925	18 700	16 877	16 877	18 417	11 778	11 139	
Percentage Surplus	(30)%	(26)%	4%	14%	18.82	18.82	19.49	12.55	11.42	
Water										
Total Revenue (incl capital grants and transfers)	29 792	25 603	27 000	38 471	38 160	38 160	48 659	65 660	42 221	
Operating Expenditure	26 484	32 710	25 637	12 906	14 750	14 750	15 250	18 236	19 194	
Surplus/(Deficit) for the year	3,308	-7,107	1 363	25 565	23 410	23 410	33 409	47 424	23 027	
Percentage Surplus	11%	(22)%	5.32	66.45	61.35	61.35	68.85	72.23	54.54	

- The electricity trading surplus decreases over the 2017/18 MTREF in terms of rand value as well as in terms of percentage surplus, from 24.21 per cent to 11.42 per cent or R18, 417 million to R11, 139 throughout the MTREF. This is primarily as a result of capital projects and grants as well as the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
- The surplus on the water account remains positive over the MTREF translating into a surplus of 63.85 per cent, 7.23 per cent and 54.54 per cent for each of the respective financial years. The surplus excludes the capital expenditure that will be incur during the 2017/18 financial year.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC073 Emthanjeni - 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	-	-	-	-	-	-	-	27 763	27 818	29 265
Service charges - electricity revenue	2	-	-	-	-	-	-	-	58 966	61 272	64 459
Service charges - water revenue	2	-	-	-	-	-	-	-	30 346	31 084	32 576
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	18 938	19 289	20 292
Service charges - refuse revenue	2	-	-	-	-	-	-	-	11 301	11 215	11 798
Service charges - other									125	132	139
Rental of facilities and equipment									789	779	817
Interest earned - external investments									931	764	804
Interest earned - outstanding debtors									1 259	1 132	1 190
Dividends received									-	-	-
Fines, penalties and forfeits									3 720	3 888	4 083
Licences and permits									1 970	2 060	2 162
Agency services									-	-	-
Transfers and subsidies									40 761	44 109	47 146
Other revenue	2	-	-	-	-	-	-	-	28 120	28 941	30 429
Gains on disposal of PPE									268	278	320
Total Revenue (excluding capital transfers and contributions)									225 257	232 760	245 479
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	76 930	80 423	86 053
Remuneration of councillors									5 275	5 668	6 065
Debt impairment	3	-	-	-	-	-	-	-	7 578	9 463	10 670
Depreciation & asset impairment	2	-	-	-	-	-	-	-	9 056	9 463	9 936
Finance charges									2 055	6 042	9 805
Bulk purchases	2	-	-	-	-	-	-	-	60 434	63 876	67 198
Other materials	8	-	-	-	-	-	-	-	19 397	19 551	20 416
Contracted services									9 819	9 785	5 477
Transfers and subsidies									-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	40 805	47 469	49 155
Loss on disposal of PPE									-	-	-
Total Expenditure									231 349	251 740	264 775
Surplus/(Deficit)									(6 093)	(18 979)	(19 296)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									32 292	44 744	18 978
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions									26 199	25 765	(318)
Taxation											
Surplus/(Deficit) after taxation									26 199	25 765	(318)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality									26 199	25 765	(318)
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year									26 199	25 765	(318)

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

- Total revenue is R257, 549 million in 2017/18 and increases to R264, 457 million by 2019/20. This represents an increase of 10.8 per cent for the 2017/18 financial year and increases by 4.13 per cent for the 2019/20 financial year.
- Revenue to be generated from property rates is R27, 763 million in the 2017/18 financial year and increases to R29, 265 million by 2019/20 which represents 10.48 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent across the MTREF.
- Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R119, 551 million for the 2017/18 financial year and increasing to R122, 860 million by 2018/19 and increasing to R129, 125million by 2019/20. For the 2017/18 financial year services charges amount to 46.22 per cent of the total revenue base and grows by 2.61 per cent per annum over the

medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government increases over the 2017/18 MTREF, in 2017/18 it increases 3.68 per cent and then increases again by 69.34 per cent 2019/20. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. Bulk purchases have significantly increased over the 2013/14 to 2019/20 period escalating from R43, 536 million to R67, 198 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from the water contracts with farmers. As well as the increase in demand for the above mentioned commodities.
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.

Budgeted Capital Expenditure by vote, standard classification and funding source

NC073 Emthanjeni - 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		
R thousand	1	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 - Functional											
Governance and administration		-	-	-	-	-	-	-	3 185	3 015	3 160
Executive and council									1 925	1 489	1 561
Finance and administration									1 260	1 526	1 599
Community and public safety		-	-	-	-	-	-	-	242	253	265
Community and social services									120	125	131
Sport and recreation									65	68	71
Public safety									57	60	62
Economic and environmental services		-	-	-	-	-	-	-	15 153	15 734	16 354
Road transport									15 153	15 734	16 354
Trading services		-	-	-	-	-	-	-	20 502	2 629	1 659
Energy sources									6 400	2 523	1 548
Water management									14 080	84	88
Waste management									22	23	24
Other									-	-	-
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	39 082	21 631	21 438
Funded by:											
National Government									32 292	14 744	14 221
Provincial Government									-	-	-
District Municipality									-	-	-
Other transfers and grants									-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	32 292	14 744	14 221
Public contributions & donations	5								-	-	-
Borrowing	6								-	-	-
Internally generated funds									6 790	6 887	7 217
Total Capital Funding	7	-	-	-	-	-	-	-	39 082	21 631	21 438

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 has been allocated of the total R0 capital budget.
3. Single-year capital expenditure has been appropriated at R39, 082 million for the 2017/18 financial year and remains relatively constant over the MTREF.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, internally generated funds from current year surpluses as well as borrowings from financial institutions. For 2017/18, capital transfers totals R32, 292 million (82.63%), increases to R14, 744 million by 2018/19 (68.16%) and then decreases to R14, 221 million in 2019/20 (66.35%). Internally generated funding totaling R6, 590million, R6, 887 million and R7, 217 million for each of the respective financial years of the MTREF. The municipality does not plan to enter into any borrowings over the 2017/18 MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 19 MBRR Table A6 - Budgeted Financial Position

NC073 Emthanjeni - 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
R thousand											
ASSETS											
Current assets											
Cash									358	351	344
Call investment deposits	1	-	-	-	-	-	-	-	9 784	9 093	8 638
Consumer debtors	1	-	-	-	-	-	-	-	23 509	24 214	24 940
Other debtors									11 615	11 964	12 322
Current portion of long-term receivables									-	-	-
Inventory	2								66 211	66 873	64 867
Total current assets		-	-	-	-	-	-	-	111 476	112 494	111 112
Non current assets											
Long-term receivables									-	-	-
Investments									29	29	29
Investment property									5 018	5 018	5 018
Investment in Associate									-	-	-
Property, plant and equipment	3	-	-	-	-	-	-	-	947 605	957 181	966 853
Agricultural									-	-	-
Biological									-	-	-
Intangible									382	386	390
Other non-current assets									56	59	60
Total non current assets		-	-	-	-	-	-	-	953 090	962 673	972 350
TOTAL ASSETS		-	-	-	-	-	-	-	1 064 567	1 075 167	1 083 462
LIABILITIES											
Current liabilities											
Bank overdraft	1								8 969	9 480	10 766
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits									2 431	2 592	2 754
Trade and other payables	4	-	-	-	-	-	-	-	19 127	19 510	19 900
Provisions									3 631	3 592	3 554
Total current liabilities		-	-	-	-	-	-	-	34 159	35 174	36 974
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	36 792	37 528	38 279
Total non current liabilities		-	-	-	-	-	-	-	36 792	37 528	38 279
TOTAL LIABILITIES		-	-	-	-	-	-	-	70 951	72 702	75 252
NET ASSETS	5	-	-	-	-	-	-	-	993 615	1 002 465	1 008 209
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)									993 615	1 002 465	1 008 209
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	993 615	1 002 465	1 008 209

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 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 20 MBRR Table A7 - Budgeted Cash Flow Statement

NC073 Emthanjeni - Table A7 Budgeted Cash Flows											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue		
R thousand		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									24 942	24 003	24 875
Service charges									113 321	116 842	122 800
Other revenue									33 311	33 884	35 616
Government - operating	1								40 761	44 109	47 146
Government - capital	1								32 292	44 744	18 978
Interest									1 723	1 802	1 894
Dividends									-	-	-
Payments											
Suppliers and employees									(205 542)	(219 882)	(200 794)
Finance charges									(2 055)	(6 042)	(9 805)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	38 753	39 459	40 711
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									268	278	320
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(39 082)	(40 826)	(42 867)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(38 814)	(40 548)	(42 547)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									95	92	89
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	95	92	89
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	34	(997)	(1 747)
Cash/cash equivalents at the year begin:	2								1 139	1 172	175
Cash/cash equivalents at the year end:	2	-	-	-	-	-	-	-	1 172	175	(1 572)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality increased slightly over the 2017/18 MTREF.
4. The 2013/14 year provide for a net decrease in cash of R10,640 million for the 2013/14 financial year resulting in an overall cash position of R233 thousand at year end.
5. In 2017/18 the Municipality will undertake an extensive debt collection drive resulting in cash receipts on arrear debtors, these interventions translated into a net cash position.
6. The 2017/18 has been informed by the planning principle of ensuring adequate cash reserves over the medium-term and after the adjustment budget process it became clear that huge amount of funds would become necessary in the next financial year to acquire new fleet which would curb raising costs of repairs and maintenance.
7. In the 2017/18 MTREF the municipality will enter into a lease contract in order to finance a fleet of infrastructure vehicles, expected cash and cash equivalents totals R1.172 million as at the end of the 2017/18 financial year and escalates to –R1.572 million by 2019/20.

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC073 Emthanjeni - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term		
R thousand		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	-	-	-	-	-	-	-	1 172	175	(1 572)
Other current investments > 90 days		-	-	-	-	-	-	-	(0)	(212)	(212)
Non current assets - Investments	1	-	-	-	-	-	-	-	29	29	29
Cash and investments available:		-	-	-	-	-	-	-	1 201	(8)	(1 755)
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2								1 646	1 728	1 815
Other working capital requirements	3	-	-	-	-	-	-	-	-	-	-
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	-	-	-	-	-	-	1 646	1 728	1 815
Surplus(shortfall)		-	-	-	-	-	-	-	(445)	(1 736)	(3 570)

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. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF was funded owing to the surplus.
6. 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.

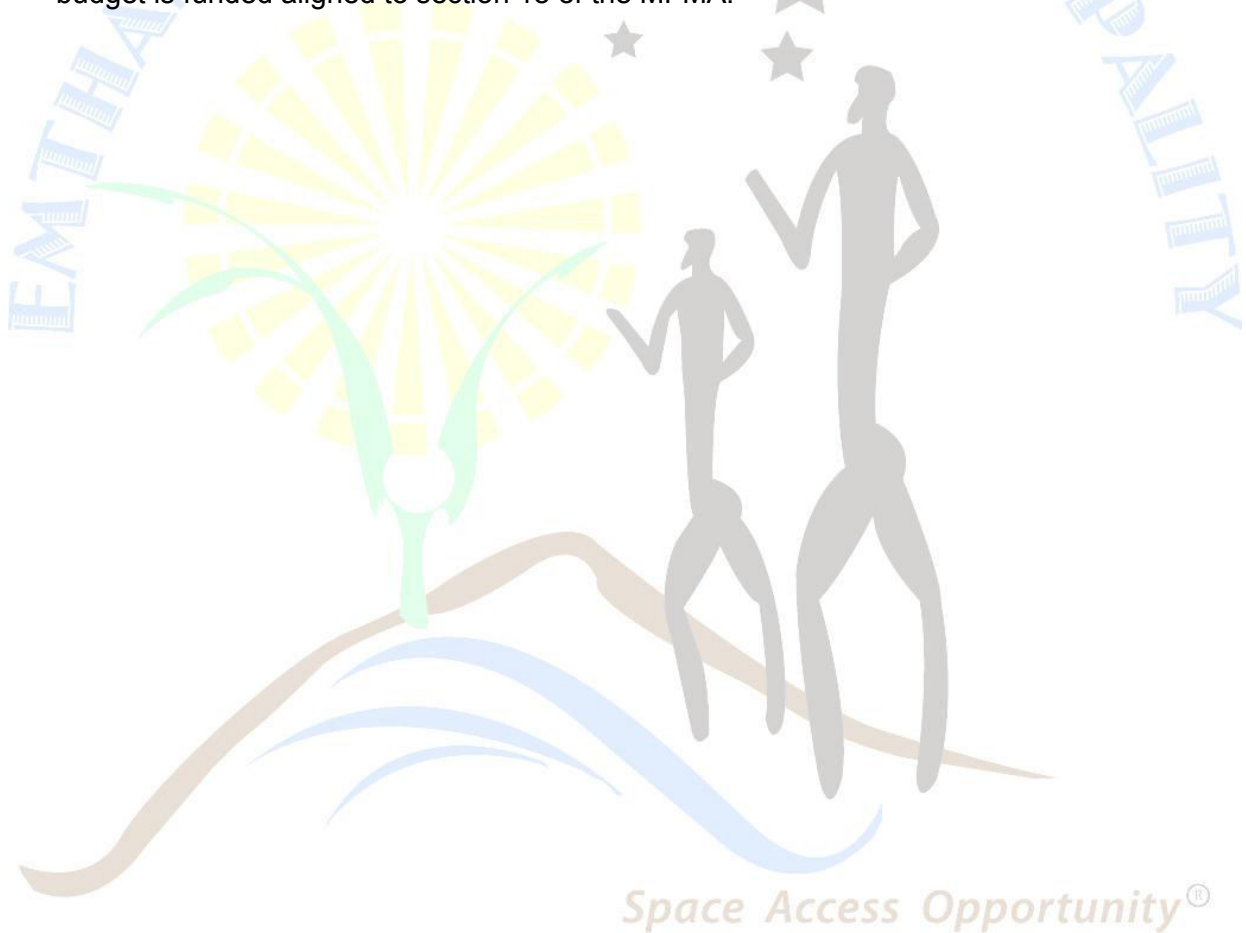


Table 22 MBRR Table A9 - Asset Management

NC073 Emthanjeni - Table A9 Asset Management										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue	2018/19	2019/20
		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										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	-	-	-	-	32 292	14 744	14 221
Roads Infrastructure		-	-	-	-	-	-	-	12 744	13 221
Storm water Infrastructure		-	-	-	-	-	-	12 292	-	-
Electrical Infrastructure		-	-	-	-	-	-	6 000	2 000	1 000
Water Supply Infrastructure		-	-	-	-	-	-	14 000	-	-
Infrastructure								32 292	14 744	14 221
Total Renewal of Existing Assets	2	-	-	-	-	-	-	6 590	6 887	7 217
Roads Infrastructure		-	-	-	-	-	-	2 800	2 926	3 066
Electrical Infrastructure		-	-	-	-	-	-	500	523	548
Water Supply Infrastructure		-	-	-	-	-	-	80	84	88
Solid Waste Infrastructure		-	-	-	-	-	-	22	23	24
Infrastructure								3 402	3 555	3 726
Community Facilities		-	-	-	-	-	-	120	125	131
Sport and Recreation Facilities		-	-	-	-	-	-	25	26	27
Community Assets								145	152	159
Operational Buildings		-	-	-	-	-	-	320	334	350
Other Assets								320	334	350
Licences and Rights		-	-	-	-	-	-	680	711	745
Intangible Assets								680	711	745
Computer Equipment		-	-	-	-	-	-	1 830	1 777	1 862
Furniture and Office Equipment		-	-	-	-	-	-	65	181	190
Machinery and Equipment		-	-	-	-	-	-	148	177	186
Total Upgrading of Existing Assets	6	-	-	-	-	-	-	9 056	9 463	9 936
Roads Infrastructure		-	-	-	-	-	-	1 882	1 967	2 065
Electrical Infrastructure		-	-	-	-	-	-	630	658	691
Water Supply Infrastructure		-	-	-	-	-	-	1 171	1 224	1 285
Sanitation Infrastructure		-	-	-	-	-	-	754	788	827
Solid Waste Infrastructure		-	-	-	-	-	-	290	303	318
Infrastructure								4 726	4 939	5 186
Community Facilities		-	-	-	-	-	-	1 637	1 708	1 793
Community Assets								1 637	1 708	1 793
Non-revenue Generating		-	-	-	-	-	-	28	29	30
Investment properties								28	29	30
Operational Buildings		-	-	-	-	-	-	322	336	353
Other Assets								322	336	353
Computer Equipment		-	-	-	-	-	-	156	164	172
Furniture and Office Equipment		-	-	-	-	-	-	16	16	17
Machinery and Equipment		-	-	-	-	-	-	148	177	186
Transport Assets		-	-	-	-	-	-	2 171	2 271	2 385
Total Capital Expenditure	4	-	-	-	-	-	-	47 938	31 094	31 374
Roads Infrastructure		-	-	-	-	-	-	4 682	17 637	18 352
Storm water Infrastructure		-	-	-	-	-	-	12 292	-	-
Electrical Infrastructure		-	-	-	-	-	-	7 130	3 181	2 239
Water Supply Infrastructure		-	-	-	-	-	-	15 251	1 307	1 372
Sanitation Infrastructure		-	-	-	-	-	-	754	788	827
Solid Waste Infrastructure		-	-	-	-	-	-	312	326	342
Infrastructure								40 420	23 238	23 133
Community Facilities		-	-	-	-	-	-	1 757	1 833	1 925
Sport and Recreation Facilities		-	-	-	-	-	-	25	26	27
Community Assets								1 782	1 859	1 952
Non-revenue Generating		-	-	-	-	-	-	28	29	30
Investment properties								28	29	30
Operational Buildings		-	-	-	-	-	-	642	670	703
Other Assets								642	670	703
Licences and Rights		-	-	-	-	-	-	680	711	745
Intangible Assets								680	711	745
Computer Equipment		-	-	-	-	-	-	1 986	1 940	2 033
Furniture and Office Equipment		-	-	-	-	-	-	81	197	207
Machinery and Equipment		-	-	-	-	-	-	148	177	186
Transport Assets		-	-	-	-	-	-	2 171	2 271	2 385
TOTAL CAPITAL EXPENDITURE - Asset class								47 938	31 094	31 374
ASSET REGISTER SUMMARY - PPE (W)	5	-	-	-	-	-	-	331 921	348 517	365 943
Roads Infrastructure		-	-	-	-	-	-	59 827	62 819	65 960
Electrical Infrastructure		-	-	-	-	-	-	119 769	125 758	132 046
Water Supply Infrastructure		-	-	-	-	-	-	136 171	118 566	99 740
Sanitation Infrastructure		-	-	-	-	-	-	4 088	4 292	4 507
Solid Waste Infrastructure		-	-	-	-	-	-	651 776	659 952	668 196
Infrastructure								219 049	219 049	219 049
Community Facilities		-	-	-	-	-	-	6 959	6 959	6 959
Community Assets								6 959	6 959	6 959
Operational Buildings		-	-	-	-	-	-	5 018	5 018	5 018
Other Assets								5 018	5 018	5 018
Computer Equipment		-	-	-	-	-	-	70 203	71 607	73 039
TOTAL ASSET REGISTER SUMMARY - EXPENDITURE OTHER ITEMS	5	-	-	-	-	-	-	953 005	962 585	972 261
Depreciation	7	-	-	-	-	-	-	-	-	-
Repairs and Maintenance by Asset Class	3	-	-	-	-	-	-	19 397	19 551	20 416
Roads Infrastructure		-	-	-	-	-	-	369	383	400
Storm water Infrastructure		-	-	-	-	-	-	336	349	365
Electrical Infrastructure		-	-	-	-	-	-	1 732	1 801	1 880
Water Supply Infrastructure		-	-	-	-	-	-	1 380	1 435	1 498
Sanitation Infrastructure		-	-	-	-	-	-	74	77	81
Infrastructure								3 891	4 045	4 223
Community Facilities		-	-	-	-	-	-	2 150	2 235	2 334
Sport and Recreation Facilities		-	-	-	-	-	-	134	139	145
Community Assets								2 284	2 374	2 479
Operational Buildings		-	-	-	-	-	-	2 100	2 183	2 280
Other Assets								2 100	2 183	2 280
Licences and Rights		-	-	-	-	-	-	1 708	1 775	1 855
Intangible Assets								1 708	1 775	1 855
Computer Equipment		-	-	-	-	-	-	699	728	760
Furniture and Office Equipment		-	-	-	-	-	-	999	1 038	1 084
Machinery and Equipment		-	-	-	-	-	-	1 079	1 121	1 171
Transport Assets		-	-	-	-	-	-	6 637	6 286	6 564
TOTAL EXPENDITURE OTHER ITEMS								19 397	19 551	20 416

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. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the municipality's strategy to address the maintenance backlog.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

NC073 Emthanjeni - Table A10 Basic service delivery measurement										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		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		8 288	8 738	9 175	11 114	11 114	11 114	11 480	11 594	11 640
Piped water inside yard (but not in dwelling)		-	450	473	695	695	695	736	743	763
Using public tap (at least min.service level)	2	21	471	495	465	465	465	452	444	430
Other water supply (at least min.service level)	4	-	450	473	341	341	341	333	320	310
<i>Minimum Service Level and Above sub-total</i>		8 309	10 109	10 614	12 615	12 615	12 615	13 001	13 101	13 143
Total number of households	5	8 309	10 109	10 614	12 615	12 615	12 615	13 001	13 101	13 143
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		6 838	7 288	7 652	8 847	8 847	8 847	9 377	9 507	9 590
Flush toilet (with septic tank)		1 177	1 627	1 709	2 252	2 252	2 252	2 365	2 425	2 480
Chemical toilet		243	693	727	705	705	705	663	636	625
Pit toilet (ventilated)		-	450	473	458	458	458	431	406	402
<i>Minimum Service Level and Above sub-total</i>		8 258	10 058	10 561	12 262	12 262	12 262	12 836	12 974	13 097
Bucket toilet		63	513	539	353	353	353	331	328	319
Other toilet provisions (< min.service level)		-	450	9 175	-	-	-	-	-	-
No toilet provisions		-	-	9 175	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		63	963	18 888	353	353	353	331	328	319
Total number of households	5	8 321	11 021	29 449	12 615	12 615	12 615	13 167	13 302	13 416
Energy:										
Electricity (at least min.service level)		3 318	3 768	3 957	3 838	3 838	3 838	3 990	4 005	4 290
Electricity - prepaid (min.service level)		4 993	5 443	5 715	8 115	8 115	8 115	8 206	8 290	8 350
<i>Minimum Service Level and Above sub-total</i>		8 311	9 211	9 671	11 953	11 953	11 953	12 196	12 295	12 640
Electricity (< min.service level)		11	461	484	469	469	469	435	419	400
Electricity - prepaid (< min. service level)		-	450	473	193	193	193	189	175	162
<i>Below Minimum Service Level sub-total</i>		11	911	956	662	662	662	624	594	562
Total number of households	5	8 321	10 121	10 627	12 615	12 615	12 615	12 820	12 889	13 202
Refuse:										
Removed at least once a week		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
<i>Minimum Service Level and Above sub-total</i>		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
Total number of households	5	8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	4 000	4 000	4 000
Sanitation (free minimum level service)		-	-	-	-	-	-	4 000	4 000	4 000
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	4 000	4 000	4 000
Refuse (removed at least once a week)		-	-	-	-	-	-	4 000	4 000	4 000
Highest level of free service provided per household										
Property rates (R value threshold)								15 000	15 000	15 000
Water (kilolitres per household per month)								8	8	8
Sanitation (kilolitres per household per month)								-	-	-
Sanitation (Rand per household per month)								183	194	209
Electricity (kwh per household per month)								50	50	50
Refuse (average litres per week)								78	78	78
Revenue cost of subsidised services provided (R'000)	9									
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)		-	-	-	-	-	-	25 716	22 061	23 208
Total revenue cost of subsidised services provided		-	-	-	-	-	-	25 716	22 061	23 208

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, who is also the chairperson of the Finance Committee.

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

i. 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 2016) 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 in September 2016. Key dates applicable to the process were:

- **August 2016** – Strategic planning session of all the Councillors and Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2017/18 MTREF;
- **November 2016** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2017** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **25 January 2017** - Council considers the 2017/18 Mid-year Review and Adjustments Budget;
- **January 2017** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- **February 2017** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The Final 2016/17 MTREF is revised accordingly;

- **31 March 2017** - Tabling in Council of the Final 2017/18 IDP and 2017/18 MTREF for public consultation;
- **April 2017** – Public consultation;
- **25 April 2017** - Closing date for written comments;
- **6 to 21 May 2017** – Finalisation of the 2017/18 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2017** - Tabling of the 2017/18 MTREF before Council for consideration And approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council due to commitments that arose on the planned activities.

ii. IDP and Service Delivery and Budget Implementation Plan

The Final IDP as tabled Council on 30 March 2017. It started in September 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the 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 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 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 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

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iii. 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:

- Municipality's growth potential
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt,

- migration patterns)
- Performance trends The approved 2016/17 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
- Solar Energy project potentials

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

iv. Community Consultation

The Final Budget 2017/18 MTREF as tabled before Council on 31 March 2017 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

Council held Budget Input meetings at venues in all wards of Emthanjani municipality. Knock and drops were distributed at all households to inform the communities about the meetings. Advertisements of the notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

Ward Committees were utilised to facilitate the community consultation process from 01 to 15 March 2017, and included eight public briefing sessions with communities, and other stakeholders. The applicable dates and venues were published in all the local newspapers and were attended by the members of the community. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual 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 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:

Significant changes effected in the Final 2017/18 MTREF compared to the Final 2016/17 MTREF that was tabled for community consultation, include:

- The Final Eskom bulk tariff increase, applicable to municipalities from 1 July 2017, was factored into the proposed consumer tariffs, applicable from 1 July 2017. This resulted in an increase of 8 per cent;
- The SALGBC parties' settlement regarding the salary negotiations have been Finalised for in the 2017/18 financial year;
- The 2017 Division of Revenue Act (DORA) grant allocations were Finalized and aligned to the gazetted allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

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 Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this 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 Municipality'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;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget.

Table 24 IDP Strategic Objectives

	2016/17 Financial Year	2017/18 MTREF
1.	Ensure that all residents have access to sustainable free basic services and all other services rendered	Provision of access to all basic services rendered to residents within the available resources.
2.	Development and transformation of the institution with the aim of capacitating the municipality in meeting the Objectives	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.
3.	Promote sustainable and representative governance through the efficient, effective	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.
4.	Promote sustainable and representative governance through the efficient, effective and sustainable utilization of resources in consultation with the residents of Emthanjeni Municipality.	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.
5.	Create an effective, efficient, sustainable and viable municipality through financial management	Maintaining a financially sustainable and viable Municipality.
6.	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor.
7.	Contribute to the development of caring communities which promote and protect the right and needs of all citizens, with a particular focus on the poor.	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.
8.	Ensure a healthy environment for all residents of Emthanjeni through effective environmental management.	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality 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 five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;
- Provide water;
- Provide sanitation;
- Provide waste removal;

- Provide housing;
- Provide roads and storm water;
- Provide public transport;
- Provide Municipality planning services; and
- Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the Municipality;
- 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.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- 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 Municipality 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.

3.2 Integrated Social Services for empowered and sustainable communities

- 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

4. 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.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- 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 Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality 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 Municipality 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 Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

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

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

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 Municipality;
- 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 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue



NC073 Emthanjeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2013/14 Audited Outcome	2014/15 Audited Outcome	2015/16 Audited Outcome	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
							Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand													
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)										332	362	344
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance										6 338	6 908	6 563
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area										3 340	3 641	3 459
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water, sanitation and refuse management demand and maintain existing infrastructure										77 939	84 954	80 706
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure										34 147	37 221	35 360
Provision of access to all basic services rendered to residents within available resources	To provide a quality electricity supply, manage demand and maintain existing infrastructure										74 126	76 882	73 037
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality										11 314	12 332	11 716
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality										6 836	7 452	7 079
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality										26 540	28 929	27 483
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective										938	1 023	971
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA										26	29	27
Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation										3 532	3 850	3 657
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices										75	81	77
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area										-	-	-
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities										-	-	-
Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	To improve and facilitate rural development in the municipal area										2 893	3 154	2 996
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area										9 170	10 688	10 981
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contribution			1	-	-	-	-	-	-	-	257 549	277 504	264 457

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure



NC073 Emthanjeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)										2017/18 Medium Term Revenue & Expenditure Framework			
Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast				
R thousand													
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)										4 879	5 118	5 379
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance										8 469	8 884	9 337
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area										4 963	5 206	5 472
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water, sanitation and refuse management demand and maintain existing infrastructure										80 287	86 909	91 341
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure										13 630	14 297	15 027
Provision of access to all basic services rendered to residents within available resources	To provide a quality electricity supply, manage demand and maintain existing infrastructure										51 219	58 974	61 982
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality										2 739	2 873	3 020
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality										10 762	11 289	11 865
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality										4 565	4 789	5 033
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective										1 630	1 710	1 797
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA										2 076	2 178	2 289
Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation										8 303	9 759	10 257
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices										3 995	4 190	4 404
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area										8 301	8 707	9 151
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities										8 176	8 577	9 014
Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	To improve and facilitate rural development in the municipal area										6 741	7 071	7 431
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area										10 614	11 207	11 975
Allocations to other priorities													
Total Expenditure			1	-	-	-	-	-	-	-	231 349	251 740	264 775

Table 28 MBRR Table SA6 - NC073 Emthanjeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

NC073 Emthanjeni - 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	
R thousand													
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water manage demand and maintain existing infrastructure	A									5 601	3 114	3 086
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure	B									7 537	4 190	4 153
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality sanitation manage demand and maintain existing infrastructure	C									6 450	3 586	3 554
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality	D									-	-	-
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality	E									2 311	1 285	1 273
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area	F									332	185	183
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices	G									830	462	457
Provision of access to all basic services rendered to residents within available resources	To provide all communities sustainable electricity and to manage electricity increased demand within the current infrastructure	H									16 021	8 809	8 732
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	I									-	-	-
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)	J									-	-	-
Allocations to other priorities			3										
Total Capital Expenditure			1	-	-	-	-	-	-	-	39 082	21 631	21 438

Supporting Table SA7 Measureable performance objectives

NC073 Emthanjeni - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	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
Vote 1 - Executive and Council										
Function 1 - Governance										
Sub-function 1 - Office of the										
To be an executive council by leading and	No of performance	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
To continuously review the accountable	% completed	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sub-function 2 - Council										
Develop Risk based audit plan and submit to	RBAP submitted to the	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Submit quarterly performance reports to	No of performance	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sub-function 3 - Internal audit Section										
Submit quarterly performance reports to	No of performance	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Implement public education campaigns on	No of education	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Function 2 - Local Economic										
Sub-function 1 - Economic										
Arrange meetings with possible investors for	No meetings	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Awareness programmes through	Number of campaigns	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Office of the Mayor										
Compile a rural development strategy	Strategy approved	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Establish commonage committee	Committee established	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 3 - Public Safety										
Establish community safety plans in	Number of plans	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Inspect and assess infrastructure and role	Number of reports	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Vote 2 - Finance and Admin										
Function 1 - Directorate Chief Financial										
Sub-function 1 - Directorate CFO										
Submit the annual financial statements by the	Statements submitted	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Monthly financial reporting to council	No of reports	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Financial Services										
Compilation of a Revenue Enhancement	% Completion	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Achievement of a payment percentage of	Payment %	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Sub-function 3 - Assessment Rates										
Complete the Supplementary Valuation Roll by	Valuation Roll completed	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Prepare and submit the adjustments	Approved main &	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Function 2 - Public Participation										
Sub-function 1 - DCCDS										
Annual workshop with ward committees to	Workshop held	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Compile contingency plans for all	Number of plans	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Public Safety										
Increase capacity of traffic services to	Number of staff appointed	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Road safety awareness campaigns held in	Number of campaigns	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 3 - Community Services										
Participate in annual National Arive Alive	Number of joint	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Speed law enforcement (direct prosecution)	# of enforcement	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Vote 3 - Basic Service Delivery										
Function 1 - Infrastructure Services										
Sub-function 1 - Directorate										
Provide consideration (decisions) on building	% building plans	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Implement the De Aar and Hanover	Number of sites serviced	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sub-function 2 - Water										
Implementation of the WCWDM project funded	% of approved project	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Spent the approved maintenance budget	% of approved	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Sub-function 3 - Water and Waste										
Planning of new boreholes for De Aar	DWA approval and	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Water quality as per blue drop	% water quality level	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Function 2 - Waste Water Management										
Sub-function 1 - Waste Water										
Submit business plan to council by end June	Business plan submitted	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Spent the approved maintenance budget	% of approved	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Road Transport										
Construct new tar roads	No of kilometers	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Spent the approved maintenance budget	% of approved	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Sub-function 3 - Infrastructural										
Compile and submit business plan to MIG by	Business plan submitted	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Electricity Master plan	Completed plan	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
And so on for the rest of the Votes										

2.3 Measurable performance objectives and indicators

Space Access Opportunity[®]

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

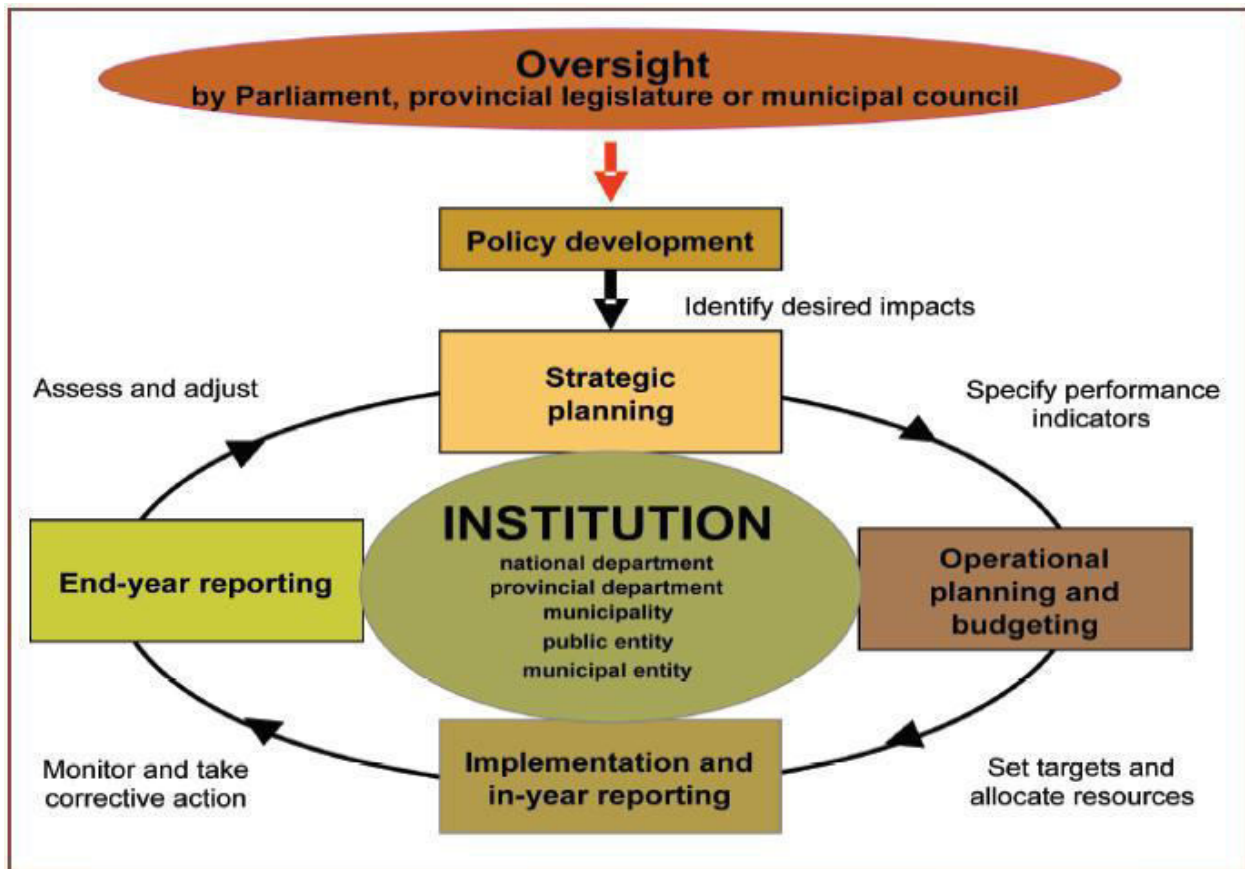


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what Purpose); and
- Improvement (making changes where necessary).

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

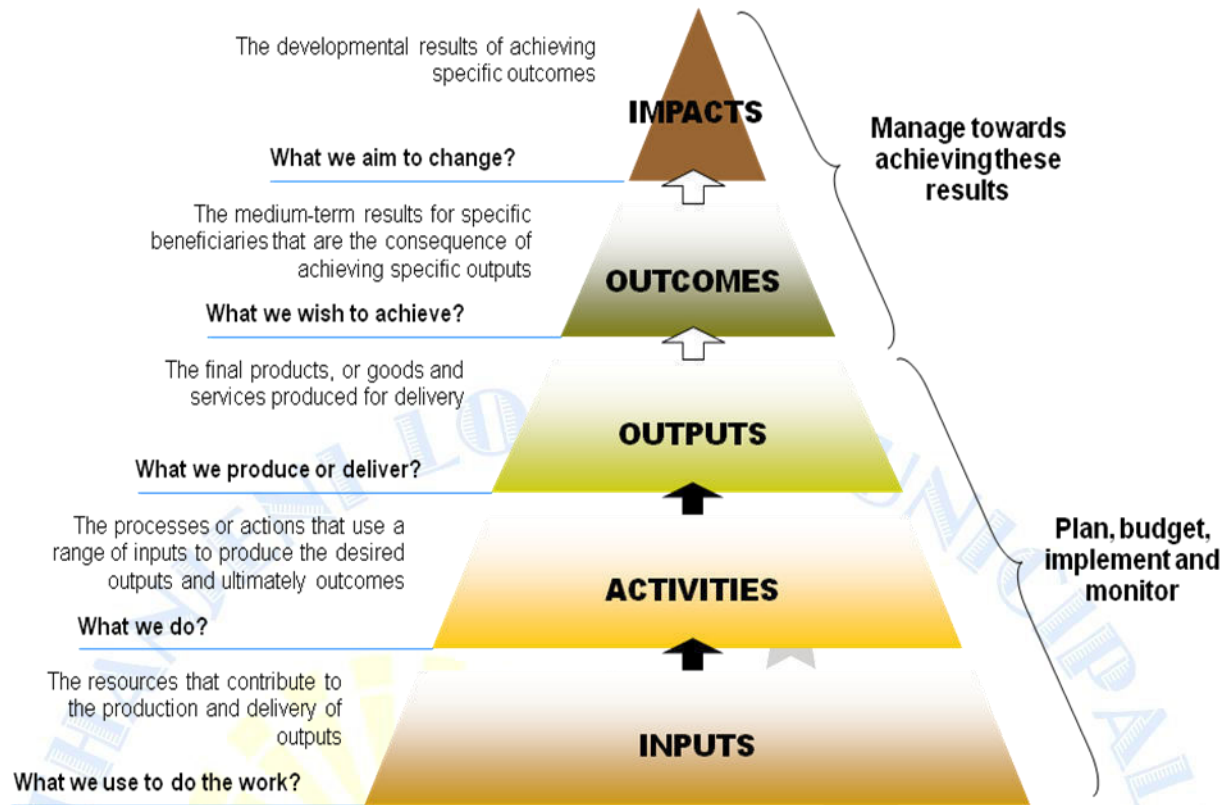


Figure 3 Definition of performance information concepts

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

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

NC073 Emthanjeni - 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
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	2.4%	3.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	3.2%	4.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex.c.l. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	1.3%	1.2%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	-	-	3.3	3.2	3.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	-	-	3.3	3.2	3.0
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	-	-	0.3	0.3	0.2
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	93.8%	93.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	93.8%	93.4%	93.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.6%	15.5%	15.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1631.4%	11117.4%	-1266.1%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)				5580000	5580000	5580000	5580000	5635800	5720337	5748938.685
	Total Cost of Losses (Rand '000)				4 900	4 900	4 900	4 900	4949000	5023235	5048351.175
	% Volume (units purchased and generated less units sold)/units purchased and generated				12	12	12	12	12120	12301.8	12363.309
Water Distribution Losses (2)	Total Volume Losses (kℓ)				528	528	528	528	533280	541279.2	543985.596
	Total Cost of Losses (Rand '000)				441490	441490	441490	441490	445904.9	452593.4735	454856.4409
	% Volume (units purchased and generated less units sold)/units purchased and generated				15	15	15	15	15150	15377.25	15454.13625
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	34.2%	34.6%	35.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	35.7%	38.0%	39.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%	8.4%	8.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.9%	6.7%	8.0%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	-	-	-	-	-	-	-	102.4	99.6	104.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.7%	23.9%	23.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	-	-	0.1	0.0	(0.1)

2.4 Performance indicators and benchmarks

2.4.1 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, Emthanjeni's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality'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 2.65 per cent to 0 per cent in 2019/20, it needs to that this decrease is due to the fact that the municipality will pay off all loans over the MTREF.
- *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 fluctuated from 1.38 per cent in 2017/18, 0 per cent in 2018/19 and 0 per cent in 2019/20. This decrease can be attributed to the paying off of loans by the municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.4.2 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 total of loans, creditors, overFinal and tax provisions as a percentage of funds and reserves. During the 2017/18 financial year the ratio deteriorated to a level 0.1 per cent.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2013/14 and 2019/20 the gearing ratio peaked at 0 per cent. This was primarily a result of the having no long term borrowing.

2.4.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2017/18 MTREF the current ratio is 3.3 in the 2017/18 financial year. 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 cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/18 financial year the ratio was 0.3 and as part of the financial planning strategy it has been remaining constant at 0.3 in the 2018/19 financial year. This is expected to reach optimal level by 2019/20. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.4.4 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, and credit control and debt collection. A Debt Collection firm has been appointed to recover arrear monies from consumers.

2.4.5 Creditors Management

- The Municipality 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 Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.4.6 Other Indicators

- The electricity distribution losses has decreased from 13.1 per cent in the 2013/14 financial year to 10.5 per cent in 2019/20. 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, and the hiring of a meter readers that prevent increasing illegal connections.
- The water distribution losses have been significantly reduced from 16.7 per cent in 2013/14 to 14.5 per cent in 2019/20. This has been achieved with the introduction of a water leakage report and action centre. Various awareness programmes are unfolding to reduce these losses and also to repair these leakages.
- Employee costs as a percentage of operating revenue decreases over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.5 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2016/17 financial year 3 451 registered indigents have been provided for in the budget with this figured increasing to almost 4 000 by 2017/18. In terms of the Municipality's indigent policy registered households are entitled to 8kℓ free water, 50 kwh of electricity, sanitation and free waste removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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.

2.6 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Emthanjeni Municipality is striving to obtain full Blue Drop status in 2017/18, indicating that the Municipality's drinking water is of exceptional quality.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and

2.7 Overview of budget related-policies

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

2.7.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in May 2016. 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 90 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 Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy. The policy is currently being revised.

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

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. 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). The policy is currently being revised.

2.7.3 Budget Adjustment Policy

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

2.7.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy has been approved by council on the 30 May 2016. The policy is currently being revised.

2.7.5 Budget and Virement Policy

The Budget and 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 Municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2009 and was amended during May 2014 in respect of both Operating and Capital Budget Fund Transfers. An amended policy has been approved by council on the 30 May 2016. The policy is currently being revised.

2.7.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in May 2016. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks. An amended policy has been approved by council on the 30 May 2016. The policy is currently being revised.

2.7.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years. An amended policy has been approved by council on the 30 May 2016. The policy is currently being revised.

2.7.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2017/18 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2016/17 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

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

The policy is currently being revised.

2.8 Overview of budget assumptions

The following assumptions were crucial and determining factors during the budget process and the preparations of the budget.

2.8.1 ASSUMPTIONS

- Inflation is just inside the Reserve Bank parameters of 6% but it does not really reflect the real price increases on the ground.
- NERSA tariff increase guideline stated that municipalities should budget for increases of 8%. The average increment will be as from 01 July 2017 which, will not only have a direct impact on the sale and procurement of electricity but to price hikes in general.
- The current situation at ESKOM is also contributing the uncertainties and uncontrollable factors experienced by South Africans as a whole.
- Annual increase of 7.33 % has been provided as per Collective Wage Agreement as per SALGBC.
- The weak Rand Foreign Exchange Rate and the increase of Oil prices are also not favorable to the current economic outlook.
- The Macro Economic outlook impacts not only directly on municipalities but forced municipalities to operate within its budgetary means. Expenditure control will be a major controlling factor for the years to come.
- Repair and Maintenance Costs together with labour costs of repairing municipal assets also fall victim of the huge price hikes which needs to be taken into consideration. This is an area where much more investment will be invested over the next few years.

2.8.2 FORECASTING OF REVENUE AND EXPENDITURE

REVENUE

Rates and taxes

- Residential properties will increased and decreased.
- Agricultural properties will decreased mostly.
- Other categories will increased.

The New General Valuation Roll will be implemented from 01 July 2017 and will be effective till 30 June 2022. Properties where values increase or decrease will see tariff increases or decreases.

- Agriculture properties will be levied according (residential properties) in the ratio 1:0,25 and must apply for the rebate of 25% before the end of August 2017.
- The owner must be at least sixty (65) years of age and total gross monthly income or earnings must not exceed
 - (j) *an amount of R4 950 to qualify for a 50% rates rebate*
 - (ii) *an amount of R5 550 to qualify for a 45% rates rebate*
 - (iii) *an amount of R6 200 to qualify for a 40% rates rebate*
- Mining and Industrial property will increase higher than the other categories. Portions of farms which are exclusive used for renewable or solar energy will be part of this category of properties.

2. Electricity

- Basic fee will increase by 4%
- Conventional and Prepaid electricity tariffs will be increase (see tariff schedule)
 - 1-50 kWh increase by 1.88 %
 - 51-350 kWh increase by 1.88%
 - 351 and more kWh units increase by 1.88%

3. Water

- Basic fee will increase by 6.4%.
- Water consumption will be increased by 6.4% in all blocks
- Water will be levied from the first kiloliter consumed for all consumers that are not residential consumers.
- A new block is being introduced for consumers who are consuming more than 65kl.

4. Sewerage and sanitation

- Tariffs increased by 6.4%

5. Refuse removal

- Tariffs increased by 6.4%

6. All other secondary tariffs.

- Tariffs increased by 8%.

EXPENDITURE

2.1 EMPLOYEE COSTS: SALARIES AND WAGES

- Salaries and wages has been provided at an increment of 7.3 %

2.2 EMPLOYEE COSTS: SOCIAL CONTRIBUTIONS

- A provision of an average increment of 7.3 % has been provided

2.3 REPAIR AND MAINTENANCE

- A provision of an average increment of 6 % will provided. However Repair and Maintenance expenditure increased by almost 7% in relation to last year. This show Council's commitment to the maintenance of all assets, it also includes an amount for operating vehicle leases (full maintenance lease).

2.4 BULK PURCHASES

- Electricity purchases will increase on a weighted average of 8 % from 01 July 2017 and water will increase on average of 6.4 %.

2.5 CAPITAL CHARGES

- Capital Charges will decrease due the redemption of External Loans

2.6 GENERAL COSTS

- A provision of an average increment of 9% will provided.

2.7 PROVISION FOR BAD DEBTS

- A provision of an average increment of 8% has been provided on all
- budgeted levied revenue.

BUDGET ANALYSIS

- The overall increases during the 2017/2018 and 2018/2019 financial years reflects an annual increment of $\pm 10\%$ and in 2019/2020 budget year on average decrease of 13% will be expected. This is mainly due to the non-allocation of Capital Grant Funding as gazetted in the DORA
- The total tariff increment will be $\pm 6\%$ which is in line with the expectations of National Treasury except the electricity tariff.
- Electricity tariffs increments are as per NERSA's guidelines
- The general tariff increment between 6-9% is also in line with the current economic data available.
- The budget is realistic and external or macro-economic factors as well as micro economic factors were taken into consideration. However, the municipality have no control over these macro conditions that impacts very heavily on the operations of the municipality. These are interest rates, fuel prices, inflation rates, high food prices, unemployment rate, and also statutory levies imposed by National and Provincial Governments, etc.
- The budget is very income generated driven and also focus on building and maintain infrastructure development within the Emthanjeni Municipality.
- All budgeted income will realised by the extensive efforts that will be enforced by the officialdom.
- Strict expenditure mechanisms will be enforced to ensure that the key Strategic Objectives of the municipality are executed.
- Budget is in line with the policies of council especially directed to the poorest of the poor with the provision of Free Basic Services to all qualified Indigent Households.
- Local Economic Development opportunities has been identified in order to provide sustainable LED projects for the communities.
- The budget is also biased towards the Indigent Households within the municipality.

BUDGET RELATED POLICIES

The following policies were tabled to council during Council Meeting held on 30 March 2017 of the Budget Meeting. The policies are

- (i) Final IDP
- (ii) Final Budget Policy
- (ii) Final Credit Control Policy
- (iii) Final Indigent Policy
- (iii) Final Tariff Policy
- (iv) Final rates Policy
- (v) Final Customer Care Policy
- (v) Final Investment and Cash Management policy
- (vi) Final Service Delivery and Budget Implementation Plan (SDBIP)
- (vii) Final Revised Supply Chain Management Policy
- (viii) Final Asset Management Policy

CONCLUSION

The 2017/2018 budget is an budget to make services affordable to all consumers. It is a plan to implement the cross-cutting of expenditure. The budget testifies of the continuation with the developmental agenda to expand the infrastructure to new and higher levels. It also aims to continue with the creation of jobs, fighting poverty and most of all ensure that we invest in infrastructure assets of the Emthanjeni municipality.

The increases of tariffs are mainly focused on affordability and to ensure that we generated all revenue as budgeted for. Hence the low increment of operating expenditure and expenditure control that will be sharpened over the next financial year.

The Council commitment to create an conducive environment for Investors to invest in the economy of Emthanjeni municipality cannot be underestimated. The various economic initiatives are testimony of Council's commitment, readiness and ability to ensure that we continue with the path of National Development Plan.

1 The budget is prepared under the auspices and principles from the Minister of finance and the MEC of Finance that all sectors of government must ensure that austerity measures are introduced. Sustainable service delivery still takes precedence in this Final budget.

2.9 Overview of budget funding

2.9.1 Medium-term outlook: operating revenue

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



NC073 Emthanjeni - Table A4 Budgeted Financial Performance (revenue and expenditure)				
Description	Ref	2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source				
Property rates	2	27 763	27 818	29 265
Service charges - electricity revenue	2	58 966	61 272	64 459
Service charges - water revenue	2	30 346	31 084	32 576
Service charges - sanitation revenue	2	18 938	19 289	20 292
Service charges - refuse revenue	2	11 301	11 215	11 798
Service charges - other		125	132	139
Rental of facilities and equipment		789	779	817
Interest earned - external investments		931	764	804
Interest earned - outstanding debtors		1 259	1 132	1 190
Dividends received		–	–	–
Fines, penalties and forfeits		3 720	3 888	4 083
Licences and permits		1 970	2 060	2 162
Agency services		–	–	–
T ransfers and subsidies		40 761	44 109	47 146
Other revenue	2	28 120	28 941	30 429
Gains on disposal of PPE		268	278	320
Total Revenue (excluding capital transfers and contributions)		225 257	232 760	245 479
Expenditure By Type				
Employee related costs	2	76 930	80 423	86 053
Remuneration of councillors		5 275	5 668	6 065
Debt impairment	3	7 578	9 463	10 670
Depreciation & asset impairment	2	9 056	9 463	9 936
Finance charges		2 055	6 042	9 805
Bulk purchases	2	60 434	63 876	67 198
Other materials	8	19 397	19 551	20 416
Contracted services		9 819	9 785	5 477
T ransfers and subsidies		–	–	–
Other expenditure	4, 5	40 805	47 469	49 155
Loss on disposal of PPE		–	–	–
Total Expenditure		231 349	251 740	264 775
Surplus/(Deficit)		(6 093)	(18 979)	(19 296)
T ransfers and subsidies - capital (monetary allocations) (National / Provincial and District)		32 292	44 744	18 978
T ransfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–
T ransfers and subsidies - capital (in-kind - all)		–	–	–
Surplus/(Deficit) after capital transfers & contributions		26 199	25 765	(318)
Taxation		–	–	–
Surplus/(Deficit) after taxation		26 199	25 765	(318)
Attributable to minorities		–	–	–
Surplus/(Deficit) attributable to municipality		26 199	25 765	(318)
Share of surplus/ (deficit) of associate	7	–	–	–
Surplus/(Deficit) for the year		26 199	25 765	(318)

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

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

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 96 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 27 Proposed tariff increases over the medium-term

Revenue category	2017/18 proposed tariff increase	2018/19 proposed tariff increase	2019/20 proposed tariff increase
	%	%	%
Property rates	6	6	6
Sanitation	6	6	6
Solid Waste	6	6	6
Water	6.4	6.4	6.4
Electricity	1.8	1.8	10.5

Revenue to be generated from property rates is R27, 763 million in the 2017/18 financial year and increases to R27, 818 million by 2018/19 which represents 12 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Operational grants and subsidies amount to R40,761 million, R44, 109 million and R47, 146 million for each of the respective financial years of the MTREF, or 18.69, 17.85 and 13.08 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are changing over the MTREF..

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R2, 190 million, R1, 865 million and R3, 078 million for the respective three financial years of the 2016/17 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 28 MBRR SA15 – Detail Investment Information

NC073 Emthanjeni - Supporting Table SA15 Investment particulars by type										
Investment type	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										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank								9 600	9 121	8 667
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	9 600	9 121	8 667
Consolidated total:		-	-	-	-	-	-	9 600	9 121	8 667

Table 29 MBRR SA16 – Investment particulars by maturity

NC073 Emthanjeni - Supporting Table SA16 Investment particulars by maturity														
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
General Investment		Yes	Fixed Deposit	Yes	Yes	0.075	0	0	30/06/2016	13 448	715			14 163
														-
														-
														-
														-
Municipality sub-total										13 448				14 163
TOTAL INVESTMENTS AND INTEREST	1									13 448				14 163

Emthanjeni Municipality will not enter into any loans during the 2017/18 MTREF and has paid off all borrowings by the end of the 2016/2017 financial year.

Table 32 MBRR Table SA 18 - Capital transfers and grant receipts

NC073 Emthanjeni - 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
R thousand										
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	32 292	44 744	18 978
Municipal Infrastructure Grant (MIG)								12 292	12 744	13 221
Regional Bulk Infrastructure								14 000	30 000	4 757
Integrated National Electrification Programme								6 000	2 000	1 000
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	-	-	-	-	32 292	44 744	18 978
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	73 747	88 853	66 124

2.9.2 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 33 MBRR Table A7 - Budget cash flow statement

NC073 Emthanjeni - Supporting Table SA30 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	
R thousand													1			
Cash Receipts By Source																
Property rates	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	3 126	24 942	24 003	24 875
Service charges - electricity revenue	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	5 029	55 943	58 209	61 236
Service charges - water revenue	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 855	28 758	29 530	30 947
Service charges - sanitation revenue	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 761	17 835	18 325	19 277
Service charges - refuse revenue	847	847	847	847	847	847	847	847	847	847	847	847	1 347	10 666	10 654	11 208
Service charges - other	10	10	10	10	10	10	10	10	10	10	10	10	10	119	125	132
Rental of facilities and equipment	58	58	58	58	58	58	58	58	58	58	58	58	58	695	740	776
Interest earned - external investments	58	58	58	58	58	58	58	58	58	58	58	58	58	694	726	763
Interest earned - outstanding debtors	86	86	86	86	86	86	86	86	86	86	86	86	86	1 028	1 076	1 131
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	295	295	295	295	295	295	295	295	295	295	295	295	295	3 534	3 694	3 879
Licences and permits	156	156	156	156	156	156	156	156	156	156	156	156	156	1 872	1 957	2 054
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	2 761	40 761	44 109	47 146
Other revenue	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	3 184	27 209	27 494	28 907
Cash Receipts by Source	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	20 725	214 058	220 639	232 332
Other Cash Flows by Source																
Transfer receipts - capital	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 292	44 744	18 978
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	22	22	22	22	22	22	22	22	22	22	22	22	22	268	278	320
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	8	8	8	8	8	8	8	8	8	8	8	8	8	95	92	89
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivabk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	23 446	246 712	265 753	251 719
Cash Payments by Type																
Employee related costs	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	8 032	76 930	80 423	86 053
Remuneration of councillors	441	441	441	441	441	441	441	441	441	441	441	441	419	5 275	5 668	6 065
Finance charges	480	480	480	480	480	480	480	480	480	480	480	480	(3 220)	2 055	6 042	9 805
Bulk purchases - Electricity	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	57 992	60 891	64 057
Bulk purchases - Water & Sewer	237	237	237	237	237	237	237	237	237	237	237	237	(163)	2 443	2 985	3 140
Other materials	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	2 157	19 397	19 551	20 416
Contracted services	777	777	777	777	777	777	777	777	777	777	777	777	1 277	9 819	9 785	5 477
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	6 474	33 686	40 580	15 586
Cash Payments by Type	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	19 808	207 596	225 924	210 599
Other Cash Flows/Payments by Type																
Capital assets	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 440	39 082	40 826	42 867
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	23 248	246 678	266 750	253 466
NET INCREASE/(DECREASE) IN CASH HELD	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	198	34	(997)	(1 747)
Cash/cash equivalents at the month/year begin:	1 139	1 124	1 109	1 094	1 079	1 064	1 049	1 034	1 019	1 005	990	975	1 139	1 172	175	175
Cash/cash equivalents at the month/year end:	1 124	1 109	1 094	1 079	1 064	1 049	1 034	1 019	1 005	990	975	1 172	1 172	175	(1 572)	(1 572)

2.9.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome,

but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC073 Emthanjeni - 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	-	-	-	-	-	-	-	1 172	175	(1 572)
Other current investments > 90 days		-	-	-	-	-	-	-	(0)	(212)	(212)
Non current assets - Investments	1	-	-	-	-	-	-	-	29	29	29
Cash and investments available:									1 201	(8)	(1 755)
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	1 646	1 728	1 815
Other working capital requirements	3	-	-	-	-	-	-	-	(13 750)	(14 184)	(14 733)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:									(12 104)	(12 456)	(12 918)
Surplus(shortfall)									13 305	12 448	11 163

From the above table it can be seen that the cash and investments available total R1, 201 million in the 2017/18 financial year however this decreases to -R1, 755 million by 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 2013/14 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.

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, as was experienced by the Municipality in 2017/18 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

2.9.3 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 35 MBRR SA10 – Funding compliance measurement

NC073 Emthanjeni 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	-	-	-	-	-	-	-	1 172	175	(1 572)
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	-	-	-	-	13 305	12 448	11 163
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	-	-	0.1	0.0	(0.1)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	-	-	-	-	-	-	26 199	25 765	(318)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(3.7%)	(0.9%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	93.6%	93.1%	92.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	6.3%	6.7%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	188.7%	200.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	1.3%	1.2%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.1%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.9%	31.8%	33.7%

2.9.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2017/18 MTREF shows R1, 172 million, R0, 175 million and -R1, 572 million for each respective financial year.

2.9.4.2 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. 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.

2.9.4.3 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 Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2013/14 to 2019/20, moving from 1.0 to 0.1 with the Final 2017/18 MTREF.

As part of the 2017/18 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then improves slightly slightly to 1.2 and 3.3 for the outer years. As

indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.9.4.4 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 R14, 045 million, R25, 765 million and -R0, 318 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.

2.9.4.5 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. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 8 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.9.4.6 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 93.6, 93.1 and 92.9 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. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly?

2.9.4.7 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 6.7, 6.3 and 6.7 per cent over the MTREF. Considering the debt

incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.9.4.8 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. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.9.4.9 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 less than a per cent of own funded capital.

2.9.4.10 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 Municipality has budgeted for all transfers.

2.9.4.11 Consumer debtors change (Current and Non-current)

The purpose 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 Municipality's policy of settling debtors accounts within 30 days.

2.9.4.12 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 Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C.

2.9.4.13 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.

2.9.5 Expenditure on grants and reconciliations of unspent funds

Table 36 MBRR SA19 - Expenditure on transfers and grant programmes

NC073 Emthanjeni - 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:		-	-	-	-	-	-	39 880	42 458	45 410
Local Government Equitable Share								37 094	40 758	43 710
Finance Management								1 700	1 700	1 700
EPWP Incentive								1 086	-	-
Provincial Government:		-	-	-	-	-	-	881	1 651	1 736
Sport and Recreation								881	1 651	1 736
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		-	-	-	-	-	-	40 761	44 109	47 146
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	32 292	44 744	18 978
Municipal Infrastructure Grant (MIG)								12 292	12 744	13 221
Regional Bulk Infrastructure								14 000	30 000	4 757
Integrated National Electrification Programme								6 000	2 000	1 000
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	32 292	44 744	18 978
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	73 053	88 853	66 124

2.9.4 Councillor and employee benefits

Table 1 MBRR SA22 - Summary of councillor and staff benefits

NC073 Emthanjeni - 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		
R thousand		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
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages								3 623	3 985	4 384
Motor Vehicle Allowance								1 208	1 328	1 461
Cellphone Allowance								414	456	501
Other benefits and allowances								52	57	63
Sub Total - Councillors		-	-	-	-	-	-	5 297	5 827	6 410
% increase	4		-	-	-	-	-	-	10.0%	10.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages								4 052	4 457	4 902
Pension and UIF Contributions								673	741	815
Medical Aid Contributions								115	127	139
Motor Vehicle Allowance	3							770	847	931
Cellphone Allowance	3							382	420	462
Other benefits and allowances	3							62	68	75
Sub Total - Senior Managers of Municipality		-	-	-	-	-	-	6 053	6 658	7 324
% increase	4		-	-	-	-	-	-	10.0%	10.0%
Other Municipal Staff										
Basic Salaries and Wages								54 607	58 122	63 934
Pension and UIF Contributions								9 228	10 151	11 166
Medical Aid Contributions								1 865	2 052	2 257
Overtime								1 334	1 467	1 614
Motor Vehicle Allowance	3							1 150	1 265	1 392
Cellphone Allowance	3							317	322	326
Housing Allowances	3							1 178	1 328	1 494
Other benefits and allowances	3							1 141	1 255	1 381
Post-retirement benefit obligations	6							57	57	58
Sub Total - Other Municipal Staff		-	-	-	-	-	-	70 877	76 020	83 622
% increase	4		-	-	-	-	-	-	7.3%	10.0%
Total Parent Municipality		-	-	-	-	-	-	82 228	88 505	97 355
								-	7.6%	10.0%
TOTAL SALARY, ALLOWANCES & BENEFITS		-	-	-	-	-	-	82 228	88 505	97 355
% increase	4		-	-	-	-	-	-	7.6%	10.0%
TOTAL MANAGERS AND STAFF	5,7	-	-	-	-	-	-	76 930	82 678	90 946

Table 38 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

73 Emthanjeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior manag								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	480 688	5 068	187 847			673 603
Chief Whip		1	181 113	3 071	87 989			272 173
Executive Mayor		1	600 856	5 869	227 905			834 630
Deputy Executive Mayor								-
Executive Committee		2	498 062	7 048	221 258			726 368
Total for all other councillors		10	1 862 441	31 051	896 999			2 790 490
Total Councillors	8	15	3 623 159	52 107	1 621 998			5 297 264
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	997 437	181 752	404 313			1 583 502
Chief Finance Officer		1	964 600	215 363	266 541			1 446 504
Director Corporate Services		1	600 194	158 646	159 598			918 438
Director Infrastructure Services		1	779 810	139 928	67 838			987 576
Director Community Services		1	709 600	154 125	253 184			1 116 909
Total Senior Managers of the Municipality	8,10	5	4 051 641	849 814	1 151 474	-		6 052 929
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	20	7 674 800	901 921	2 773 472	-		11 350 193

Table 39 MBRR SA24 – Summary of personnel numbers

NC073 Emthanjeni - Supporting Table SA24 Summary of personnel numbers											
Summary of Personnel Numbers		Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number	1,2	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)		14	2	12	14	2	12	14	2	12	
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-	
Municipal employees											
Municipal Manager and Senior Managers	3	5		5	5		5	5		5	
Other Managers	7	7	6	1	7	6	1	7	6	1	
Professionals		6	6	-	6	6	-	6	6	-	
Finance		4	4	-	4	4	-	4	4	-	
Spatial/town planning		-	-	-	-	-	-	-	-	-	
Information Technology		1	1	-	1	1	-	1	1	-	
Roads		-	-	-	-	-	-	-	-	-	
Electricity		1	1	-	1	1	-	1	1	-	
Technicians		33	31	2	33	31	2	33	31	2	
Finance		5	3	2	5	3	2	5	3	2	
Roads		3	3	-	3	3	-	3	3	-	
Electricity		6	6	-	6	6	-	6	6	-	
Water		2	2	-	2	2	-	2	2	-	
Other		17	17	-	17	17	-	17	17	-	
Clerks (Clerical and administrative)		138	136	2	138	136	2	138	136	2	
Craft and related trades		45	45	-	45	45	-	45	45	-	
Plant and Machine Operators		40	40	-	40	40	-	40	40	-	
Elementary Occupations		170	160	10	170	160	10	170	169	10	
TOTAL PERSONNEL NUMBERS	9	458	426	32	458	426	32	458	435	32	
% increase									2.1%		
Total municipal employees headcount	6, 10	359	340	19	359	340	19	352	332	20	
Finance personnel headcount	8, 10	44	37	7	44	37	7	45	39	6	
Human Resources personnel headcount	8, 10	3	3	-	3	3	-	3	3	-	

2.9.7 Monthly targets for revenue, expenditure and cash flow

Table 40 MBRR SA25 - Budgeted monthly revenue and expenditure

NC073 Emthanjeni - Supporting Table SA25 Budgeted monthly revenue and expenditure																
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 Source																
Property rates		2 218	2 218	2 218	2 218	2 218	2 218	2 218	2 218	2 218	2 218	2 218	2 218	26 620	27 818	29 265
Service charges - electricity revenue		4 872	4 872	4 872	4 872	4 872	4 872	4 872	4 872	4 872	4 872	4 872	4 872	58 466	61 272	64 459
Service charges - water revenue		2 479	2 479	2 479	2 479	2 479	2 479	2 479	2 479	2 479	2 479	2 479	2 479	29 746	31 084	32 576
Service charges - sanitation revenue		1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	18 458	19 289	20 292
Service charges - refuse revenue		892	892	892	892	892	892	892	892	892	892	892	892	10 701	11 215	11 798
Service charges - other		10	10	10	10	10	10	10	10	10	10	10	10	125	132	139
Rental of facilities and equipment		61	61	61	61	61	61	61	61	61	61	61	61	732	779	817
Interest earned - external investments		61	61	61	61	61	61	61	61	61	61	61	61	731	764	804
Interest earned - outstanding debtors		90	90	90	90	90	90	90	90	90	90	90	90	1 083	1 132	1 190
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		310	310	310	310	310	310	310	310	310	310	310	310	3 720	3 888	4 083
Licences and permits		164	164	164	164	164	164	164	164	164	164	164	164	1 970	2 060	2 162
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	41 455	44 109	47 146
Other revenue		2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	27 589	28 941	30 429
Gains on disposal of PPE		22	22	22	22	22	22	22	22	22	22	22	22	268	278	320
Total Revenue (excluding capital transfers and contributions)		18 472	18 472	18 472	18 472	18 472	18 472	18 472	18 472	18 472	18 472	18 472	18 472	221 664	232 760	245 479
Expenditure By Type																
Employee related costs		6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	75 162	80 423	86 053
Remuneration of councillors		441	441	441	441	441	441	441	441	441	441	441	441	5 297	5 668	6 065
Debt impairment		807	807	807	807	807	807	807	807	807	807	807	807	9 678	9 463	10 670
Depreciation & asset impairment		755	755	755	755	755	755	755	755	755	755	755	755	9 056	9 463	9 936
Finance charges		480	480	480	480	480	480	480	480	480	480	480	480	5 755	6 042	6 305
Bulk purchases		5 070	5 070	5 070	5 070	5 070	5 070	5 070	5 070	5 070	5 070	5 070	5 070	60 834	63 876	67 198
Other materials		1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	18 807	19 551	20 416
Contracted services		777	777	777	777	777	777	777	777	777	777	777	777	9 319	9 785	5 477
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	46 003	47 469	49 155
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	239 911	251 740	264 775
Surplus/(Deficit)		(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(18 247)	(18 979)	(19 296)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	-	-	-	-	-	-	32 292	32 292	44 744	18 978
Surplus/(Deficit) after capital transfers & contributions		(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	30 771	14 045	25 765	(318)
Surplus/(Deficit)	1	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	30 771	14 045	25 765	(318)

Table 41 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC073 Emthanjeni - Supporting Table SA26 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 - EXECUTIVE AND COUNCIL		353	353	353	353	353	353	353	353	353	353	353	353	4 238	4 458	4 770
Vote 2 - FINANCE AND ADMINISTRATION		3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	44 886	48 351	51 268
Vote 3 - PLANNING AND DEVELOPMENT		1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	13 378	12 744	13 221
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		186	186	186	186	186	186	186	186	186	186	186	186	2 227	2 334	2 453
Vote 6 - PUBLIC SAFETY		414	414	414	414	414	414	414	414	414	414	414	414	4 969	5 192	5 452
Vote 7 - SPORT AND RECREATION		11	11	11	11	11	11	11	11	11	11	11	11	131	137	144
Vote 8 - ROAD TRANSPORT		39	39	39	39	39	39	39	39	39	39	39	39	472	494	518
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		4	4	4	4	4	4	4	4	4	4	4	4	44	47	50
Vote 11 - WASTE MANAGEMENT		1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	15 598	16 452	17 399
Vote 12 - WASTE WATER MANAGEMENT		2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	26 416	27 796	29 389
Vote 13 - ELECTRICITY		7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	93 567	93 840	97 571
Vote 14 - WATER		4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	48 030	65 660	42 221
Total Revenue by Vote		21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	253 956	277 504	264 457
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	14 637	15 520	19 640
Vote 2 - FINANCE AND ADMINISTRATION		3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	35 999	38 123	35 495
Vote 3 - PLANNING AND DEVELOPMENT		1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	12 370	11 861	12 892
Vote 4 - HEALTH		13	13	13	13	13	13	13	13	13	13	13	13	153	160	168
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	13 347	13 816	14 676
Vote 6 - PUBLIC SAFETY		829	829	829	829	829	829	829	829	829	829	829	829	9 947	10 554	11 209
Vote 7 - SPORT AND RECREATION		461	461	461	461	461	461	461	461	461	461	461	461	5 531	5 889	6 273
Vote 8 - ROAD TRANSPORT		1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	17 113	18 102	19 181
Vote 9 - OTHER		57	57	57	57	57	57	57	57	57	57	57	58	690	732	778
Vote 10 - HOUSING SERVICES		200	200	200	200	200	200	200	200	200	200	200	200	2 395	2 557	2 731
Vote 11 - WASTE MANAGEMENT		1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	17 415	18 427	19 522
Vote 12 - WASTE WATER MANAGEMENT		1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	14 900	15 701	16 584
Vote 13 - ELECTRICITY		6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	78 052	82 062	86 432
Vote 14 - WATER		1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	17 362	18 236	19 194
Total Expenditure by Vote		19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	239 911	251 740	264 775
Surplus/(Deficit) before assoc.		1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	14 045	25 765	(318)
Surplus/(Deficit)	1	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	14 045	25 765	(318)



Table 42 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC073 Emthanjeni - Supporting Table SA27 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
Revenue - Functional																
Governance and administration		4 094	4 094	4 094	4 094	4 094	4 094	4 094	4 094	4 094	4 094	4 094	4 094	49 125	52 808	56 039
Executive and council		353	353	353	353	353	353	353	353	353	353	353	353	4 238	4 458	4 770
Finance and administration		3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	44 886	48 351	51 268
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		614	614	614	614	614	614	614	614	614	614	614	614	7 370	7 710	8 099
Community and social services		186	186	186	186	186	186	186	186	186	186	186	186	2 227	2 334	2 453
Sport and recreation		11	11	11	11	11	11	11	11	11	11	11	11	131	137	144
Public safety		414	414	414	414	414	414	414	414	414	414	414	414	4 969	5 192	5 452
Housing		4	4	4	4	4	4	4	4	4	4	4	4	44	47	50
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	13 850	13 238	13 739
Planning and development		1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	13 378	12 744	13 221
Road transport		39	39	39	39	39	39	39	39	39	39	39	39	472	494	518
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		15 301	15 301	15 301	15 301	15 301	15 301	15 301	15 301	15 301	15 301	15 301	15 301	183 611	203 748	186 580
Energy sources		7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	93 567	93 840	97 571
Water management		4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	48 030	65 660	42 221
Waste water management		2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	26 416	27 796	29 389
Waste management		1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	15 598	16 452	17 399
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	253 956	277 504	264 457
Expenditure - Functional																
Governance and administration		4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 220	50 636	53 643	55 135
Executive and council		1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	14 637	15 520	19 640
Finance and administration		3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	35 999	38 123	35 495
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		2 614	2 614	2 614	2 614	2 614	2 614	2 614	2 614	2 614	2 614	2 614	2 614	31 373	32 976	35 057
Community and social services		1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	13 347	13 816	14 676
Sport and recreation		461	461	461	461	461	461	461	461	461	461	461	461	5 531	5 889	6 273
Public safety		829	829	829	829	829	829	829	829	829	829	829	829	9 947	10 554	11 209
Housing		200	200	200	200	200	200	200	200	200	200	200	200	2 395	2 557	2 731
Health		13	13	13	13	13	13	13	13	13	13	13	13	153	160	168
Economic and environmental services		2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	29 483	29 963	32 074
Planning and development		1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	12 370	11 861	12 892
Road transport		1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	17 113	18 102	19 181
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		10 644	10 644	10 644	10 644	10 644	10 644	10 644	10 644	10 644	10 644	10 644	10 644	127 729	134 426	141 732
Energy sources		6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	78 052	82 062	86 432
Water management		1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	17 362	18 236	19 194
Waste water management		1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	14 900	15 701	16 584
Waste management		1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	17 415	18 427	19 522
Other		57	57	57	57	57	57	57	57	57	57	57	57	690	732	778
Total Expenditure - Functional		19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	239 911	251 740	264 775
Surplus/(Deficit) before assoc.		1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	14 045	25 765	(318)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	14 045	25 765	(318)

Table 43 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC073 Emthanjeni - Supporting Table SA28 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
R thousand																
Multi-year expenditure to be appropriated	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		119	119	119	119	119	119	119	119	119	119	119	119	1 425	1 489	1 561
Vote 2 - FINANCE AND ADMINISTRATION		122	122	122	122	122	122	122	122	122	122	122	122	1 460	1 526	1 599
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		10	10	10	10	10	10	10	10	10	10	10	10	120	125	131
Vote 6 - PUBLIC SAFETY		5	5	5	5	5	5	5	5	5	5	5	5	57	60	62
Vote 7 - SPORT AND RECREATION		5	5	5	5	5	5	5	5	5	5	5	5	65	68	71
Vote 8 - ROAD TRANSPORT		1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	15 153	15 734	16 354
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT		2	2	2	2	2	2	2	2	2	2	2	2	22	23	24
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		542	542	542	542	542	542	542	542	542	542	542	542	6 500	2 523	1 548
Vote 14 - WATER		1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	14 080	84	88
Capital single-year expenditure sub-total	2	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	38 882	21 631	21 438
Total Capital Expenditure	2	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	38 882	21 631	21 438

Table 44 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC073 Emthanjeni - Supporting Table SA29 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		240	240	240	240	240	240	240	240	240	240	240	240	2 885	3 015	3 160
Executive and council		119	119	119	119	119	119	119	119	119	119	119	119	1 425	1 489	1 561
Finance and administration		122	122	122	122	122	122	122	122	122	122	122	122	1 460	1 526	1 599
Community and public safety		20	20	20	20	20	20	20	20	20	20	20	20	242	253	265
Community and social services		10	10	10	10	10	10	10	10	10	10	10	10	120	125	131
Sport and recreation		5	5	5	5	5	5	5	5	5	5	5	5	65	68	71
Public safety		5	5	5	5	5	5	5	5	5	5	5	5	57	60	62
Economic and environmental services		1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	15 153	15 734	16 354
Road transport		1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	15 153	15 734	16 354
Trading services		1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	20 602	2 629	1 659
Energy sources		542	542	542	542	542	542	542	542	542	542	542	542	6 500	2 523	1 548
Water management		1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	14 080	84	88
Waste management		2	2	2	2	2	2	2	2	2	2	2	2	22	23	24
Total Capital Expenditure - Functional	2	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	38 882	21 631	21 438
Funded by:																
National Government		2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 292	14 744	14 221
Transfers recognised - capital		2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 292	14 744	14 221
Internally generated funds		549	549	549	549	549	549	549	549	549	549	549	549	6 590	6 887	7 217
Total Capital Funding		3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	38 882	21 631	21 438

Table 45 MBRR SA30 - Budgeted monthly cash flow

NC073 Emthanjeni - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19
Cash Receipts By Source													1		
Property rates	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	23 799	24 003	24 875
Service charges - electricity revenue	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	55 543	58 209	61 236
Service charges - water revenue	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	28 258	29 530	30 947
Service charges - sanitation revenue	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	17 535	18 325	19 277
Service charges - refuse revenue	847	847	847	847	847	847	847	847	847	847	847	847	10 166	10 654	11 208
Service charges - other	10	10	10	10	10	10	10	10	10	10	10	10	119	125	132
Rental of facilities and equipment	58	58	58	58	58	58	58	58	58	58	58	58	695	740	776
Interest earned - external investments	58	58	58	58	58	58	58	58	58	58	58	58	694	726	763
Interest earned - outstanding debtors	86	86	86	86	86	86	86	86	86	86	86	86	1 028	1 076	1 131
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	295	295	295	295	295	295	295	295	295	295	295	295	3 534	3 694	3 879
Licences and permits	156	156	156	156	156	156	156	156	156	156	156	156	1 872	1 957	2 054
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	41 455	44 109	47 146
Other revenue	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	26 209	27 494	28 907
Cash Receipts by Source	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	210 909	220 639	232 332
Other Cash Flows by Source															
Transfer receipts - capital	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 292	44 744	18 978
Proceeds on disposal of PPE	22	22	22	22	22	22	22	22	22	22	22	22	268	278	320
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	8	8	8	8	8	8	8	8	8	8	8	8	95	92	89
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	243 563	265 753	251 719
Cash Payments by Type															
Employee related costs	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	75 162	80 423	86 053
Remuneration of councillors	441	441	441	441	441	441	441	441	441	441	441	441	5 297	5 668	6 065
Finance charges	480	480	480	480	480	480	480	480	480	480	480	480	5 755	6 042	9 805
Bulk purchases - Electricity	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	57 992	60 891	64 057
Bulk purchases - Water & Sewer	237	237	237	237	237	237	237	237	237	237	237	237	2 843	2 985	3 140
Other materials	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	18 807	19 551	20 416
Contracted services	777	777	777	777	777	777	777	777	777	777	777	777	9 319	9 785	5 477
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	29 686	40 580	15 586
Cash Payments by Type	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	204 860	225 924	210 599
Other Cash Flows/Payments by Type															
Capital assets	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	38 882	40 826	42 867
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	243 742	266 750	253 466
NET INCREASE/(DECREASE) IN CASH HELD	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(179)	(997)	(1 747)
Cash/cash equivalents at the month/year	1 139	1 124	1 109	1 094	1 079	1 064	1 049	1 034	1 019	1 005	990	975	1 139	960	(37)
Cash/cash equivalents at the month/year	1 124	1 109	1 094	1 079	1 064	1 049	1 034	1 019	1 005	990	975	960	960	(37)	(1 784)

2.9.8 Annual budgets and SDBIPs – internal departments

2.9.8.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

There are currently no unfilled positions in the top management structure of the Water Services Department. The top management structure consists of the Director of Infrastructural and Housing Services, three Managers who report directly to him.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2017/18 financial year is and has been informed by a collection rate of 90 per cent and distribution losses of 12 per cent.

The establishment of a water demand management unit has proven to be extremely successful with the reduction of distribution losses by 2.6 per cent for the 2016/17 financial year. The further expansion of this unit will inevitably result in the further lowering of the distribution losses, thus paying for the unit itself and effecting additional savings for the municipality.

2.10 Contracts having future budgetary implications

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

2.11 Capital expenditure details

The following three table's present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and daftly on the repair and maintenance of assets.

Table 46 MBRR SA 34a - Capital expenditure on new assets by asset class

NC073 Emthanjeni - Supporting Table SA34a Capital expenditure on new assets by asset class										
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
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	32 292	14 744	14 221
Roads Infrastructure		-	-	-	-	-	-	-	12 744	13 221
<i>Roads</i>									12 744	13 221
Storm water Infrastructure		-	-	-	-	-	-	12 292	-	-
<i>Storm water Conveyance</i>								12 292		
Electrical Infrastructure		-	-	-	-	-	-	6 000	2 000	1 000
<i>HV Transmission Conductors</i>								6 000	2 000	1 000
Water Supply Infrastructure		-	-	-	-	-	-	14 000	-	-
<i>Dams and Weirs</i>										
<i>Boreholes</i>								14 000		
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	-	-	-	-	-	-	32 292	14 744	14 221

Table 47 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

NC073 Emthanjeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
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
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	3 402	3 555	3 726
Roads Infrastructure		-	-	-	-	-	-	2 800	2 926	3 066
Roads								2 800	2 926	3 066
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	500	523	548
Capital Spares								500	523	548
Water Supply Infrastructure		-	-	-	-	-	-	80	84	88
Distribution								80	84	88
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	22	23	24
Capital Spares								22	23	24
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	145	152	159
Community Facilities		-	-	-	-	-	-	120	125	131
Halls								105	110	115
Cemeteries/Crematoria								15	16	16
Sport and Recreation Facilities		-	-	-	-	-	-	25	26	27
Outdoor Facilities								25	26	27
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	320	334	350
Operational Buildings		-	-	-	-	-	-	320	334	350
Municipal Offices								320	334	350
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	680	711	745
Licences and Rights		-	-	-	-	-	-	680	711	745
Computer Software and Applications								680	711	745
Computer Equipment		-	-	-	-	-	-	1 830	1 777	1 862
Computer Equipment								1 830	1 777	1 862
Furniture and Office Equipment		-	-	-	-	-	-	65	181	190
Furniture and Office Equipment								65	181	190
Machinery and Equipment		-	-	-	-	-	-	148	177	186
Machinery and Equipment								148	177	186
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	-	-	6 590	6 887	7 217

Table 48 MBRR SA34c - Repairs and maintenance expenditure by asset class

NC073 Emthanjeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term		
R thousand	1	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		-	-	-	-	-	-	3 891	4 045	4 223
Roads Infrastructure		-	-	-	-	-	-	369	383	400
<i>Roads</i>								369	383	400
Storm water Infrastructure		-	-	-	-	-	-	336	349	365
<i>Storm water Conveyance</i>								336	349	365
Electrical Infrastructure		-	-	-	-	-	-	1 732	1 801	1 880
<i>HV Transmission Conductors</i>								1 197	1 244	1 299
<i>Capital Spares</i>								536	557	581
Water Supply Infrastructure		-	-	-	-	-	-	1 380	1 435	1 498
<i>Dams and Weirs</i>								225	234	244
<i>Distribution</i>								1 155	1 201	1 254
Sanitation Infrastructure		-	-	-	-	-	-	74	77	81
<i>Reticulation</i>								74	77	81
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	2 284	2 374	2 479
Community Facilities		-	-	-	-	-	-	2 150	2 235	2 334
<i>Capital Spares</i>								2 150	2 235	2 334
Sport and Recreation Facilities		-	-	-	-	-	-	134	139	145
<i>Outdoor Facilities</i>								134	139	145
<i>Capital Spares</i>										
		1	1	1	1	1	1	1	1	1
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	2 100	2 183	2 280
Operational Buildings		-	-	-	-	-	-	2 100	2 183	2 280
<i>Municipal Offices</i>								1 902	1 978	2 066
<i>Capital Spares</i>								197	205	214
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	1 708	1 775	1 855
Licences and Rights		-	-	-	-	-	-	1 708	1 775	1 855
<i>Computer Software and Applications</i>								1 708	1 775	1 855
Computer Equipment		-	-	-	-	-	-	699	728	760
Computer Equipment		-	-	-	-	-	-	699	728	760
Furniture and Office Equipment		-	-	-	-	-	-	999	1 038	1 084
Furniture and Office Equipment		-	-	-	-	-	-	999	1 038	1 084
Machinery and Equipment		-	-	-	-	-	-	1 079	1 121	1 171
Machinery and Equipment		-	-	-	-	-	-	1 079	1 121	1 171
Transport Assets		-	-	-	-	-	-	6 637	6 286	6 564
Transport Assets		-	-	-	-	-	-	6 637	6 286	6 564
Libraries		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	-	-	-	-	-	-	19 397	19 551	20 416

2.12 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 Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Three interns have been appointed, recruitment process have commenced for the appointment of another three. Since the introduction of the Internship programme the Municipality has successfully employed and trained 5 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions. The interns were trained by institutions such as Kgolo Institute, KPMG, Ernest & Young, SARS, Auditor General, and National Treasury.

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. Capacitation training will be provided to Audit Committee members.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a Final stage and will be DFinal after approval of the 2017/18 MTREF in June 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.

7. MFMA Training

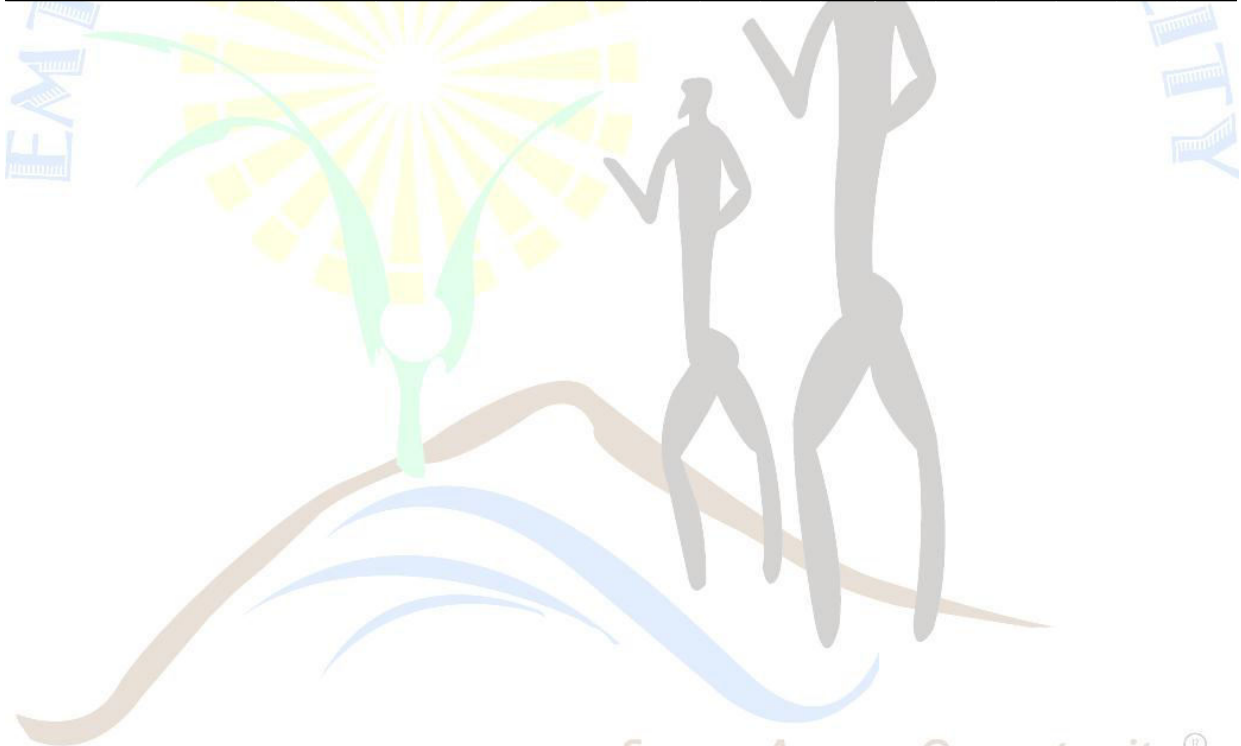
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies

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

Table 50 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

NC073 Emthanjeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																	
Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - FINANCE AND ADMINISTRATION	Vote 3 - PLANNING AND DEVELOPMENT	Vote 4 - HEALTH	Vote 5 - COMMUNITY AND SOCIAL	Vote 6 - PUBLIC SAFETY	Vote 7 - SPORT AND RECREATION	Vote 8 - ROAD TRANSPORT	Vote 9 - OTHER	Vote 10 - HOUSING SERVICES	Vote 11 - WASTE MANAGEMENT	Vote 12 - WASTE WATER MANAGEMEMENT	Vote 13 - ELECTRICITY	Vote 14 - WATER	Total	
R thousand	1																
Revenue By Source																	
Property rates			26 620														26 620
Service charges - electricity revenue														58 466			58 466
Service charges - water revenue															29 746		29 746
Service charges - sanitation revenue													18 458				18 458
Service charges - refuse revenue											10 701						10 701
Service charges - other			7			76					42						125
Rental of facilities and equipment		557				134		36	5								732
Interest earned - external investments			731														731
Interest earned - outstanding debtors			151								1	118	260	262	290		1 083
Fines, penalties and forfeits							3 440										3 720
Licences and permits							1 520		450								1 970
Other revenue		263	88			442	9	95	17				34	26 567	74		27 589
Transfers and subsidies		3 150	17 289	1 086		1 575						4 779	7 664	1 992	3 921		41 455
Gains on disposal of PPE		268															268
Total Revenue (excluding capital transfers and contributions)		4 238	44 886	1 086	-	2 227	4 969	131	472	-	44	15 598	26 416	87 567	34 030		221 664
Expenditure By Type																	
Employee related costs		3 410	17 332	6 339		8 448	5 650	4 199	8 017	432	2 140	7 398	4 433	6 241	1 123		75 162
Remuneration of councillors		5 297															5 297
Debt impairment			2 456									841	1 097	3 610	1 674		9 678
Depreciation & asset impairment		15	1 022	26	132	1 564			3 909		58	248	667	556	859		9 056
Finance charges		288	182				94		473			1 603	838	1 102	1 174		5 755
Bulk purchases														57 992	2 843		60 834
Other materials		290	2 033	2 131		688	734	527	1 612	63	37	798	5 765	2 510	1 622		18 807
Contracted services			4 850	36			2 500							1 933			9 319
Transfers and subsidies																	-
Other expenditure		5 338	8 124	3 839	21	2 647	969	805	3 102	195	161	6 527	2 099	4 109	8 068		46 003
Loss on disposal of PPE																	-
Total Expenditure		14 637	35 999	12 370	153	13 347	9 947	5 531	17 113	690	2 395	17 415	14 900	78 052	17 362		239 911
Surplus/(Deficit)		(10 399)	8 887	(11 284)	(153)	(11 119)	(4 978)	(5 400)	(16 641)	(690)	(2 352)	(1 817)	11 516	9 515	16 668		(18 247)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				12 292										6 000	14 000		32 292
Surplus/(Deficit) after capital transfers & contributions		(10 399)	8 887	1 008	(153)	(11 119)	(4 978)	(5 400)	(16 641)	(690)	(2 352)	(1 817)	11 516	15 515	30 668		14 045



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Table 51 MBRR Table SA3 – Supporting detail to Statement of Financial Position



NC073 Emthanjeni - 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									9 784	9 093	8 638	
Other current investments												
Total Call investment deposits	2	-	-	-	-	-	-	-	9 784	9 093	8 638	
Consumer debtors												
Consumer debtors									33 187	33 677	35 611	
Less: Provision for debt impairment									(9 678)	(9 463)	(10 670)	
Total Consumer debtors	2	-	-	-	-	-	-	-	23 509	24 214	24 940	
Debt impairment provision												
Balance at the beginning of the year												
Contributions to the provision									9 678	9 463	10 670	
Bad debts written off												
Balance at end of year		-	-	-	-	-	-	-	9 678	9 463	10 670	
Property, plant and equipment (PPE)												
PPE at cost/valuation (excl. finance leases)									1 012 484	1 024 979	1 038 041	
Leases recognised as PPE	3											
Less: Accumulated depreciation									64 879	67 798	71 188	
Total Property, plant and equipment	2	-	-	-	-	-	-	-	947 605	957 181	966 853	
LIABILITIES												
Current liabilities - Borrowing												
Short term loans (other than bank overdraft)												
Current portion of long-term liabilities												
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-	
Trade and other payables												
Trade and other creditors									19 127	19 510	19 900	
Unspent conditional transfers												
VAT												
Total Trade and other payables	2	-	-	-	-	-	-	-	19 127	19 510	19 900	
Non current liabilities - Borrowing												
Borrowing	4											
Finance leases (including PPP asset element)												
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-	
Provisions - non-current												
Retirement benefits									33 258	33 955	34 651	
List other major provision items												
Refuse landfill site rehabilitation									75	80	81	
Other									3 459	3 494	3 546	
Total Provisions - non-current		-	-	-	-	-	-	-	36 792	37 528	38 279	
CHANGES IN NET ASSETS												
Accumulated Surplus/(Deficit)												
Accumulated Surplus/(Deficit) - opening balance									967 204	976 700	1 008 527	
GRAP adjustments												
Restated balance		-	-	-	-	-	-	-	967 204	976 700	1 008 527	
Surplus/(Deficit)		-	-	-	-	-	-	-	26 199	25 765	(318)	
Appropriations to Reserves												
Transfers from Reserves												
Depreciation offsets												
Other adjustments									212			
Accumulated Surplus/(Deficit)	1	-	-	-	-	-	-	-	993 615	1 002 465	1 008 209	
Reserves												
Housing Development Fund												
Capital replacement												
Self-insurance												
Other reserves												
Revaluation												
Total Reserves	2	-	-	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	2	-	-	-	-	-	-	-	993 615	1 002 465	1 008 209	

2.14 Municipal Manager Quality Certificate

I Isak Visser....., municipal manager of Emthanjeni 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 Isak Visser

Municipal manager of Emthanjeni Municipality (NC073)

Signature 

Date 14 June 2017

ANNEXURE 1: POLICIES

EMTHANJENI MUNICIPALITY



FINAL MUNICIPAL PROPERTY RATES POLICY

2017/2018 FINANCIAL YEAR

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ABBREVIATIONS

<i>NC073</i>	<i>Emthanjeni Municipality</i>
AO	Accounting Officer
CFO	Chief Financial Officer
EM	Executive Mayor
IBT	Inclining Block Tariff
MFMA	Municipal Finance Management Act
MPRA	Municipal Property Rates Act and MPRA Amendments Act
MSA	Municipal Systems Act
NCA	National Credit Act
SAPOA	South African Property Owners Association
SARS	South African Revenue Services
VAT	Value Added Tax

1. PURPOSE OF THIS DOCUMENT

This purpose of this Policy is to set out the guiding principles and legislative requirements that governs the compilation and management of the municipal Valuation Roll. This policy should at all times be read together with the Municipal Property Rates Act, 2004 AND the Municipal Property Rates Amendments Act, 2015.

2. DEFINITIONS

In this policy, definitions, words and expressions have the same meanings as assigned to them in the Act, unless the context indicates otherwise: –

“Act” – means the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004) and any amendment thereof;

“annually” – means once every financial year;

“commercial property” – means -

- (a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- (b) property on which the administration of the business of private or public entities take place;
- (c) property used for the generation of renewable energy and includes wind and solar farms
- (d) property used for eco-tourism or for the trading in or hunting of game
- (e) property used for transient accommodation such as Guest houses which is used for the purpose of supplying lodging and meals to transient guests for compensation, for non-permanent residents

“Calendar year” shall mean 12 consecutive months of a financial year(s);

“category” –

- (a) in relation to a property, means a category of properties determined in this policy in terms of section 8(2) of the Act;
- (b) in relation to the owners of property, means a category of owners determined in this policy in terms of section 15(2) of the Act;

“conservation area” –

- (a) a protected area as listed in section 10 of the Protected Areas Act, 2003;
- (b) a nature reserve established in accordance with the Nature and Environment Conservation Ordinance, no 19 of 1974; or
- (c) any land area zoned as open area zone III in accordance with the Municipality’s zoning scheme regulations;
provided that such protected areas, nature reserves or land areas, with the exception of tourism facilities that may be erected thereupon, be used exclusively for the conservation of the fauna and flora and the products of those land areas may not be traded for commercial gain;

“dominant use” – means the use of property as a greater proportion than its additional use or uses.

“exclusion” – in relation to a Municipality’s rating power, means a restriction of that power as provided for in sections 16 (manner in which to exercise its rating power), and 17 (absolute exclusions as prescribed), of the Act.

“exemption” - in respect of the calculation of a rate means an exemption granted in this policy in terms of section 15(1)(a) of the Act;

“farm property or small holding used for agricultural purpose” – means:

- (a) property that is used for the cultivation of soils for purposes of planting and gathering in of crops;
- (b) forestry in the context of the planting or growing of trees in a managed and structured fashion;
- (c) the rearing of livestock or the propagation and harvesting of fish;

and may include such properties within the urban edge of the town, but excludes:

- (i) the use of a property for the purpose of eco-tourism;
- (ii) the trading in hunting of game;
- (iii) accommodation of members of the public for gain;
- (iv) any portion of the property used for the purposes of hospitality of guests or other commercial activities concomitant to the exclusions listed herein

“Renewable Solar Energy farm or property” – means agricultural land as defined in the Subdivision of Agricultural Land Act, 70 of 1970, on which energy producing solar energy panels have been erected for the purpose of generating electricity.

“Wind Farms” – means agricultural land as defined in the Subdivision of Agricultural Land Act, 70 of 1970, on which energy-producing windmills or wind turbines have been erected for the purpose of generating electricity,

“financial year” – the period starting from 1 July in a year to 30 June the following year;

“industrial property” – means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

“local community” – in relation to the Municipality –

- (a) means that body of persons comprising –
- (i) the residents of the Municipality;
 - (ii) the rate payers of the Municipality;
 - (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality; and
 - (iv) visitors and other people residing outside the Municipality, who, because of their presence in the Municipality, make use of services or facilities provided by the Municipality; and

“local Municipality” – a Municipality that shares municipal executive and legislative authority in its area with a district Municipality within whose area it falls and which is described in section 155(1) of the Constitution as a category B Municipality;

“market value” – in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

“multiple purposes” – in relation to a property, means the use of a property for more than one purpose as intended in section 9 of the Act;

“municipal council” or **“council”** – is a municipal council referred to in section 18 of the Municipal Structures Act, 1998 (Act No 117 of 1998);

“municipal manager” – means a person appointed in terms of section 82 of the Municipal Structures Act, 1998 (Act No 117 of 1998);

“municipal property” – is property registered or established in the name of the Emthanjeni Municipality and excludes properties of which ownership vests in another and for which the municipality has no rights of enjoyment as described in paragraph ????? herein;

“occupier” – in respect of a property means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

“open space” - means land that is used as a park, garden, for passive leisure or maintained in its natural state and that is zoned as open space;

“owner”- includes sections (bA)(bB)(bC) of the Amendments MPRA Act

- (i) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;

- (ii) in relation to a right referred to paragraph (b) of the definition of "property" means a person in whose name the right is registered;
- (iii) in relation to a time sharing interest contemplated in the Property Timesharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Timesharing Control Act, 1983, and
- (iv) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);
- (v) in relation to buildings, other immovable structures and infrastructure referred to in section 17 (1) (f) of the Act, means the holder of the mining right or the mining permit;
- (vi) published in Government Notice R327 of 24 February 1984;
- (vii) in relation to a land tenure right referred to in paragraph (c) of the definition of "property" means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (viii) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure, as envisaged in the definition in the Act of the term "publicly controlled" provided that a person mentioned below may for the purposes of this Act be regarded by a Municipality as the owner of a property in the following cases:-
 - (i) a trustee, in the case of a property in a trust, excluding state trust land;
 - (ii) an executor or administrator, in the case of a property in a deceased estate (the applicant must produce a letter from the Master of the Court or appropriate legal proof to substantiate the appointment);
 - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
 - (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
 - (v) a curator, in the case of a property in the estate of a person under curatorship;
 - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude (the applicant must produce a letter from the Master of the Court or appropriate legal proof to substantiate the appointment);
 - (vii) a lessee, in the case of a property that is registered in the name of a Municipality and is leased by it;
 - (viii) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
 - (ix) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

"permitted use" – in respect of a property means the limited purposes for which a property may be used in terms of the following –

- (a) any restrictions imposed by –
 - (i) a condition of title; or
 - (ii) a provision of a town planning or land use scheme; or
 - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions;

“private open space” means land that is privately owned and used for practising of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area and which is zoned as Private Open Space;

“property” – means

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public services infrastructure;

“property register” – a register of properties referred to in section 23 of the Act;

“public benefit properties and organisations” means properties used for, and by, an organisation, conducting specified public benefit activities as defined in the act and registered in terms of the Income Tax Act for tax reductions because of its activities.

“rate” – a municipal rate on a property envisaged in section 229(1)(a) of the Constitution;

“rateable property” – means property on which a Municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

“rebate” – in relation to a rate payable on a property, means a discount granted in terms of section 15(1)(b) of the Act on the amount of the rate payable on the property;

“reduction” - in respect of a rate payable on a property, means the lowering in terms of section 15(1)(b) of the amount for which the property was valued and the rating of that property at that lower amount;

“residential property” – means improved property that:-

- (a) is used for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property.
- (b) is a unit registered in terms of the Sectional Title Act, 1986, (Act no.95 Of 1986) and is used predominantly for residential purposes;
- (c) is owned by a share-block company and is used predominantly for residential purposes;
- (d) is a residence used for residential purposes situated on a property used for educational purposes;
- (e) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act;

Vacant properties (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, are specifically excluded from this property category;

“public service infrastructure” – means publicly controlled infrastructure of the following kinds as defined in the Act.

“public services purposes” – property owned and used by an organ of state for rendering of a service directly to the public such as Health, education, police stations, court of law **but** excludes property contemplated in the definition of **“Public Service Infrastructure”**

“State Owned Properties” – means any properties owned and used by an organ of state (excluding Emthanjeni Municipality) and not used for public service purposes as defined in the Act,

“vacant property” – means land without any fixed or permanent improvements thereon except where such improvements are to secure the property such as a boundary wall or security quarters or related structure.

“Valuation roll” - means the general valuation roll 2017 with effective date 01 July 2017 and date of valuation 01 July 2016

3. OBJECTIVES OF THE POLICY

The objectives of this policy are: –

- 3.1 to comply with the provisions of section 3 of the Act;
- 3.2 to determine criteria to be applied for –

- 3.2.1 levying differential rates for different property categories;
 - 3.2.2 exemptions;
 - 3.2.3 reductions;
 - 3.2.4 rebates; and
 - 3.2.5 rate increases.
- 3.3 to determine or provide criteria for the determination of the following –
- 3.3.1 property categories for the purpose of levying different rates; and
 - 3.3.2 categories of owners of properties for the purpose of granting exemptions, rebates and reductions;
- 3.4 to determine how the Municipality’s power should be exercised in terms of multiple-used properties;
- 3.5 to identify and quantify the following for the Municipality in terms of costs and the benefit for the community
- 3.5.1 exemptions, rebates and reductions; and
 - 3.5.2 exclusions.
- 3.6 to take into account the effect of rates on the indigent;
- 3.7 to take into account the effect of rates on organisations that perform activities for public benefit;
- 3.8 to take into account the effect of rates on the public services infrastructure;
- 3.9 to determine measures for promoting local economic and social development; and
- 3.10 to identify all rateable property.

4. CONSTITUTIONAL AND LEGAL FRAMEWORK

The Municipal Property Rates Act, 2004 forms the legal basis of this policy. However, the following additional legal references were observed during the compilation of this policy: -

- Municipal Finance Management Act, 2003;
- Municipal Systems Act, 2000;
- Municipal Property Rates Policy, as reviewed annually;
- Rates By-law and
- Constitution of the Republic of South Africa, 1996 as amended.

5. EFFECTIVE DATE

The policy will take effect on 01 July 2017.

6. POLICY PRINCIPLES

- 6.1 Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's Tariff policy.
- 6.2 The levying of rates on a property is an exclusive right of the Municipality which will be exercised: -
- 6.2.1 optimally and comprehensively within the Municipality; and
- 6.2.2 with consideration of the total revenue source of the Municipality.
- 6.3 The rating of properties will be done independently, justly, equitably and without prejudice and this principle will also be applied with the determination of criteria for exemptions, reductions and rebates as provided for in section 15 of the Act.
- 6.4 The levying of property rates must be implemented in such a way that,
- 6.4.1 it is aimed at development;
- 6.4.2 it promotes sustainable local government by providing a stable and constant revenue source within the discretionary control of the Municipality; and
- 6.4.3 it promotes economic, social and local development.
- 6.5 Property rates will be levied to: -
- 6.5.1 correct the imbalances of the past; and
- 6.5.2 minimise the effect of rates on the indigent.

- 6.6 The market value of a property serves as basis for the calculation of property rates.
- 6.7 The rate tariff will be based on the value of all rateable properties, as per general valuation roll 2017 and supplementary valuation rolls applicable, and the amount the Municipality needs to fund community and subsidised services, after taking into account any possible surplus generated from trading and economic services and the amounts required to finance exemptions, rebates and reductions of rate, as approved by council from time to time.
- 6.8 Trade and economic services will be financially ring fenced and tariffs and service charges will as far as possible be calculated in such a way that the revenue generated covers the cost of the services or generate a surplus.
- 6.9 The provision for operating capital and bad debt must be related to community and subsidised services and must not include any provisions in respect of trade and economic services.
- 6.10 Property rates will be used to finance institutional functions, community and infrastructural services
- 6.11 Surpluses from trade and economic services may be used to subsidise community and subsidised services.
- 6.12 The revenue basis of the Municipality will be optimally protected by limiting the exemptions, rebates and reductions.

7. CATEGORIES OF PROPERTIES

- 7.1 Subject to section 19 of the Act, Emthanjeni Municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable properties, which may include categories determined according to the –
- 7.1.1 Predominant use of the property;
- 7.1.2 permitted use of the property; or
- 7.1.3 geographical area in which the property is situated.
- 7.2 Categories of rateable property that may be determined will take effect on 01 July 2017 include the following: –
- 7.2.1 residential (improved property);
- 7.2.2 property that is vacant (empty stands) with zoning, proposed use, or highest and best use determined as residential;

- 7.2.3 property that is vacant (empty stands) with zoning , proposed use, or highest and best use determined as industrial, business or commercial;
- 7.2.4 industrial;
- 7.2.5 commercial;
- 7.2.6 farm properties;
- 7.2.7 state-owned property
- 7.2.8 public service purpose;
- 7.2.9 municipal property;
- 7.2.10 public services infrastructure (PSI);
- 7.2.11 properties:
 - 7.2.11.1 acquired through the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993) or the Restitution of Land Rights Act, 1994 (Act No 22 of 1994); or
 - 7.2.11.2 which is subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
- 7.2.12 places of worship – improved (churches, mosques, synagogue’s, etc.)
- 7.2.13 places of worship - vacant
- 7.2.14 protected areas;
- 7.2.15 properties owned by public benefit organisations and used for any specific public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962);
- 7.2.16 properties used for multiple purposes, subject to section 9 of the Act;
- 7.2.17 private open space; and
- 7.2.18 public benefit properties

8. EXEMPTIONS

8.1 Categories of properties

8.1.1 The following property categories are exempt from the payment of property rates: –

8.1.2 Municipal properties are exempted from paying property rates.

8.1.3 Residential properties

All residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. The exemption of R15 000 contemplated in terms of section 17(1)(h) of the Act and can be supplemented by council

based on affordability, ratepayer profile and the municipality's predetermined level of support to the poor.

8.1.4 Public Service Infrastructure

It is the Policy of the Municipality not to rate public service infrastructure at this time as it provides essential services to the community.

8.2 Impermissible Rates

In terms of section 17(1) of the Property Rates Act, 2004, the Municipality may, inter alia, not levy rates: –

- 8.2.1 on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act, 2004 (Act No 10 of 2004), which are not developed or used for commercial, business, residential or agricultural purposes.
- 8.2.2 on mineral rights within the meaning of paragraph (b) of the definition for "property" in section 1 of the Act.
- 8.2.3 on a property belonging to a land reform beneficiary or his or her heirs, provided that the exclusion lapses ten years from the date on which such beneficiary's title was registered in the Deeds register.
- 8.2.4 on a property registered in the name of and primarily used as a place of public worship, including an official residence registered in the name of the church that is occupied by an office-bearer who acts as officiant of the church.

9. REBATES

9.1 Categories of properties

9.1.1 Residential properties

The Municipality grants all residential properties a further rebate of R13 000 on the valuation of property. In other words, a total amount of R28 000 (R 15 000 exclusion in terms of paragraph 8.1.3) will be subtracted from the market value of the residential property. ***(i.e When the Market value of the residential property is R228 000, then the rate payer will only pay rates and taxes on a market value of R200 000 (R228 000 less R28 000).***

9.1.2 Business, commercial and industrial properties

9.1.2.1 The Municipality may grant rebates to rateable undertakings that promote local, social or economic development within the municipal jurisdiction. The following criteria will apply: -

- (a) job creation in the municipal area;
- (b) social upliftment of the local community; and
- (c) creation of infrastructure for the benefit of the community.

9.1.2.2 Rebates will be granted on application subject to: -

- (a) a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the Municipality are going to be met;
- (b) a continuation plan issued by the directors and certified by the auditors stating that the objectives have been met and how they plan to continue meeting the objectives; and
- (c) an assessment by the municipal manager or his/her nominee indicating that the company qualifies.

9.1.2.3 Council will consider all LED requests on an individual basis according to merits.

9.1.3 Rebate on agricultural property

9.1.3.1 the Municipality grants additional rates rebate (as set out below) in respect of properties used for agricultural purposes only, after which the current property rates levy ratio of (1:0.25) is applied, which is the applicable rate for properties used for agricultural purposes

<i>Financial Year</i>	<i>% Percentage Rebate</i>	<i>Application due date</i>
2016/2017	28%	31 August 2016
2017/2018	25%	31 August 2017
2018/2019	18%	31 August 2018
2019/2020	10%	31 August 2019

9.1.3.2 In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by council on a category of non-residential property may not exceed a prescribed ratio to the tariff levied on residential properties. Before the start of 2009/2010 financial year the Minister had promulgated a ratio of 1:0.25 which remains unchanged for the 2017/2018 financial year.

9.1.3.3 The granting of additional rebates is subject to the following: -

- (a) All applications must be addressed in writing to the Municipal Manager indicating how service delivery and development obligations of the Municipality and contribution to the social and economic welfare of farm workers were met. Approval in terms of such application remains valid until the implementation of the net General Valuation Roll or the applicant's circumstances change and the criteria of such approval are no longer met.

- (b) Any new applications must be addressed in writing to the Municipality by 31 August of the financial year in respect of which the application is made. Applications are only valid for one financial year.
- (c) Council reserves the right to send officials or its agents on an annual basis to premises/households receiving relief for the purposes of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original applications; and
- (d) The Municipality retains the right to refuse applications for rebates if the details supplied in the application form were incomplete, incorrect or false.

No other rebates will be granted to properties that qualify for the agricultural rebate. In order to avoid doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in paragraph 9.1.1 of this policy. The rates account must be paid up to date otherwise the application will be unsuccessful.

9.1.3.4 Rebates on Public Benefit Organisations

The Municipality may grant additional rates rebates in respect of properties owned by public benefit organisations and used for any specific benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act, after to the current property rates levy ratio of (1:0.25) is applied. Applications received after 31 August for the financial year in respect of which the application is made will not be considered. The rates account must be paid up to date otherwise the application will be unsuccessful.

9.1.3.5 **Rebates will be granted on prescribed application form.**

Rebate applications will only be considered upon receipt of the completed prescribed form and supporting documentation.

9.1.3.6 Rebates will **only be granted on properties purchased as vacant from the municipality for the purpose of development** and subject to the conditions below.

- (i) Construction must be completed within one year after registration at the Deeds Office.

The following rebates apply:

First Year (Year 1)

A rebate of 100% on the municipal value will be allowed to these properties.

Second Year (Year 2)

A rebate of 100% on the municipal value will be allowed to these properties.

Third Year (Year 3)

A rebate of 60% on the municipal value will be allowed to these properties.

Fourth Year (Year 4)

A rebate of 40% on the municipal value will be allowed to these properties.

Fifth Year (Year 5)

A rebate of 20% on the municipal value will be allowed to these properties.

Sixth Year (Year 6)

A rebate of 0% on the municipal value will be allowed to these properties.

The rebates will be applicable on all these properties where development has taken place since 01 July 2012.

10. Categories of Owners

10.1.1 Indigent owners -.

The owners that qualify and are registered indigents in terms of the Municipality's policy for indigents receive a rebate on the payment of rates as specified in the Municipality's policy for indigents.

10.1.2 Rebates for retired and disabled persons

10.1.2.1 Retired and disabled persons qualify for special rebates in accordance with their monthly household income. Property owners who meet the following requirements may apply for a rebate:-

- (a) The property must be registered in the name of the applicant or the usufruct of the property must be established in the name of the applicant.
- (b) The owner must be at least sixty (65) years of age and total gross monthly income or earnings must not exceed
 - (i) an amount of R5 200 to qualify for a 50% rates rebate
 - (ii) an amount of R5 950 to qualify for a 45% rates rebate
 - (iii) an amount of R6 750 to qualify for a 40% rates rebate
- (c) The property owner may not be the owner of more than one property.
- (d) The owner must occupy the relevant property. Where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- (e) In the case of a semi-detached house, of which a section is rented out, only the rates paid on that section occupied by the owner is subject to rebates.

- 10.1.2.2 Property owners must apply annually for a rebate on a prescribed form as stipulated by the Municipality, and these applications must reach the Municipality by 30 September of the financial year in respect of which rates are levied. If the rebate applied for is granted, the rebate will apply for the full financial year. Applications received after 30 September for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.
- 10.1.2.3 The Municipality retains the right to refuse the granting of rebates if the details supplied in the application were incomplete, incorrect or false.
- 10.1.2.4 In the case of where the property has been sold during the financial year and where rebates have been granted, the rebates amount will be written back or debited against the account of the owner. The rebate will be forfeited.
- 10.1.2.5 Applications for rebates must be completed on the official Emthanjeni Municipality's Rebate application form and must be accompanied by the following information: –
- (a) a certified copy of the identity document of the owner or any other proof of the owner's age which is acceptable to the Municipality;
 - (b) sufficient proof of income of the owner and the his/her spouse;
 - (c) an affidavit from the owner;
 - (d) if the owner is a disabled person, satisfactory proof submitted to the Municipality that the relevant person receives a disability pension payable by the state.

11. REDUCTIONS

- 11.1 Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:-
- 11.1.1 Partial or total destruction of a property; or
 - 11.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 11.2 The following conditions shall be applicable in respect of clause 13.1:-
- 11.2.1 The owner of the property referred to in clause 13.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the Municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
 - 11.2.2 Owners of property referred to in clause 13.1.2 will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
 - 11.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 13.1.1 and 13.1.2. .
 - 11.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the Municipality gives further extension on application.
 - 11.2.5 If rates were paid in advance prior to granting of a reduction the Municipality will credit the

account of the owner as from the date of reduction.

- 11.2.6 The CFO in consultation with the Executive Committee will determine the percentage (%) of reduction in rates levy applicable to the damage caused by these properties.

12. COST OF EXEMPTIONS, REBATES AND REDUCTIONS

12.1 The chief financial officer must inform council during the budgeting process of all the costs associated with the proposed exemptions, rebates, reductions, phasing-in of rates and grants in the place of rates.

12.2 Provision must be made on the operating budget for –

12.2.1 the full potential revenue associated with property rates; and

12.2.2 the full cost associated with exemptions, rebates and reductions.

13. MULTIPLE USE OF PROPERTIES

Pursuant to section 3 (3) (d) of the Act, it is the policy of the municipality to exercise its powers in terms of section 9(1) of the Act in relation to properties used for multiple purposes by assigning a property use to a category based on the purpose corresponding with the dominant use of the property where such dominant use is either industrial or Commercial.

Where the dominant use is any other, the property will be valued and rated using the apportionment method in terms of section 9(2) of the Act.

14. PROPERTY REGISTER

14.1 A property register, divided into Sections A and B, regarding all properties in the municipal area of jurisdiction, must be compiled and maintained by the Municipality.

14.2 Section A of the register will consist of the current valuation roll of the Municipality and will include all supplementary valuations, as done from time to time.

14.3 Section B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to: –

14.3.1 exemption from rates in terms of section 15 of the Act;

14.3.2 a reduction or rebate in terms of section 15 of the Act;

14.3.3 the phasing in of tariffs in terms of section 21 of the Act; and

14.3.4 exclusions as referred to in section 17 of the Act.

14.4 The register will be open for inspection by the public during office hours at the head office of the Municipality or on the internet website of the Municipality.

14.5 Section A of the register will be updated at least annually by the Municipality during the supplementary valuation process.

14.6 Section B of the register will be updated annually as part of the implementation of the Municipality's annual budget.

15. NOTIFICATION OF RATES

15.1 Rates will be effective from 01 July after Government Gazette publication.

16. CONSULTATION PROCESS

16.1 Before Council undertakes a new valuation in terms of the Act, a consultation process involving all interest groups will be undertaken during which the purpose and method of valuation will be explained.

16.2 Before the Municipality accepts the rates policy the municipal manager will follow a process of public participation, as prescribed in chapter 4 of the Municipal Systems Act, and comply with the following requirements: -

16.2.1 Display the draft property rates policy continuously for a period of thirty (30) days at the Municipality's head office, satellite offices and on the website.

16.2.2 Publish a notice in the media stating that the draft property rates policy was compiled for submission to council and that such a policy is available at the different municipal offices and on the website for public inspection.

16.2.3 Property owners and interested persons may obtain a copy of the draft policy from the municipal office during office hours at a prescribed cost per copy.

16.2.4 Property owners and interested parties are invited to address written suggestions or representations to the Municipality within the period prescribed in the notice.

16.2.5 Council will consider all suggestions and/or representations received during the finalisation of the property rates policy.

17. FURNISHING OF ACCOUNTS

17.1 The Municipality will furnish each person liable for the payment of a rate with an account, specifying: -

17.1.1 the amount due for rates payable;

17.1.2 the date on or before which the amount is payable;

17.1.3 how the amount was calculated;

17.1.4 the market value of the property; and

17.1.5 exemptions, reductions and rebates or the phasing-in of rates, if applicable.

- 17.2 A person liable for the payment of rates remains liable for payment, whether or not that person has received a written account from the Municipality, enquiries must be addressed to the Municipality by such a person who has not received a written account.
- 17.3 In the case of joint ownership the Municipality will, upon request, furnish written accounts to one or more individual owners.

18. PAYMENT OF RATES

- 18.1 Council may claim the payment of rates: -
- 18.1.1 on a monthly basis; or
- 18.1.2 annually before 30 September of each year.
- 18.2 Rate payers may choose to pay rates in one instalment annually on or before 30 September of each year. The property owner must notify the municipal manager or his/her nominee by no later than 30 June in any financial year, or such later date in the financial year as determined by the Municipality, that he/she wishes to pay all rates in respect of such a property in annual instalments, after which such an owner shall be entitled to pay all rates in the subsequent financial year and all subsequent financial years annually until he/she withdraws this notice in similar manner.
- 18.3 In the case of joint ownership the Municipality may, in order to limit costs and prevent unnecessary administration, recover the rates continuously from one of the joint owners.
- 18.4 If a rate is payable: -
- 18.4.1 in a single amount annually, it must be paid on or before a date determined by the Municipality.
- 18.4.2 in instalments, it must be paid on or before a date in each period determined by the Municipality.
- 18.5 Interest on rates in arrears, whether paid annually or in equal monthly instalments, shall be calculated in accordance with the provisions of the Municipality's policy on credit control and debt collection.
- 18.6 If a property owner who in terms of this policy is liable for the payment of property rates fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Municipality's by-law on credit control and debt collection.
- 18.7 Rates in arrears shall be recovered from tenants, occupiers and agents of the owner in terms

of section 28 and 29 of the Act and the Municipality's policy on credit control and debt collection.

- 18.8 In the event of rates levied emanating from a supplementary valuation, payment thereof will be according to the date determined by the Municipality and payment thereof may not be withheld pending an objection or appeal as determined by section 78(2) of the Act.
- 18.9 In the event that a property has been transferred to a new owner and rates emanating from a supplementary valuation become due and payable, the owner on date of the levy will be held responsible for the settlement of the interim rates account.
- 18.10 Where the rates on a specific property have been incorrectly determined, whether because of an error or omission on the part of the Municipality, or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be adjusted retrospectively for the period from the date on which the error or omission is detected, back to the date on which rates were first levied in terms of the current valuation roll.
- 18.11 Where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.
- 18.12 Rates Clearance Certificates:-
- 18.12.1 will be valid until the end of the financial year, 30 June;
- 18.12.2 No clearance certificates will be issued for part of the financial year,
- 18.12.3 No extension on a certificate will be granted. If it expires a new application for clearance must be made;

19. FREQUENCY OF VALUATIONS

- 19.1** The Municipality shall prepare a new valuation roll at least every five (5) years as stated in the Amendments to the Municipal Property Rates Act. **The latest General Valuation Roll 2017 will become effective on 01 July 2017. See the Property rates bylaw adopted on 31 May 2017.**
- 19.2 In accordance with the Act the Municipality, under exceptional circumstances, may request the MEC for Local Government and Housing, to extend the validity of the valuation roll to five (7) years.
- 19.3 Supplementary valuations shall be done on a continual basis, but at least once financial

year, in order to ensure that the valuation roll is maintained.

20. REVIEW PROCESS

The Property Rates Policy must be reviewed on an annual basis to ensure that it complies with the strategic objectives of the Municipality, as stipulated in the Integrated Development Plan and other applicable legislation.

21. IMPLEMENTATION

This policy will come into effect on 1 July 2017.

EMTHANJENI MUNICIPALITY



FINAL INDIGENT HOUSEHOLD POLICY

BUDGET 2017/2018 MTERF

INDIGENT POLICY

INTRODUCTION

The Indigent Policy must be read along with the Customer Care and Management Policy.

2 PRINCIPLES THAT UNDERPIN AN INDIGENT POLICY

The following principles are applied in the policy:

- Administrative Integrity must be maintained at all costs – policy and execution are legally separate and must also be practically separate.
- Communication of policies, rights and responsibilities, must be understandable, effective and regular.
- Billing is to be accurate, timely and understandable.
- The customer is entitled to efficient, effective and reasonable access to pay points, and to a variety of reliable payment methods.
- Poor households are to be identified and supported, with appropriate policies and practices.
- Enforcement of payment will be prompt, consistent, effective and humane.
- Fraud and criminality will lead to loss of rights and severe penalties.
- Targets for performance in both customer service and debt collection will be set and strived for.
- Results will be regularly and efficiently reported.
- Indigent Policy will be agreed to by Council and management, and thereafter supported by these parties.

3. RESPONSIBILITIES AND DELEGATED AUTHORITY

3.1. The Council --

3.1.1 must create, evaluate, review and adopt the Indigent Policy and related by-laws.

3.1.2 The Mayor must oversee and monitor the implementation and enforcement of the municipality's policies in this regard.

3.2 The Municipal Manager --

3.2.1 as Accounting Officer, must implement and enforce this policy and any relevant by-laws.

3.2.2 must establish and control the administration necessary to fulfil this policy, and report efficiently and regularly to the Executive Committee in this regard.

3.2.3 may delegate authority in this regard to the Chief Financial Officer (CFO).

3.3 The Applicant Indigent --

3.3.1 must apply annually to be considered for the indigent equitable share, subsidy or rebate in terms of this and any other policy of Council in this regard; and

3.3.2 must report any change in his/her circumstances which moves his/her household out of the eligibility brackets in clause 4.1.2.

4. INDIGENT POLICY

4.1 Criteria

4.1.1 Council will provide an indigent subsidy, in line with national government regulations and guidelines, to assist the poorest households in the community to receive a basket of basic municipal services either free or rebated, and thereby make basic municipal services available to all.

4.1.2 Indigent subsidies are available **only to domestic households** where the total income of all occupants over 18 years of age is equal to two state pensions (Old Age or Disability Grants) plus Two Child Grant payments or less than **R4 000 per month** (threshold), as contained in the tariff schedule, as annually determined by Council.

4.1.3 The subsidy will be available **only to households legally occupying premises and legally consuming municipal services.**

4.1.4 All other consumers who are not households as mentioned above, **do not qualify to be recognised as an Indigent Household.**

4.2 Funding

4.2.1 The source of funding for the indigent subsidy is the Equitable Share contribution to the Municipality made by the government from the National Treasury. Council will determine the subsidy amount or percentage, per service category, per household, on a year-to-year basis, taking into account the Equitable Share allocation. The subsidy allocation must be contained in the tariff schedule and must be reviewed annually with the annual budget and tariffs.

4.2.2 The subsidy will be widely publicised by the Council, the Municipality and civil society structures.

4.3 Services

4.3.1 Monthly subsidised services will be as follows:

- refuse removal;
- sewerage.

4.3.2 Subsidised services, on a free basic service (consumption basis) will be the following:

- electricity (50kWh);
- water (**8 kl**).
- Property Rates will be dealt with as per Rates Policy as per exemption of **R28 000** per property.

4.3.3 Households that qualify for an indigent subsidy

- i) will be required to consent to a prepayment electricity meter, the cost of which will be recovered as a surcharge on their subsequent electricity coupon cost; or a cash payment by the household;
 - The owner will be required to consent to a prepayment electricity meter, the cost of which will be recovered as a cash payment by the owner, in those cases where the household is a tenant.

- ii) Households that exceed 8 kl of water per month and are in arrears will have a restriction apparatus fitted to their water supply.
- iii) Households that exceed the 50kWh of electricity per month and are in arrears will have their electricity suspended.
- iv) Indigent households who's property valuation exceeds R28 000 will have to pay the difference in property rates.

4.3.4 The indigent debtor will be responsible for payment of the difference or excess consumption between the subsidy received and the standard consumption used by the indigent debtor.

4.4 Household Eligibility

4.4.1 Households become eligible for the rebate through an approved application, annually, on a specific Municipal application form, after which screening and ongoing auditing will occur. This form will require at least the following data:

- Information of owner of household;
- Physical and postal address;
- Telephone details (if applicable);
- A list of all persons in the household, names and ages;
- Listed gross monthly income of all adults (over 18), with proof (pay slip, grant proof, etc);
- Ownership of business or second properties;
- Confirmation that he/she has had Municipality's Indigent subsidy explained to them; that they are aware that the provision of fraudulent information is an offence;
- In the case of claims of unemployment amongst adults, proof attested by the Department of Labour in this regard must be attached.

4.5 Exclusion

A household will be excluded from the subsidy if:

4.5.1 the household head owns a business

4.5.2 the household head owns a second property;

- 4.5.3 the application was filled in dishonestly;
- 4.5.4 applicant reports a change in his/her circumstances which moves his/her household out of the eligibility brackets in clause 4.1.2;
- 4.5.5 an arrangement to pay arrears over time falls months or more into arrears with their current account and their current arrangement in dishonoured;
- 4.5.6 ongoing audits suggest improvements in the financial circumstances of the household moving it out of the eligibility brackets in clause 4.1.2.
- 4.5.7 the house is rented to someone who does not qualify or a shop is opened up it will lead to immediate disqualification.

4.6 Investigation

- 4.6.1 The Municipality reserves the right to verify the details provided in 4.4.1
- 4.6.2 The Municipality will undertake an ongoing inspection of the applicant household and any changes in that household's circumstances must be reported.
- 4.6.3 Applicant must attest to the above before a Commissioner of Oaths and a representative of a civil society structure must attest to the veracity of the application.

4.7 Write-off

Council will not consider, on an annual basis, the writing off of subsidised existing service arrears at the time of enrolment as an indigent household,

- 4.7.1 not for tampering charges
- 4.7.2 or connection/reconnection fees
- 4.7.3 or legal/collection cost
- 4.7.4 or any other fee/instalment in terms of an existing agreement
- 4.7.5 or for the purpose of selling properties within a period of 24 months after the writing off. The amount that will be required to be paid back by the seller before an clearance certificate will be issued.

4.8 Auditing

The indigent subsidy will be activated after the indigent application has been approved by the Executive Committee of Council or by approval by the Municipal

Manager or the Chief Financial Officer. An initial inspection of the applicant household by the Municipality's designated officials must be done within one month of application. Follow-up inspections will be performed, within six months to determine changes in household circumstances. Such inspections will be conducted by individuals appointed by the Chief Financial Officer to do so and they will make recommendations on whether the subsidy should be continued or discontinued. The Executive Committee of Council, the Municipal Manager or Chief Financial Officer shall decide on the discontinuation of a subsidy.

5. DEBT COLLECTION RELATED TO THE INDIGENT

5.1 Enforcement Mechanisms

- 5.1.1 Customers who are Indigent and who are in arrears and whose usage on their municipal bill exceeds the predetermined levels, will have their supply of electricity and water, and other municipal services, restricted, blocked, suspended or disconnected.
- 5.1.2 The Municipality reserves the right to restrict or deny the sale of electricity or water coupons to indigent customers who are in arrears with their rates or other municipal charges.
- 5.1.3 Upon the liquidation of arrears, or the conclusion of arrangements for instalment payment, the restricted, suspended or disconnected service will be reconnected or unblocked as soon as conveniently possible.
- 5.1.4 The cost of the restriction, blocking, suspension or disconnection, and the reconnection or unblocking, will be determined by tariffs agreed by Council, and will be payable by the consumer before reconnection.
- 5.1.5 Households, classified as indigent, will not be handed over for legal processes, including judgement and summonses.
- 5.1.6 The arrear amount, including the cost of the restriction, blocking, suspension or disconnection, and the reconnection or unblocking, must be transferred to the electricity vending system and collected through the deduction of not less than 20% of electricity purchases.

5.2 Interest

- 5.2.1 Interest will **NOT** be raised as a charge on **Indigent Households accounts** not paid by the due date.
- 5.2.2 Interest will NOT be charged on the total outstanding capital balance of the accounts at a rate determined by Council annually as per tariff policy. *See the debt collection policy section that deals with interest*
- 5.2.3 The decision to waive interest in specific instances can only be taken by the Chief Financial Officer.
- 5.2.4 The charging of interest will cease from the date the arrear debt is transferred as per 5.1.6 above or when an agreement has been signed with a customer.

5.3 Personal Contact

- 5.3.1 The Municipality will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of the state of their arrears, and their rights (if any) to conclude arrangements or to indigent subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.
- 5.3.2 The cost of the contact, by telephone, e-mail or short message service (sms), will be determined by tariffs agreed by Council, and will be payable by the consumer.
- 5.3.3 Directorate of Finance shall maintain a schedule of debtors with large amounts outstanding and will maintain intensive contact with these debtors as in 5.3.1.
- 5.3.4 Such contact is not a right that debtors enjoy – disconnection of services, and other collection proceedings, will continue in the absence of such contact for whatever reason.

6 THEFT AND FRAUD

- 6.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised act associated with the supply

of municipal services, as well as theft and damage to Council property, will be liable for penalties as determined from time to time.

- 6.2 The Municipality will immediately terminate the subsidy and the supply of services to a customer should such conduct as outlined above be detected.
- 6.3 A customer who has his subsidy terminated as per 6.2 above, will not be eligible for a subsidy for the remaining portion of the current and the following financial year.
- 6.4 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 6.5 The debt collection process as outlined in the Debt Collection Policy will become applicable.

7 CLEARANCE CERTIFICATES

- 7.1 Are issued on request by the transferring attorney and on receipt of the applicable fees.
- 7.2 Are only issued when all amounts due in connection with that property for municipal fees, surcharges on fees, property rates and other municipal taxes, levies and duties have been fully paid.
- 7.3 Any instalment for rates, refuse and sewerage is immediately payable.
- 7.4 The Municipality, as owner of municipal property, may issue a clearance certificate provided proper arrangement for the payment of any outstanding amount has been made.

8 REPORTING TO COUNCIL

The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council and other interested parties. This report shall reflect on:

- 8.1 Number of indigent households applied;
- 8.2 Amount of subsidy allocated per service category;

- 8.3 Amount of debt accumulating and debt recovery information (numbers of customer; enquires; default arrangement; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 8.4 Performance of all areas against targets agreed to in item 9 of this policy document.

9 PERFORMANCE EVALUATION

- 9.1 The performance measured will be to identify the number of indigent households and to measure the percentage of these households to whom the Municipality provides assistance.
- 9.2 Council will create a forum wherein these targets are assessed, Council's performance evaluated and remedial steps taken.

10 BY-LAWS

The principle contained in this policy will be reflected in the various service by-laws as promulgated and amended by Council from time to time.

11 COMMENCEMENT

This policy takes effect on 1 JULY 2017.

MUNISIPALITEIT EMTHANJENI MUNICIPALITY



PROPERTY RATES BY-LAW

In accordance with Section 162 of the Constitution of the Republic of South Africa (Act No. 108 of 1996), and Section 6 (1) and (2) of the Property Rates Act (Act No. 6 of 2004) as Amended, Emthanjeni Municipality will adopted the following Property Rates By-Law, in terms of Council Resolution on 31 May 2017, to give effect to the implementation of its Property Rates Policy.

By-Law No. 2017, Property Rates BY-LAW, 2017

BY-LAW

To provide for the implementation and enforcement by the Emthanjeni Municipality of its Rates Policy and for matters connected therewith.

Be it enacted by the Emthanjeni Municipality, as follows:

Definitions

1. In this By-Law, unless the context otherwise indicates-

“Municipality” means the Emthanjeni Municipality; and

“Act” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) as Amended.

Implementation and enforcement of policies

- 2. (1)** The Municipality must, pursuant to section 6 of the Act, and any national or provincial legislation regulating local government finance, give effect to its Rates Policy drafted and adopted in accordance with section 3 of the Act, by implementing and enforcing such policy.

MUNISIPALITEIT EMTHANJENI MUNICIPALITY

- (2) Any person, natural or juristic, who lays claim to any rebate, reduction, or Exemption under the Rates Policy, must provide the information required And meet the obligations imposed by the Municipality in terms of such Policy.

Short title

3. This By-Law shall be called the Property Rates By-Law, 2017.

Commencement

4. This By-Law shall come into effect on the 1st day of July 2017.

**I VISSER
MUNICIPAL MANAGER
EMTHANJENI MUNICIPALITY
45 VOORTREKKER STREET
DE AAR
7000**

NOTICE: 13/2017

EMTHANJENI MUNICIPALITY



SCM POLICY

BUDGET 2017/2018 FINANCIAL YEAR

**MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT
ACT, 2003**

Date of adoption:

Original	:	[29 September 2005]
1 st Review	:	[15 October 2009]
2 nd Review	:	[05 May 2011]
3 rd Review	:	[31 May 2012]
4 th Review	:	[31 May 2013]
5 th Review	:	[31 May 2014]
6 th Review	:	[28 May 2015]
7 TH Review	:	[31 May 2016]
8 TH Review	:	[31 May 2017]

Emthanjeni Local Council resolves in terms of Section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of Emthanjeni Local Municipality.

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1. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

“Accounting officer” means the Accounting Officer referred to in section 60 of the Municipal Finance Management Act, No. 56 of 2003, in relation to a municipal entity, means the official referred to in section 93, and includes a person acting as the accounting officer.

“Accredited Agent” means a provider who is authorized to deliver certain goods / services and can be trading in a specific area, however, an accredited agent is not a sole provider.

“accredited” means goods / services that are officially recognized, are generally accepted or having a guaranteed quality.

“B-BBEE” meaning the broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act.

“ B-BBEE status level of contributor” means the B-BBEE status of an entity in terms of a code of good practice on Black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.

“ black designated groups” has the meaning assigned to it in the codes of good practice issued in terms of Section 9(1) of the Broad-Based Black Economic Empowerment.

“black people; is as generic term which means Africans, Coloureds and Indians as defined in the Broad-Based Black Empowerment Act (No. 53 of 2003);

“competitive bid” means a bid in terms of a competitive bidding process;

“competitive bidding process” means procurement above a transaction value of R200 000 (including VAT) and long term contracts.

“competitive bidding process” means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

“ designated groups” means;

- a) Black designated groups;
- b) Black people;
- c) Women;
- d) People with disability; or
- e) Small enterprises as defined in section 1 of the National Small Enterprises Act, 1996 (Act No.102 of 1996);

“emergency procurement” emergency cases are cases where immediate action is necessary in order to avoid dangerous or risky situation (life threatening) or misery such as floods or fires.

“exceptional / urgent cases” exceptional cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or

impractical. *However a lack of proper planning should not be constituted as an urgent case subject To the approval of the Accounting Officer. The nature of the urgency and the details of the justifiable procurement must be recorded and the AO to approve.*

“Exempted Micro Enterprise” [EME’s] Enterprises with an annual total revenue of R5 million or less [all taxes included] for goods and services. Sector charters have been developed for the Tourism and Construction industry where thresholds of Rand 2.5 million and Rand 1.5 million respectively have been established.

“final award”, in relation to bids or quotations submitted for a contract, means **bids or quotations submitted for a contract, means the final decision on which-bid or quote to accept;**

“formal written price quotation” means quotations referred to in paragraph 12 (1) (c) of this Policy;

“Fruitless expenditure”-expenditure made in vain and could have been avoided if reasonable care taken;

“formal written price quotation” means quotations for procurement of transaction value of over R10 000 up to R200 000

“functionality” means the ability of a tenderer to provide good or services in accordance with specifications as set out in the tender documents;

“in the service of the state” means to be –

- (a) a member of –
 - (i) any municipal Council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);

(e) a member of the accounting authority of any national or provincial public entity; or

(f) an employee of Parliament or a provincial legislature;

“ **Irregular expenditure**”-expenditure incurred that is not in accordance with a requirement of a SCM policy of the municipality or by-laws giving effect to such a policy/eg. Unsolicited bids

“**long term contract**” means a contract with a duration period exceeding one year;

“**list of accredited prospective providers**” means the list of accredited prospective providers which the **municipality must** keep;

“**military veteran**” has the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011);

“**other applicable legislation**” means any other legislation applicable to municipal supply chain management, including –

(a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);

(b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
and

(c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

“**people with disabilities**” has the meaning assigned to it in section 1 of the Employment Equity Act, 1998 (Act No.1 of 1998)

“**price**” includes all applicable taxes less all unconditional discounts;

“**QSE**” means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“**Rand value**” means the total estimated values of a contract in Rand, calculated as the time of tender invitation;

“**rural area**” means-

a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or

b) an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system;

“**Sole Provider**”-means a provider of specialized or exclusive goods/services who has a

“Transversal contract” means a contract arranged for more than one dept/mun or for more than one level of government eg. National and Provincial Government.

(d) Circular issued dated 08 December 2011 by Minister of Trade and Industry and other related circulars issued

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act

No. 56 of 2003);

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005, and also Circular 1/2/1/2/2 that deals with Insurance and validity of Broad Based Black Economic Empowerment(B-BBEE) Status Level Certificates in respect of Exempted Micro Enterprises (EMEs)

“the Treasury Circulars” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005, Circular1/2/1/2/2 that deals with Issuance and validity of Broad Based Black Economic Empowerment(B-BBEE) Status Level Certificates in respect of Exempted Micro Enterprises (EMEs) and: Local production and content.

“township” means an urban living area that any time from the 19th century until 27 April 1994, was reserved for black people; including areas developed for historically disadvantaged individuals post 27 April 1994;

“**written**” means quotations of transaction value of R2 000 up to R30 000(VAT included).

“**youth**” has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act.No. 54 of2008);

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

- 2.** (1) All officials and other role players in the supply chain management system of **Emthanjeni** Local Municipality must implement this Policy in a way that –
- (a) gives effect to –
 - (i) Section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with –
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of Section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - Broad Based Black Economic Empowerment Act [B-BBEEA];
 - Corruption Act, 1998 – anti-corruption measures and practices;
 - Competition Law and Regulations;
 - Promotion of Administrative Justice Act, 2000;
 - National Archives of South Africa Act, 1996;
 - National Small Business Act;
 - Construction Industry Development Board Act, 2000 [Act no 38 of 2000].
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

- (3) This Policy applies when Emthanjeni Local Municipality–
 - (a) procures goods or services;

- (b) disposes of goods no longer needed;
- (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
- (4) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contracted with another organ of state, including –
 - (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

Amendment of the supply chain management policy

- 3. (1) The Accounting Officer must –
 - (a) at least annually review the implementation of this Policy; and
 - (b) when the Accounting Officer considers it necessary, submit proposals for the amendment of this Policy to the Council.
- (2) If the Accounting Officer submits proposed amendments to the Council that differ from the model policy issued by the National Treasury, the Accounting Officer must –
 - (a) ensure that such proposed amendments comply with the Regulations; and
 - (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

Delegation of supply chain management powers and duties

- 4. (1) The Emthanjeni Council hereby delegates all powers and duties to the Accounting Officer which are necessary to enable the Accounting Officer –

- (a) to discharge the supply chain management responsibilities conferred on Accounting Officers in terms of –
- (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;
 - (iii) MFMA delegations
- (b) to maximise administrative and operational efficiency in the implementation of this Policy;
- (c) to enforce reasonable, cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
- (d) to comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Act.
- (1) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an Accounting Officer in terms of subparagraph (1).
- (2) The Accounting Officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of Emthanjeni Local Municipality or to a committee which is not exclusively composed of officials of Emthanjeni Local Municipality;
- (3) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system, provided for in paragraph 28 of this Policy.

Sub-delegations

The Chief Financial Officer may only appoint supply chain practitioners on the committees with express prior permission from the Accounting Officer [Municipal Manager].

5. (1) The Accounting Officer may in terms of Section 79 or 106 of the Act sub - delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this Policy, but any such sub-delegation must be consistent.
- (2) The power to make a final award –
- (a) Above R10 million (including VAT) **must not** be sub-delegated by the Accounting Officer;
- (b) above R2 million (including VAT), but not exceeding R10 million (including VAT), may be sub-delegated but only to –
- (i) the Chief Financial Officer;
- (ii) a Senior Manager; or
- (iii) a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is a member; or
- (c) not exceeding R2 million (including VAT) may be sub-delegated but only to –
- (i) the Chief Financial Officer;
- (ii) a Senior Manager;
- (iii) a Manager directly accountable to the Chief Financial Officer or a Senior Manager; or
- (iv) a Bid Adjudication Committee.
- (3) An official or Bid Adjudication Committee to which the power to make final awards has been sub-delegated must, within five days of the end of each month, submit to the Accounting Officer a written report containing particulars of each final award made by such official or committee during that month, including–
- (a) the amount of the award;
- (b) the name of the person to whom the award was made; and
- (c) the reason why the award was made to that person.
- (4) A written report must be submitted –
- (a) to the Accounting Officer, in the case of an award by –
- (i) the Chief Financial Officer;

- (ii) a Senior Manager; or
- (iii) a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is a member; or
- (b) to the Chief Financial Officer or the Senior Manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager; or
 - (ii) a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is not a member.
- (5) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system.
- (6) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of Council

- 6. (1) Emthanjeni Council reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the Accounting Officer must –
 - (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the Supply Chain Management Policy of any municipal entity under the sole or shared control of the municipality, to the Council of the municipality; and
 - (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Council.
- (3) The Accounting Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the Mayor.

- (4) The reports must be made public in accordance with Section 21A of the Municipal Systems Act.

Compliance with Ethical Standards

In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the Municipal Manager and all representatives of Emthanjeni Municipality who are involved in supply chain management activities shall act with integrity and in accordance with the highest ethical standards.

All supply chain management representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards.

Supply chain management unit

7. Emthanjeni municipality shall strive to a centralised supply chain management system is hereby established to implement this Policy; the supply chain unit operates under the direct supervision of the Chief Financial Officer.

A centralized purchasing structure offer benefits in terms of:

- Greater standardisation, because purchases are made through one office.
- The buying power for each transaction is increased.
- Buyers are afforded the opportunity to become experts.
- Control over all aspects of the purchasing system is improved, and the system tends to be simpler.
- Suppliers may communicate more easily with a centralised purchasing structure than with different departments.

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2 SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9. This Policy provides systems for –
- (i) demand management;
 - (ii) acquisition management;
 - (iii) logistics management;
 - (iv) disposal management;
 - (v) risk management; and
 - (vi) performance management.
 - (vii) asset management

Part 1: Demand management

System of demand management

10. (1) The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by Emthanjeni Local Municipality support its operational commitments and its strategic goals outlined in the IDP.

(2) The demand management system must –

- (a) include timely planning and management processes to ensure that all goods and services required by Emthanjeni Local Municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
- (c) provide for the compilation of the required specifications to ensure that its needs are met.
- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- (e) The municipality must compile a Procurement Plan containing all planned Procurement for the financial year in respect of the procurement of goods, services and infrastructure projects which exceed R 200 000 [all applicable taxes included] per case as described in the Supply Chain Management Guide for Accounting Officers.
- (f) The procurement plan must be finalized on the 1 July every year. The relevant information should preferably be furnished in the format contained in the Procurement Plan Template enclosed as Annexure A.
- (g) (Also refer to National Treasury MFMA Circular 62 and 77.

Part 2: Acquisition management

System of acquisition management

11. (1) The Accounting Officer must implement the system of acquisition management set out in this Part in order to ensure –
- (a) that goods and services are procured by Emthanjeni Local Municipality in accordance with authorised processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget;

- (c) that the threshold values for the different procurement processes are complied with;
- (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are as per National and Provincial prescripts [SCM Practice note 2, Explanatory notes: Revised quotation / bid forms]
- (e) that the preference point system used in accordance with the Revised Preferential Procurement Policy Regulations of 20 January 2017 [utilizing B-BBEE status level verification certificates to claim preference points].
- (f) that any Treasury guidelines on acquisition management are properly taken into account.
- (g) Verification of bids in excess of R10 million

Prior to advertisement:

Verification by the CFO

The senior manager responsible for a vote must submit to the CFO:

- proof that budgetary provision exists for the procurement of the goods/services and / or infrastructure projects;
- any ancillary budgetary implications related to the bid;
- any multi -year budgetary implications;

Prior to the award of a bid

Contracts above the value of R 10 million [all applicable taxes included] may only be awarded to the preferred bidder after the CFO has verified in writing that budgetary provision exists for the acquisition of the goods, infrastructure projects and /or services and that it is consistent with the Integrated Development Plan.

- (h) Publication of awards in respect of advertised competitive bids [above the threshold value of R 200 000]

The following information on the successful bids must be placed on the municipal website:

- Contract numbers and description of goods, services or infrastructure projects;
- Names of the successful bidders and the B-BBEE level of contribution claimed;
- Brand names and dates for completion of contracts.

(i) **Functionality**

Adhere to the revised guidelines when functionality is included as a criterion in the evaluation of bids [National Treasury note issued in September 2010].

- Clear indication must be given in bid documents if bids will be evaluated on functionality.
- Evaluation criteria must be objective.
- The weight of each criterion, applicable values and the minimum qualifying score [for each bid on its own merit] must be indicated in the bid documents.
- Bidders failing to achieve the qualifying score for functionality must be disqualified.
- Bidders achieving the minimum qualifying score must be evaluated further in terms of points for price and B-BBEE status level contribution

Pre –evaluation

- After closure of the bid pre-evaluation is done to ensure all bidders comply with the prescribed minimum norms and standards, **NO TECHNICAL EVALUATION IS DONE AT THIS POINT.**

- Bidders are then invited to prepare for a functionality presentation in line with the criteria set out in the bid document on a specific date and provided with a time slot.

Appointment of a functionality committee

- The functionality committee is an ad-hoc committee appointed per bid.
- It should consist out of a cross functional team
- To be included as well:
 - A SCM Practitioner;
 - The end-user;
 - Technical experts;
 - Members of the Bid Evaluation- and Adjudication committees;
- CFO or a person with knowledge of the available budget from the CFO's office;
- Any other official deemed to be relevant;

- Provincial SCM official.
- Each member will complete a score sheet per bidder.
- The totals to be calculated by SCM, an average calculated and only the bidders who scored the minimum qualifying score will be evaluated further.
- Prior to the functionality committee meeting the end-user and the technical experts can sit with all the appointed committee members and peruse each bidder's proposal and draw-up a list of questions for clarification. Each member can add his / her own questions and during the presentations clarify or verify the information presented with relevant questions.

NOTE: There cannot be two [2] technical evaluation processes, only one done by a duly appointed functionality committee.

- Functionality evaluation forms part of the formal evaluation processes and is open for legal scrutiny and challenges –therefore it is a formal once off process with proper procedures and score sheets to be completed per committee member for each bidder, duly signed off by the relevant committee member.
 - Score sheets form part of a bid and year-end audit by the Auditor –General.
 - Not following proper processes may lead to expenditure been classified as irregular by the Auditor-General's office.
 - that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;
and
(j) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) Where the municipality contracts with another organ of state for the provision of goods and services, the Accounting Officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -
- (a) the kind of goods or services; and
 - (b) the name of the supplier.

Range of procurement processes**12. (1)**

AMOUNT [VAT INCL.]	PROCEDURES
R up to R 1 000	<ul style="list-style-type: none"> • One quotation will be required • The supplier is to be selected and will be appointed on a rotation basis, provided that parts or repairs could be supplied immediately. • Normal stock items: the Buyer will re-order on the agreed minimum stock level. • For the purchasing of non-stock items authorization is required in accordance with delegations. <p>Approval: Chief Financial Officer</p>
R 1 001 up to R 2 000	<ul style="list-style-type: none"> • One quotations will be required. • Supplier is to be appointed on a rotation basis, provided that parts of repairs could be supplied immediately. • Normal stock items: The Buyer will re-order on the agreed minimum stock level. • For the purchasing of non-stock items authorization is required in accordance with delegations. <p>Approval: Chief Financial Officer</p>
R 2 001 up to R 10 000	<ul style="list-style-type: none"> • Two written quotations will be required • Supplier is to be appointed on a rotation basis, provided that parts or repairs could be supplied immediately • Normal stock items: the buyer will re-order on the agreed minimum stock level • For the purchasing of non-stock items authorization is required in accordance with delegations <p>Approval: Chief Financial Officer</p>
R 10 001 up to R 200 000	<ul style="list-style-type: none"> • Three formal written quotations are required • The CFO will appoint the supplier of on a rotation basis depending on the urgency and delivery period. • All requirements in excess of R30 000 must be advertised for at least 7 days on the website and an official notice board of Emthanjeni Local Municipality; <p>Purchases above R100 000 CFO will approve</p>

More than R 200 000 & long term contracts	Standard procedures as defined in the Procurement Policy apply
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(2) *The Accounting Officer may, in writing-*

(a) *lower, but not increase, the different threshold values specified in table (1);*

or

(b) *direct that –*

a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

(4) The following types of transactions are excluded from the normal bid process:

(i) Where there are only sole suppliers of a product / service e.g.

- i. Eskom
- ii. Bulk water suppliers
- iii. Postage and telephone
- iv. Rail and road transport
- v. De Aar Printers / Die Echo
- vi. De Aar Stone Crushers
- vii. De Aar Chemist
- viii. De Aar Glassworks
- ix. Lexis Nexis
- x. Lex Patria
- xi. OVK

(ii) Where prices are fixed or regulated

- i. Fuel purchases

- ii. Newspapers and magazines
- (iii) **Where services / products are subjected to maintenance contracts e.g.**
 - i. Assets under guarantee (Servicing vehicles and machinery)
 - ii. Alarm Monitoring
- (iv) **Where the normal bid process is not feasible e.g:**
 - i. Subsistence and travel
 - ii. Official lunches
 - iii. Annual health examinations for officials
 - iv. Stripped (dismantled) machinery requiring a quote for repairs.
 - v. Annual licence fees. Software & vehicles
- (v) **Emerging contractors (Decision by Municipal Manager or designate)**
- (vi) **Service Level Agreements**
- (vii) **External professional membership institutions within the Local Government sphere: membership fees.**
 - i. IPMSA (Institute of municipal practitioners of SA)
 - ii. ILGM (Institute for Local Government management in SA)
 - iii. IMFO (Institute for municipal financial officers)
 - iv. IMESA (Institute for municipal engineers of SA)
- (5) **Please note. The list of transactions will be excluded from the normal bidding processes and may be amended or extended, as and when required**

General pre-conditions for consideration of written quotations or bids

- 13.** A formal written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
- (a) has furnished that provider's –
 - (i) full name;
 - (ii) identification number or company or other registration number; and

- (iii) tax reference number and VAT registration number, if any;
- (iv) **check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears for more than three [3] months;**

Bids/ quotations should only be awarded to suppliers who are not in arrears with their municipal rates and taxes. If the suppliers are not resident in this municipality, but offer their services from any other municipality, the same applies. It should be established if they are not in arrears in their own municipality.

- (v) requirements for construction and engineering related bids should be awarded according to CIDB regulations;
- (vii) The CIDB Act requires that all projects need to be registered with the CIDB;
- (viii) Before an award is done to a contractor, the contractor's CIDB grading must be confirmed with the CIDB website;
- (ix) The CIDB grading designation is as follows:

Grading designation	Less than or equal to
1	R 200 000
2	R 650 000
3	R 2 000 000
4	R 4 000 000
5	R 6 500 000
6	R 13 000 000
7	R 40 000 000
8	R 130 000 000
9	No Limit

- (b) has authorized Emthanjeni Local Municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

- (c) has indicated –
- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months;
or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers:

Central Supplier Database (CSD)

14. (1) The Accounting Officer must –
- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written quotations and formal written price quotations; and
 - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - (c) specify the listing criteria for accredited prospective providers; and
 - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.

The listing requirements are as follows:

- a) Street address;
- b) Postal address;
- c) Contact person in Sales Department;
- d) Sales Department's telephone number;
- e) Sales Department's fax number;
- f) Sales Department's cell number;
- g) Sales Department's email address;
- h) Contact person in Accounts Department;
- i) Accounts Department's telephone number;
- j) Accounts Department's fax number;
- k) Accounts Department's email address;
- l) VAT registration yes/no;
- m) VAT registration number;
- n) Bank details;
- o) Type of industry;
- p) Valid certification for specialised services;
- q) Valid tax clearance certificate;
- r) CIDB registration if applicable;
- s) Valid certification in respect of Exempted Micro Enterprises or -BBEE Status Level of Contributor.
- t) Relevant identification numbers of all members, directors and partners

Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases, are as follows –
 - (a) a Senior Manager may delegate responsibility for petty cash to an official reporting to the manager if the amount is equal to or less than R2 000;
 - (b) the maximum number of petty cash purchases or the maximum amounts per month for each manager is R2 000;

- (c) types of excluded expenditure from petty cash purchases include office furniture and equipment; and
- (d) a monthly reconciliation report from each manager must be provided to the Chief Financial Officer, including –
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

Written quotations

Although the Act makes provision for verbal quotations, Emthanjeni Local Municipality will not apply this condition due to the loopholes it poses and lack of capacity to monitor it. Only written quotations will be applicable as per decision by the Municipal Manager.

Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations are as follows:
- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
 - (b) where no suitable accredited service providers are available from the list, quotations may be obtained from other possible providers not on the list, provided that such service providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this policy.
 - [c] quotations must be approved on a rotation basis.
 - [d] to the extent feasible, providers must be requested to submit such quotations in writing **if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;**
 - (f) the accounting officer must record the names of the potential providers requested

to provide such quotations with their quoted prices; and if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider:

- (g) The municipality will investigate and utilize various other options to advertise bids/quotations viz. community boards, the library, public buildings, police station, etc. This is to ensure that the municipality tried to obtain at least three quotations. In cases where there are only a few suppliers for certain goods and, vehicle repairs, the municipality will then use these suppliers on a rotation basis, in order to give everybody a chance. This practice will only be utilized in exceptional cases. As soon as more suppliers become available, such goods / services will be provided via the database.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:

- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of Emthanjeni Local Municipality;
- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1) (b) and (c) of this Policy;

The revised PPPFA prescripts are applicable, eg. Point system and Status level verification certificates [score cards] must be applied in the adjudication process. Please refer to paragraph 19 [3] for more detail.

- (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- (e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods

- and services and lowest price;
- (f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who's offer is according to
 - (g) specifications, has the ability to deliver and is compliant with all the other requirements and scored the highest points. Minimum requirements for proper record keeping must be complied with.
 - (h) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer, and
 - (i) the CFO must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the Chief Financial Officer on any approvals given during that month by that official in terms of that sub-paragraph.

Procedures for procuring goods or services through written quotations and formal written price quotations

- 18.** The procedure for the procurement of goods or services through written quotations or formal written price quotations is as follows:
- (a) when using the list of accredited prospective providers the Accounting Officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
 - (b) **all requirements in excess of R30 000 that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least 7 days on the website and an official notice board of Emthanjeni Local Municipality;**
 - (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;

- (d) the Accounting Officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a subdelegation;
- (e) offers below R30 000 must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services;
- (j) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
- (k) **Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.**

Competitive bids

19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11 (2) of this Policy.
- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.
- (3) The 80 / 20 principle is applicable; 80 points for price and 20 points for B-BBEE status level verification certificates. The 20 points will be standard as follows;**

B-BBEE Status Level of Contributor	Number of points [80 / 20]	Number of points [90/10]
1	20	10
2	18	9
3	14	6
4	12	5
5	8	4
6	6	3
7	4	2

8	2	1
Non compliant Contributor	0	0

The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100.

A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score 0 out of a maximum of 10 or 20 points for B-BBEE status.

PLEASE NOTE:

[a] The 80/20 point system is applicable from R30 000 [all taxes included] up to R 50 million [all taxes included]

[b] The 90/10 point system is applicable to bids invited exceeding R 50million [all taxes included]

This should not be interpreted that quotations can be invited for up to R 50million.

The threshold for the invitation of quotations did not change and it is still at R200 000.

Note: Quotations can only be invited not exceeding R 200 000.

Process for competitive bidding

20. The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation;
- (b) Public invitation of bids;
- (c) Site meetings or briefing sessions;
- (d) Handling of bids submitted in response to public invitation;
- (e) Evaluation of bids;
- (f) Award of contracts;
- (g) Administration of contracts

(h) After approval of a bid, the Accounting Officer and the bidder must enter into a written agreement. Proper record keeping Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

(i) Sub-contracting

A bidder must not be awarded the points claimed for B-BBEE status level contribution if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the contract value to any other enterprise that does not qualify for at least the same number of points that the bidder qualifies for, unless the intended sub-contractor is an EME that has the capacity to execute the sub-contract.

A contractor is not allowed to sub-contract more than 25% of the contract value to another enterprise that does not have an equal or higher B-BBEE status level, unless the intended sub-contractor is an EME or QSE that has the capacity and ability to execute the sub-contract. (please refer to new PPPFA regulations for sub-contracting)

(j) Evaluation of bids that scored equal points

In the event that two or more bids have scored equal total, the successful bid must be the one that scored the highest points for B-BBEE.

If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest points for functionality, if functionality is part of the evaluation process. In the event that two or more bids are equal in all respects, the award must be decided by drawing lots.

(k) Cancellation and re-invitation of bids

In the application of the 80/20 point system, if **all** bids received exceed R50 million, the bid must be cancelled. If one or more of the acceptable bid[s] received are within the R 50 million thresholds, all bids received must be evaluated on the 80/20 preference point system.

In the application of the 90/10 preference point system, if all bids received are equal or below R50million, the bid must be cancelled. If one or more of the acceptable bid[s] received are above the R50million threshold, all bids received must be evaluated on the 90/10 preference point system.

If a bid was cancelled as indicated above, the correct preference point system

must be stipulated in the bid documents of the re-invited bid.

(l) Awarding of contracts

A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point system. Points scored must be rounded off to the nearest 2 decimal places.

In exceptional circumstances a contract may, on reasonable and justifiable grounds be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

(m) Sale and letting of assets

The Preferential Procurement Regulations, 2011, are not applicable to the sale and letting of assets.

In instances where assets are sold or leased, by means of a bidding process, the bid must be awarded to the bidder with the highest price

(n) Proper record keeping

(o) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. The criteria to which bid documentation for a competitive bidding process must comply, must –

(a) take into account –

- (i) the general conditions of contract and any special conditions of contract, if specified;
- (ii) any Treasury guidelines on bid documentation; and
- (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- (f) The Accounting Officer reserves the right to stipulate such a dispute to be settled utilizing a court of law preferably within the municipal boundaries or as close as possible to the municipal boundaries

Public invitation for competitive bids

- 22.** (1) The procedure for the invitation of competitive bids is as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of Emthanjeni Local Municipality or any other appropriate ways; and
 - (b) the information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by Emthanjeni Local Municipality; and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions;
- (2) ***The Accounting Officer may determine a closing date for the submission of bids which is less than the 30 or 14 days requirement, only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.***
- (6) Bids submitted must be sealed.
 - (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
 - (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time should not be considered and returned unopened immediately.

- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The Accounting Officer must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

Registration of contractor

- 24.** Contractors/bidders who are compelled to register with controlling authorities regarding their goods/services to be delivered should ensure that their relevant registration is in order prior to the closure of the bids.

Negotiations with preferred bidders

- 25.** (1) The Accounting Officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Unbundling of tender

- 26.** When it is considered in Emthanjeni Local Municipality's best interest to divide the total requirement on any one tender between two or more tenderers e.g. in order to draw from the most convenient or nearest sources, or to ensure continued competition or to optimize available resources or to support SMME's, a supply or service may be divided amongst several tenderers, and contracts can be placed accordingly, provided that this was a tender condition

Two-stage bidding process

- 27.** (1) A two-stage bidding process is allowed for –
- (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

No obligation to accept lowest or any bid

- 28.** The lowest of any tender or quotation shall not necessarily be recommended for acceptance, provided that this was a tender condition.

Committee system for competitive bids

- 29.** (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the Accounting Officer may determine:

- (a) a Bid Specification Committee;
- (b) a Bid Evaluation Committee; and
- (c) a Bid Adjudication Committee

The services of the consultant in the committee system will only be procured with express invitation from Municipal Manager and their participation will explicitly be of advisory nature

Quorum

The quorum for meetings will be fifty percent of members plus one member.

- (2) **The Accounting Officer appoints the members of each committee, taking into account that Councillors are barred from serving on municipal tender committees; and** Outside technical experts can also be co-opted, they must leave the meeting after advice has been given. Only standing committee members can be involved in final deliberation and recommendations or final approval.
- (3) **A neutral or independent observer, appointed by the Accounting Officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.**
- (4) The committee system must be consistent with –
 - (a) paragraph 28, 29 and 30 of this Policy; and
 - (b) any other applicable legislation.

The Accounting Officer may apply the committee system to formal written price quotations.

Bid Specification Committees

- 30.(1)** A Bid Specification Committee must compile the specifications for each procurement of goods or services by Emthanjeni Local Municipality.

- (2) Specifications –
- (a) to be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
 - (g) must be approved by the Accounting Officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A Bid Specification Committee may be composed of
- of:
- manager responsible for the function involved
 - legal advisor
 - when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the Bid Specification Committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid Evaluation Committees

- 31.** (1) A Bid Evaluation Committee must –
- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 29(2) (f).
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder, whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the Adjudication Committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A Bid Evaluation Committee must as far as possible be composed of:
- One or two senior managers from departments requiring the goods or services;
 - Supply chain practitioner/staff member
 - Tender secretariat
 - Internal Auditor:

To promote transparency, the Internal Auditor's role in the committee system will be purely to monitor and not to participate in the committee system.

Bid Adjudication Committees

- 32.** (1) A Bid Adjudication Committee must –
- (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –

- (i) depending on its delegations, make a final award or a recommendation to the Accounting Officer to make the final award; or
- (ii) make another recommendation to the Accounting Officer how to proceed with the relevant procurement.

For better control and efficiency purposes Directors who will serve on this committee will be appointed by the Accounting Officer and it will be on a rotational basis

A Bid Adjudication Committee **may** include –

- Chief Financial Officer ; **[The Chairperson of Committee]**
- Directors of various directorates;
- Supply Chain Accountant;
- Internal Auditor;
- Tender Secretariat; and or
- Technical expert in the relevant field who is an official, if such an expert exists.

(3) If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) **Neither a member of a Bid Evaluation Committee, nor an advisor or person assisting the Evaluation Committee, may be a member of a Bid Adjudication Committee.**

(5) (a) If the Bid Adjudication Committee decides to award a bid other than the one recommended by the bid evaluation committee, the Bid Adjudication Committee must prior to awarding the bid –

- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the Accounting Officer.
- (b) The Accounting Officer may –

- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the Bid Adjudication Committee referred to in paragraph (a); and
 - (ii) if the decision of the Bid Adjudication Committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The Accounting Officer may at any stage of a bidding process, refer any recommendation made by the Evaluation Committee or the Adjudication Committee back to that committee for reconsideration of the recommendation.
- (7) The Accounting Officer must comply with Section 114 of the Act within 10 working days
- (8) For the purposes of continuity and not to delay meetings the Accounting Officer may also appoint any official to temporarily replace members that are absent from meetings due to illness, leave, etc. The Accounting Officer may also decide whether or not such an official will have the same powers as committee members

Extension of Awarded Contract

- (b) The Accounting Officer may –
- (i) award or extend a existing contract when a written submission has been received by the specific Director for the extension due to circumstances unknown.
 - (ii) That the extension must not be more than 20% of the original contract price of the tender amount awarded.
 - (iii) That all the relevant supporting documentation form the Director, Consulting Engineer and also the Contractor involved.
 - (iv) that National Treasury be informed about the extensions.

Procurement of banking services

- 33.** (1) A contract for banking services –
- (a) must be procured through competitive bids;
 - (b) must be consistent with Section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper. Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

- 34.** (1) The Accounting Officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The Accounting Officer must notify SITA together with a motivation of the IT needs if –
- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (including VAT); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (including VAT).

(4) If SITA comments on the submission and Emthanjeni Local Municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the Council, the National Treasury, the relevant Provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

- 35.** (1) The Accounting Officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Sub-paragraphs (1) (c) and (d) do not apply if –
- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

36. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the Accounting Officer.

Proudly SA Campaign

37. Emthanjeni Local Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services and see also Cir 1/2/1/2/2 that deals with the promotion of local production and content

Appointment of consultants

38. (1) The Accounting Officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if
- (a) the value of the contract exceeds R200 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
- (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) ***The Accounting Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in Emthanjeni Local Municipality.***

Deviation from, and ratification of, minor breaches of procurement processes

- 39.** (1) The Accounting Officer may –
- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency;
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos and/or nature and game reserves; or
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The Accounting Officer must record the reasons for any deviations in terms of this policy and report them to the next meeting of the Council and include as a note to the annual financial statements.
- (3) Reasons for any deviation will not apply to the procurement of goods and services contracted with another organ of state.

Management of expansion or variation of orders against the original contract

- 39.1. Contracts may be expanded or varied by not more than 20% for construction related goods, services and /or infrastructure projects and 15% for all other goods and/or services of the original value of the contract. Furthermore, anything beyond the above mentioned thresholds must be reported to council. Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of Section 116 (3) of the MFMA which will be regarded as an amendment of the contract.

39.2. The contents of this paragraph are not applicable to transversal contracts, facilitated by the relevant treasuries on behalf of municipalities and specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

39.3 Local Content

The Preferential Procurement Regulations, 2011 pertaining to the Preferential Procurement Policy Framework Act, Act No 5 OF 2000 which came into effect on 7 December 2011 make provision for the dti to designate sectors in line with national development and industrial policies for local production. To this end the dti has designated and determined the stipulated minimum thresholds for the following sectors:

-Bus Sector	70 - 80 %
-Pylons	100 %
-Rolling Stock	55 – 80 %
-Textiles	100%
- Processed Vegetables	80 %
- Set Top Boxes	30 %
- Furniture Products	from 65 to 100%

Note: Other designated sectors may be added by dti in future.

When inviting bids/quotations where local content is applicable, municipalities must indicate this in the bid advertisement. The MBD 6.2, SABS Specification SATS 1286:2011, and dti Guidance on the calculations of local content [available on dti's official website <http://www.thedti.gov.za>] should also be included in the bid documents/quotations.

The supplier has to proof that the product he offers does indeed comply with the stipulated thresholds. In order to do this there are three annexures which the supplier has to fill in and submit together with the bid document/quotation. These forms are also available on the dti Guidance on the calculations of Local content. It is advisable that municipalities attach the Guidance document to the bid documents/quotations in order to assist the suppliers to fill in the bid documents.

A two stage evaluation process may be followed

- First stage: calculate if the bidder adheres to the local content percentage requirement
- Second stage: Only the bidders who comply with the local content percentage requirement will be evaluated further.

Urgent and emergency cases

40. In urgent and emergency cases, a municipality may dispense with the invitation of bids and may obtain the required goods, works or services by means of quotations by

preferably making use of the database of prospective suppliers, or otherwise in any manner to the best interest of the municipality.

Urgent cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. However, a lack of proper planning should not be constituted as an urgent case.

Emergency cases are cases where immediate action is necessary in order to avoid a dangerous or risky situation or misery.

The reasons for the urgency/emergency and for dispensing of competitive bids should be clearly recorded and approved by the Accounting Officer.

Unsolicited bids

- 41.** (1) In accordance with Section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The Accounting Officer may decide in terms of Section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the Accounting Officer.
 - (e) If the municipality will not incur any cost in monetary value.

- (3) If the Accounting Officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public together with –
- (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The Accounting Officer must submit all written comments received pursuant to sub-paragraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The Adjudication Committee must consider the unsolicited bid and may award the bid or make a recommendation to the Accounting Officer, depending on its delegations.
- (6) A meeting of the Adjudication Committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the Adjudication Committee must take into account –
- (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the Accounting Officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing Emthanjeni Local

Municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

- 42.** (1) The Accounting Officer must–
- (a) take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - (d) reject any bid from a bidder–
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to Emthanjeni Local Municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with Emthanjeni Local Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

- (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of Emthanjeni Local Municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The Accounting Officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

- 43.** The Accounting Officer must establish and implement an effective system of logistics management, which must include -
- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
 - (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
 - (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;

- (d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order,
- (a) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;**
- (b) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and**
- (c) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.**
- (h) the maintenance and administration of term contracts is co-managed with acquisition management for general goods / services.

Disposal management

- 44.** (1) The criteria for the disposal or letting of capital assets, including unserviceable, redundant or obsolete capital assets are as follows:

Section 14 and 90-Disposal of capital assets

- 1 A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.
- 2 A municipality may transfer ownership or otherwise dispose of a capital asset other than an asset contemplated in subsection 1, but only after the municipal Council, in a meeting open to the public-
 - (a) Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal service; and
 - (b) Has considered the fair market value of the asset of the asset and the economic and community value to be received in exchange for the asset.
- 3 A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may

not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

- 4 A municipal council may delegate to the Accounting Officer of the municipality its power to make the determinations referred to in sub-section 2 (a) and (b) in respect of movable capital assets below a value determined by the council.
- 5 Any transfer of ownership of a capital asset in terms of sub-section 2 or 4 must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of Section 111.
- 6 This section does not apply to the transfer of a capital asset to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework

(2) Assets may be disposed of by –

- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- (iii) selling the asset; or
- (i) destroying the asset.

(2) The Accounting Officer must ensure that –

- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- (d) immovable property is let at market related rates except when the public interest or

- the plight of the poor demands otherwise;
- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
 - (f) **where assets are traded in for other assets, the highest possible trade-in price is negotiated; and**
 - (g) **in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.**

Risk management

- 45.** (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:
- (2) Risk management must include –
 - (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;
 - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

- 46.** The Accounting Officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

Part 4: Other matters

Safe custody of contracts

- 47.** Original contracts should be kept by the Corporate Department, with the copies to the relevant department. The Accounting officer together with the Chief Financial Officer will be the only officials who will hold the keys to the safe.

Prohibition on awards to persons whose tax matters are not in order

- 48. (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.**
- (2) Before making an award to a person the Accounting Officer must first check with SARS whether that person's tax matters are in order.**
- (3) If SARS does not respond within 7 days such person's tax matters may be presumed to be in order.**

Prohibition on awards to persons in the service of the state

- 49.** Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
- (a)** who is in the service of the state;
 - (b)** if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - (c)** a person who is an advisor or consultant contracted with Emthanjeni Municipality.

Municipalities are exempted from complying with this regulation until 2011 , insofar as this regulation prohibits making awards to a persons in the

following circumstances:

- where the person receiving the award is a non-executive member of the Board of Directors of a municipality entity; or
- where the person receiving the award is not a natural person and any of it's directors, managers, principal shareholders or stakeholders is a non-executive member of the Board of Director of a municipal entity.

Awards to close family members of persons in the service of the state

50. The Accounting Officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

Ethical standards

51. (1) A code of ethical standards is hereby established for officials and other role players in the supply chain management system of Emthanjeni Local Municipality in order to promote –

- (a) mutual trust and respect; and
- (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

Note:

It is recommended that the municipality or municipal entity adopt the 'National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management'. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity. A copy of the National Treasury code of conduct is available on the website www.treasury.gov.za/mfma located under "legislation". This code of conduct must be adopted by council or board of directors to become binding.



Inducements, rewards, gifts and favours to municipalities, officials and other role players

- 52.** (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- (a) any inducement or reward to Emthanjeni Local Municipality for or in connection with the award of a contract; or
 - (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.
- (2) The Accounting Officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

- 53.** The Accounting Officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) a provider or prospective provider of goods or services; or
 - (b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

54. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of disputes, objections, complaints and queries

- 55. (1)** The Accounting Officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –
- (a) to assist in the resolution of disputes between Emthanjeni Local Municipality and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
 - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

A parent municipality and a municipal entity under its sole or shared control may for purposes of subparagraph (1) appoint the same person

- (2) The Accounting Officer, or another official designated by the Accounting Officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
 - (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) submit monthly reports to the Accounting Officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the

relevant provincial treasury if –

- (a) the dispute, objection, complaint or query is not resolved within 60 days; or
- (b) no response is forthcoming within 60 days.

(5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

56. **If a service provider acts on behalf of Emthanjeni Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and Emthanjeni Local Municipality must stipulate –**
- (a) a cap on the compensation payable to the service provider; and**
 - (b) that such compensation must be performance based.**

Penalties

57. **If the supplier fails to deliver any or all the goods or to perform the services within the period specified in the contract, the Municipality should, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day until actual delivery or performance. The Municipality**

may also consider termination of the contact

CHAPTER 3

CODE OF CONDUCT FOR SUPPLY CHAIN PRACTITIONERS

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1 General Principles

Emthanjeni Local Municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role layers should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual. They should not abuse the power and authority vested in them.

2 Conflict of interest

An official or other role player involved with supply chain management-

- must treat all providers and potential providers equitably;
- May not use his or her position for private gain or to improperly benefit another person;

- may not accept any reward ,gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, a value of more than R350;
- must declare to the Accounting Officer details of any reward ,gift, favour, hospitality or other benefits promised, offered or granted to that person or any other family member, partner or associate of that person;
- must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by Emthanjeni Local Municipality;
- must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person ,or close family member, partner or associate , has any private or business interest;
- must declare any business, commercial and financial interest or activities undertaken for financial gain that may raise possible conflict of interest;
- should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- should not take improper advantages of their previous office after leaving their official position.

3 Accountability

Practitioners are accountable for their decisions and actions to the public.

Practitioners should use public property scrupulously.

Only Accounting Officer or their delegates have the authority to commit Emthanjeni Local Municipality to any transaction for the procurement of goods and/ or services.

All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

Practitioner must assist the Accounting Officer in combating fraud, corrupt, favouritism and unfair and irregular practices in the supply chain management system

Practitioners must report to the Accounting Officer may alleged irregular conduct in the supply chain management which that person may become aware of, including

1. any alleged fraud, corruption, favouritism or unfair conduct

2. an alleged contravention of the policy on inducements, reward, gifts and favours to municipalities or municipal entities, officials or other role players; and
3. any alleged breach of this code of conduct.

Any declarations made must be recorded in a register which the Accounting Officer must keep for this purpose. Any declarations made by the Accounting Officer must be made to the Mayor who must ensure that such declaration is recorded in the register.

4. Openness

Practitioners should be as open as possible about all the decision and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5. Confidentiality

Any information that is the property of Emthanjeni Local Municipality or its providers should be protected at all times. No information regarding any bid/contract/bidder/contactor may be revealed if such an action will infringe on the relevant bidder's/contractor's personal rights.

Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role layers involved in SCM after separation from service.

6. Bid Committees

Bid Specification, Evaluation and Adjudication Committees should implement supply chain management on behalf of Emthanjeni Local Municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.

Bid Evaluation /Adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

All members of Bid Adjudication Committees should be cleared by the Accounting Officer at the level of 'CONFIDENTIAL' and should be required to declare their financial interest annually.

No person should-

- interfere with the supply chain management system of Emthanjeni Local Municipality; or
- amend or tamper with any price quotation/bid after its submission.

7. Combative Practices

Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

Suggestions of fictitious lower quotations;

Reference to non-existent competition;

Exploiting errors in price quotations/bids

Soliciting price quotations/bids from bidders/contractors whose names appear on the Register for Tender Defaulters

When adopted, this code of conduct becomes binding on all officials and other role players involved in the implementation of the Supply Chain Management Policy of Emthanjeni Local Municipality.

- (2) A breach of the code of ethics must be dealt with as follows –
- (a) in the case of an employee, in terms of the disciplinary procedures of Emthanjeni Local Municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
 - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - (c) In all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act and in accordance with the Regulations on financial misconduct procedures an criminal procedures .

The Accounting Officer must review the policy at least annually and, where necessary, submit proposals for amendment to the Council (Regulation 3).

Commencement

This Revised Policy takes effect on 01 July 2017.

CHAPTER 4**PURCHASES PROCEDURES**

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
1.	<i>Purchase Requisitions:</i>			
1.1	<ul style="list-style-type: none"> • Purchase requisitions (PR) are completed in the various sections of the Municipality. The CFO should assign the responsibility of maintaining the Purchases Requisition Book to a specific person in each section. 	Ongoing	MM, Directors	Yes
1.2	The buyer is responsible for maintaining a record of the pre-numbered colour coded purchase requisition books issued to each section.	Ongoing	CFO	Yes
1.3		Ongoing	CFO	Yes
2.	<i>The Officer authorising the purchase requisition, should ensure that there is sufficient funds available within the nominated vote. Where there are insufficient funds, the Municipal Manager may utilise a saving in the amount appropriated under a main division within a vote, towards the defrayment of excess expenditure under another main division within the same vote.</i>	Ongoing	Municipal Manager CFO	Yes

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
3.	Purchases requisitions should be forwarded to the Supply Chain Clerks.	Ongoing	CFO	Yes
3.1				
3.2	<p>The Supply Chain Clerks check the requisition to ensure the following:</p> <ul style="list-style-type: none"> • The correct vote has been inserted; • The description of the goods/services is accurate and the quantity specified; • That all unused lines have been ruled off to prevent unauthorised additions; and • That the requisition has been signed by an authorised Officer designated by the Municipal Manager. 	Ongoing	CFO	Yes
4.	It is the SC Clerks' responsibility to source the supplier for the goods requested. The database is to be used, unless these suppliers are unable to fulfill the order on and as required basis.	Ongoing	Supply Chain Accountant	Yes
5.	In the instance that quotations are required, the purchase requisitions together with the quotations must be handled according to the Supply Chain Management Policy.	Ongoing	Municipal Manager, Chief Financial Officer, Supply Chain Accountant	Yes
6.	Once the requisition has been through the process and has been approved, the requisition and quotations should be returned to the buyer.	Ongoing	Municipal Manager CFO Supply Chain Accountant.	Yes
7.	The buyer would then make out the order. Four copies of the order must be produced. The first must be sent to the supplier, the second must be attached to the requisition and forwarded to the creditors department, the third copy must be sent to the receiving section, and the final copy remains in the order book.	Ongoing	CFO	Yes

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
8.	All goods should be received in a demarcated area by the stores. An exception to this would be the delivery of capital works or maintenance projects, as well as goods to be delivered directly to the department for example motor vehicles, plant and equipment.	Ongoing	CFO	Yes
9.	<p>When the delivery of goods is made by the suppliers, the receiver must:</p> <ul style="list-style-type: none"> • Match the supplier delivery note to a properly authorised purchase order; • Check the quantity of goods received against the supplier delivery note and the purchase order; • Reject all incorrect deliveries. In the case of short deliveries, clearly indicate as such on the suppliers delivery note and the purchase order; • Prepare a goods received note (GRN) in duplicate detailing the items and quantities received; • Sign the suppliers delivery note and GRN to indicate receipt of the goods; and • Ensure that the supplier's delivery personnel sign the delivery note to indicate agreement with the delivery and to the adjustments, if any. 	Ongoing	CFO	Yes
10.	Goods should then be sent to the relevant section. The official that authorised the requisition should sign the goods received note to indicate receipt of the goods.	Ongoing	CFO	Yes
11.	<p>The supplier's delivery note and the original goods received note should be forwarded to the creditors section.</p> <p>The duplicate goods received note should be filed.</p>	Ongoing	CFO	Yes
12.	If the Chief Financial Officer instructs that a supplier make delivery of goods at a location other than the demarcated area, a person designated by the Chief Financial Officer, shall take delivery thereof and sign the supplier's delivery note to indicate receipt of	Periodic	CFO	Yes

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
	the goods. This delivery note must then be submitted to the creditors section after being signed by the Chief Financial Officer.			
13.	<p>The creditors section receives the following in batches as the invoices are finalised for payment:</p> <ul style="list-style-type: none"> • Orders with corresponding requisitions from the buying section; • The supplier's delivery note and the internal goods received note (GRN) from the receiving section; and • If the supplier forwards his invoice with the delivery note, the receiving official should date stamp and forward to creditors. 	Weekly	CFO	Yes
14.	Procedures for actual payment of creditor invoices are documented under the creditor payment section.			

CHAPTER 5

CREDITORS PAYMENT PROCEDURE

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
1.	Each supplier invoice must be matched to a properly approved requisition and order form.	Ongoing	CFO (Creditors Section)	Yes
2.	The invoice must then be matched to the delivery note. The description of the goods, the quantity supplied and the signature of the authorised person receiving the goods must be confirmed.	Ongoing	CFO (Creditors Section)	Yes

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
3.1. 3.2.	The creditors section is responsible for checking the adequacy and completeness of documents received from the purchasing and stores sections. If the creditors section is not satisfied with the documents received from the purchasing or stores sections, they must interrogate the relevant purchasing or stores officials.	Ongoing Ongoing	CFO (Creditors Section) SC Manager CFO (Head of Creditors Section)	Yes No
4.	If the invoice relates to a service that was supplied, the official that requested the service, should sign the invoice to indicate that the service was received.	Ongoing	CFO (Creditors Section)	Yes
5.	Where a service is rendered regularly in terms of a standing contract, or where a continuing service such as a telephone is provided, order forms are not required. The official receiving the service must approve the invoice before submitting it to the creditors section for checking and payment.	Ongoing	CFO	Yes
6.	All payments: • Should be effected by cheque or by electronic transfer. Apart from petty cash, no payments should be made in cash; and Should be made monthly, and, only under exceptional circumstances, as determined by the Chief Financial Officer, should a payment be made outside of these intervals.	Ongoing	CFO	Yes
7.	<i>The creditors section must prepare a list of payments to be made, differentiating between electronic and cheque payments.</i>	Monthly	CFO (Creditors section)	Yes

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
8.	<i>The creditors section must present the payment listing together with supporting documentation to the Chief Financial Officer.</i>	Monthly	CFO (Creditors Section)	Yes
9.	<i>The CFO must critically inspect the supporting documentation to satisfy himself/herself that the requested payments are in order.</i>	Monthly as whenever payments are request	CFO	Yes
10.	Disputed payments will be returned to the creditors section. It is the responsibility of the creditors section to ensure that the supporting documentation is complete.	Monthly	CFO (Creditors Section).	Yes
11.	<i>These cheque requisition forms will be forwarded to an official who has been assigned the responsibility to prepare cheques.</i>	Monthly	Chief Financial Officer	No
12.	<i>The cheques and the supporting documentation are forwarded to the Municipal Manager and Chief Financial Officer or to the signatories appointed by them for signing.</i>		Municipal Manager CFO SCM Accountant	
13.	<i>The cheques and the supporting documentation are forwarded to the Municipal Manager and Chief Financial Officer or to the signatories appointed by them for signing.</i>	Monthly		
14.	<i>Every signatory must inspect the documentation and satisfy him/herself as to the validity of the expense before he/she signs the cheque.</i>	Monthly	<i>All designated signatories</i>	Yes
15.1	<i>Two signatories must sign every cheque.</i>	Monthly	<i>All designated signatories</i>	Yes
15.2	<i>The cheque number must appear on the supporting documentation. The documentation should also be stamped as evidence of it being paid.</i>		Chief Financial Officer	

NO.	PROCEDURE	FRE QUENCY	RESPONSIBILITY	KPI
16.	<i>The cheques should then be posted to or collected by the respective creditor.</i>	Monthly	<i>Chief Financial Officer</i>	No

EMTHANJENI MUNICIPALITY



SUBSISTENCE ALLOWANCE AND TRAVEL POLICY

DRAFT BUDGET 2017/2018 FINANCIAL YEAR

TRAVEL AND SUBSISTENCE ALLOWANCES POLICY

All expenditure referred to in this policy is against Public Funds. Councillors and Officials are requested to be prudent when incurring any subsistence and travel expenditure

A: NATIONAL TRAVEL WITHIN THE BOUNDARIES OF THE REPUBLIC OF SOUTH AFRICA

1. APPROVAL

In accordance with the delegated powers, the approval of the attendance of meetings is vested in the Municipal Manager and Chief Financial Officer for workshop, seminars, conferences, congresses and similar events and special visits which are in the interest of the Council, provided that the necessary funds are available.

(i) Approval by Municipal Manager

For attendance by:

Mayor
Councillors
Directors

(ii) Approval by Chief Financial Officer

For attendance by Municipal Manager and officials in the finance directorate. If the Municipal Manager is absent the Chief Financial Officer will sign forms on his/her behalf.

(iii) Approval by Directors

For attendance by officials in the directorate

2. ALLOWANCES

2.1 Subsistence Allowances

(a) Allowances Payable:

	Overnight Subsistence Allowances per day or part thereof	Day allowances (no overnight) per day or part thereof
(i) Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers	R353.00	R109.00
(ii) All other officials	R353.00	R109.00
(iii) Prospective applicants who were invited for interviews for vacant positions will only be assisted in: (a) Over night accomodation (b) Re-imbursive travel claim © The Municipal Manager will determine and approve such claims as it occur from time to time and the rates as per policy will be paid to Shortlisted Candidates	Accomodation costs R2.20 per kilometre	R0
*Breakfast=R50(leaving before 6h15 am); Lunch = R69 and Supper =R125 (returning after 18h00 pm)		
NB: The allowance amounts will be unchanged for the 2017/2018 financial year due to the cash flow position of Council		

- (b) That where expenses are supported by documentary proof, the actual costs be payable in all instances under (a)
- (c) that expenses shall consist of the cost in respect of accommodation, meals, parking and tollgate fees (an approved route must be submitted), excluding expenses for alcoholic beverages, private telephone calls and entertainment;
- (d) That subject to submission of documentary proof and attached to the application for subsistence allowance before departure, payments shall be made directly to a hotel or travel agency for accommodation costs. Further approved expenses incurred by a delegate may be claimed for reimbursement on return;
- (e) That in the event that the Mayor, Speaker, Councillors, Municipal Manager and Directors have to attend emergency meetings on behalf of the municipality, where proof is not immediately available the

Municipal Manager or his designate must approved such trips or claims. **All other trips should be substantiated with all the necessary supporting documentation before the Municipal Manager or Directors can approve such trips or claims.**

- (f) **All claim forms to be submitted seven (7) days before the actual trip, to the Director for finance or his/her nominee. Payment must be done via EFT.**
- (g) For private lodging (staying with family, etc.) a maximum amount of R400.00 will be paid.
- (h) All Councillors, Municipal Manager, Directors and officials must be encourage to stay overnight in Guest Houses to ensure cost effectiveness. A maximum amount of R960 per night should be paid for accommodation within the Northern Cape Province.
- (i) Accommodation outside the NC province should be in consultation with the Office of the Municipal Manager.
- (j) No Re-imbursive Travel and DAILY allowance will be paid to *any Councilor or Official* for traveling costs on any visits within the Emthanjeni Municipality boundaries.
- (k) Claiming of Lunch fees:

Lunch fees will not be claimed unless it is explicitly stated that no lunch will be served at meeting, workshops, briefing sessions, etc.

In the event where a councillor or official is unable to make use of the meals provided due to religious convictions, circumstances beyond their control, etc., the reimbursement for alternative meals shall be dealt with on an *ad hoc* basis with the authorization of the Municipal Manager or his/her delegated authority. Proof of payment vouchers must be submitted before payment will be made.

- (l) Miscellaneous Expenses – National

The following expenses incurred are regarded as miscellaneous and may be claimed within the boundaries of the Republic of South Africa on production of proof of expenditure only when the councillor or official are away for more than five days:

- Laundry
- Parking fees while travelling
- Toll fees
- Public transport costs
- Any additional reasonable claim

- (m) No subsistence allowance will be paid, and no representative will be entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality.
- (n) All allowances are subjected to the annual SARS increment limits as publish on the official website of the South African Revenue Services (SARS)

2.2 Travelling Cost

(a) Travelling

(i) Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers (Air Travelling)	Actual costs of an economy class air tickets of SAA or applicable other airline payable to the stipulations under paragraph (b). SAA being the preferred airline.
(ii) Other officials	As above or travelling method as approved by the Chief Financial Officer.
<p>(iii) Where <u>private motor vehicle is used for re-imbursive travel</u></p> <p>(a) when a monthly transport allowance is receive.</p> <p>(b) when a monthly transport allowance is not received.</p>	<p>Tariff as determined by SARS (non-taxable SARS limit)</p> <p>Tariff as determined by SARS (non-taxable SARS limit) Currently <u>R3.15c @ km</u></p> <p>(n) All allowances are subjected to the annual SARS increment limits as publish on the official website of the South African Revenue Services (SARS), but the 2015/2016 allowance amounts will be applicable during 2017/2018 financial year due to the cash flow position of Council.</p> <p>The Department Transport tariffs may be applicable for employees with such contracts.</p>
(iv) If persons in paragraph (i) and (ii) are accompanied by each other, when travelling by private vehicle, the allowance payable will only be applicable to the person who supplies the motor vehicle.	

- (b) that all airfare be in the account of the Emthanjeni Local Municipality. An account for this purpose be opened at a travel agency and the following procedure for air travel, be followed, namely.

- (i) Municipal Manager and Directors within the delegated powers;

- (ii) an official airfare order form will be requested by the relevant Departments and issued by the Department of the Director for Finance;
- (iii) bookings will be done by Departments and the order form will be submitted to the travel agency as authorization;
- (iv) an invoice will be issued by the travel agency for payment.
- (v) Or alternatively bookings may be made directly with the airline.
- (vi) **2.3 Nomination by a Third Party or Institution**

The abovementioned will be applicable (points 2.1, 2.2 and 2)

(c) COUNCILLORS OR OFFICIALS TRAVELLING FOR THE SAME EVENT

When Councillors or Officials representing Emthanjeni municipality should ensure that all times the travelling arrangements must be efficient and cost effective.

- (i) Maximum of four persons should be travelling with one vehicle. No travel claim will be reimbursed for two vehicles where only two representatives of Emthanjeni Municipality will attend. Only one vehicle's travel claim will be paid for the event.
- (ii) In the case where the Mayor and Municipal Manager must attend the same meeting, then separate vehicle may be used to travel to the venue of the meeting, where possible.
- (iii) In the case where the Mayor and Councillor must attend the same meeting, then one vehicle should be used to travel to the venue of the meeting.
- (iv) In the case where the Municipal Manager and Director must attend the same meeting, then one vehicle should be used to travel to the venue of the meeting.
- (v) In the case where the Director and Manager must attend the same meeting, then one vehicle should be used to travel to the venue of the meeting.
- (vi) When a Councillor must accompany the Mayor, then the Councillor must travel with the Mayor to the event.
- (vii) When a Director or official must accompany the Municipal Manager, then the Director or official must travel with the Municipal Manager or with one vehicle to the event.
- (viii) When an official must accompany the Director, then the official must travel with the Director or with one vehicle to the event.
- (ix) Managers and Officials below Managers level must utilise the pool vehicles when attending workshops, training, seminars, etc. as far as possible.
- (x) Prior written approval from the Accounting Officer must be obtained in order to deviate from the above.

(d)Time of travelling

During summer, when a meeting takes place less than 300km outside De Aar and starts at 09h00, Councillors or Officials should not overnight and are expected to travel in the morning of when the event starts and the return time must not be after 18h00.

Prior written approval from the Accounting Officer must be obtain in order to deviate from the above.

2.3 CAR RENTAL

- (a) The following category vehicles are approved for car rental from airports:

Category B - Mayor, Speaker and Municipal Manager
Directors and Councillors

- (b) All reservations for car rentals will be done by the office of the Chief Financial Officer at a car rental agency or the relevant travel agency, on a quotation basis and be arranged prior to departure.

B. INTERNATIONAL TRAVEL

1. Approval of Foreign Visits (Approved by the Council)

- (i) Approval by Municipal Manager

For attendance by:

- Mayor
- Councillors
- Directors

- (ii) Approval by chief Financial Officer

For attendance by Municipal Manager and officials in the finance directorate. If the Municipal Manager is absent the Chief Financial Officer will sign forms on his/her behalf.

- (iii) Approval by Directors

For attendance by officials in the directorate

2. ALLOWANCES

Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers and officials:

2.1 Nomination by Council to represent the Emthanjeni Local Municipality

(i) Where a delegate is responsible for his own cost in respect of accommodation

- Fixed amount for incidental expenses @ US\$350
- Allowance @ US\$ 190 per day or part thereof
- Airfare

(i) Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers	Actual cost of business class air ticket when travelling time is more than ten hours, payable to a travel agency for the account of Emthanjeni Local Municipality
(i) Other officials	Actual cost of economy class air ticket payable to a travel agency for the account of Emthanjeni Local Municipality. Business class must be specially motivated to Municipal Manager

(ii) Where all cost in respect of accommodation, transport, etc. is payable by Council

- Fixed amount for incidental expenses
- Allowance
- Airfare

(i) Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers	Actual cost of business class air ticket when travelling time is more than ten hours, payable to a travel agency for the account of Emthanjeni Local Municipality
(ii) All other officials	Actual cost of economy class air ticket payable to a travel agency for the account of Emthanjeni Local Municipality. Business class must be especially motivated to Municipal Manager.

2.4 Nomination by a Third Party or Institution

Subject to written confirmation of tariffs payable by the third party or institution concerned, the following policy will be applied:

- (i) *Where Council is requested to bear all cost in respect of accommodation, transport, etc.*
 - The policy as reflected in 2.1 (i) or (ii) above, will be applied
- (ii) *When only part of the cost in respect of accommodation and travel is borne by the third party or institution, and Council is requested to subsidize part of the costs.*
 - The difference between the allowances payable by the institutions and the tariffs as reflected in 2.1 above.
- (iii) *Where the third party or institution is responsible for all cost in respect of accommodation and transport and not further subsistence allowances are paid to delegates.*
 - Fixed amount for incidental expenses @ US\$ 350
 - Allowance @ US\$ 30 per day or part thereof.
- (iv) *If all cost is borne by the third party or institution and additional subsistence allowance are paid to the nominees*
 - Fixed amount for incidental expenses @ US\$350

The policy will be implemented on the 01 July 2017.

EMTHANJENI MUNICIPALITY



FINAL TARIFF POLICY

2017/2018 FINANCIAL YEAR

TARIFF POLICY

1 DEFINITIONS

For the purpose of this Policy any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in this Policy unless the context indicates otherwise-

Trading Services: Are services that the Council has classified as trading services and the tariffs have been compiled with the intention that the Council realises a surplus on the delivery of the services.

Economic services: Are services that the Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers.

Community services: Are services that the Council has classified as such and the tariffs have been compiled with the intention that the costs of the services cannot be recovered from public service charges and are of a regulatory nature.

Fixed costs: Are costs that do not vary with consumption or volume produced?

Variable costs: These are costs that vary with consumption or volume produced.

Total cost: Is the sum of all fixed and variable costs.

Flat rates: Are the unit tariffs that are calculated by dividing the total costs by volume used.

Two-part tariffs: Are tariffs that are raised to cover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of customers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed.

Units consumed: Are the number of units consumed of a particular service and are measured in terms of the units of measurement reflect in Section 6.

2 PURPOSE OF THIS POLICY

The council wishes to achieve the following objectives by adopting this tariff policy:

- a. To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
- b. To prescribe procedures for calculating tariffs where the EMTHANJENI MUNICIPALITY wishes to appoint service providers in terms of section 76(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
- c. To give guidance to the Councillor responsible for finance regarding tariff proposals that must be submitted to Council annually during the budget process.

3 TARIFF PRINCIPLES

3.1 The Council wishes to record the following tariff principles:

- (a) All users of municipal services will be treated equitably. The various categories of customers will pay the same charges based on the same cost structure¹.
- (b) The amount payable will be in proportion to usage and based on the tariff structure adopted for the approved category of consumer.
- (c) Indigent households will have access to basic services through lifeline tariffs or direct subsidisation in accordance with the Integrated Development Plan².
- (d) Tariffs will reflect the total cost of services³.
- (e) Tariffs will be set at a level that facilitates the sustainability of services.⁴

3.2 Sustainability will be achieved by ensuring that:

- (a) Cash inflows cover cash outflows. This means that sufficient provision for bad debts will be made in accordance with accounting policy.
- (b) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and realising surpluses on trading services.

3.3 Provision will be made in appropriate circumstances for a surcharge on a tariff. This will be necessary for major breakdowns in infrastructure and periods of droughts when a restriction of usage is required⁵.

¹ Section 74(2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);

² Section 74(2) (c) (i) and (ii).

³ Section 74(2)(d)

⁴ Section 74(2)(e)

⁵ Section 74(2)(l)

- 3.4 Providing for penalties to prohibit exorbitant use will encourage efficient and effective use of resources.
- 3.5 The extent of rebates on tariffs will be disclosed. This will be achieved by publishing the true costs of the service and the rebate as well as the source of the rebate.

4 CATEGORIES OF CUSTOMERS

4.1 The tariff structure of the EMTHANJENI MUNICIPALITY makes provision for the following categories of customers⁶

- domestic;
- commercial;
- industrial;
- agricultural;
- institutional;
- rural;
- municipal;
- within municipal boundaries;
- not within municipal boundaries; and
- special agreements.

4.2 Where there is a substantial difference between the standard of services provided within a specified category, the Council may, after the presentation of a report by the Municipal Manager or the relevant department, determine differentiated tariffs within the specified category.

5 EXPENDITURE CLASSIFICATION AND COST ELEMENTS

The Chief Financial Officer shall, subject to the guidelines of the Directorate of Finance and Executive Committee of the Council, make provision for the following classification of services:

⁶ Section 74(3)

5.1 Trading services:

- (i) Electricity;
- (ii) Water.

5.2 Economic services:

- (i) Refuse removal;
- (ii) Sewerage disposal;
- (iii) Recreation Resorts.

5.3 Community services:

- i) Air pollution;
- ii) Building control;
- iii) Cemeteries;
- iv) Child care facilities;
- v) Control of undertakings that sell liquor to the public;
- vi) Facilities for accommodation, care and burial of animals;
- vii) Fencing and fences;
- viii) Fire fighting services;
- ix) Fixed billboards and the display of advertisements in public places;
- x) Local economic development;
- xi) Licensing and control of undertakings that sell food to the public;
- xii) Licensing of dogs;
- xiii) Local amenities;
- xiv) Local sport facilities;
- xv) Local tourism;
- xvi) Municipal parks and recreation;
- xvii) Municipal planning;
- xviii) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law;
- xix) Municipal roads;
- xx) Noise pollution;

- xxi) Parking;
- xxii) Pounds;
- xxiii) Pest control;
- xxiv) Public places;
- xxv) Storm water management system in built-up areas;
- xxvi) Street lighting;
- xxvii) Street trading;
- xxviii) Trading regulations;
- xxix) Traffic.

5.4 Subsidised services:

- (i) Libraries;
- (ii) Primary health care.
- (iii) Proclaimed roads

5.5 Expenditure classification

Subjective classification into various expenditure groups as contained in the National Treasury guidelines and General Recognised Accounting Practises.

5.6 Cost elements

The following cost elements will be used to calculate the tariffs of the different services:

- (i) *Fixed costs* which consist of the capital costs (interest) on external loans as well as depreciation whichever are applicable on the service and any other costs of a permanent nature as determined by the Chief Financial Officer from time to time.
- (ii) *Variable cost*: This includes all other variable costs that have reference to the service.
- (iii) *Total cost* is equal to the fixed cost plus variable cost.

6 DEPOSITS

The raising of deposits is permissible where certain levies are made in arrears and payable with new application for the relevant service:

- a) **Electricity:** Two times the average monthly consumption of the past 3 months with a minimum as determined annually according to the tariff schedule, where applicable.
- b) **Water:** Two times the average monthly consumption of the past 3 months with a minimum as determined annually according to the tariff schedule, where applicable.
- c) **Other services:** As and when required.
- d) See tariff schedule for 2016/2017 financial year.

7 TARIFF TYPES

7.1 In setting service charges the Council shall

- accurately reflect costs to achieve economic efficiency;
- ensure equity and fairness between different types and categories of consumers;
- utilise appropriate metering and/or supporting technology; and
- be transparent.

In determining the type of tariff applicable to the type of service the Council shall make use of the following options or a combination of the same:

- (i) **Single tariff:** This tariff shall consist of a fixed cost per unit consumed. All costs will therefore be recovered through unit charges at the level of breakeven consumption. Surpluses on trading services may be allowed subject to Council approval.
- (ii) **Cost related two part tariff:** This tariff shall consist of two parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of

consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed.

- (iii) ***Inclining block tariff:*** This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to prohibit the exorbitant use of a commodity. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.
- (iv) ***Declining block tariff:*** This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. This tariff will only be used during special agreements and incentives.
- (v) ***Availability charges:*** Payable in respect of erven not connected to Council's existing infrastructure. Once Council provided a connection, normal tariffs as per respective service are payable.
- (vi) ***Correction of water and electricity service accounts:*** Where customers have been **over charged or under charged** for water services and or electricity (prepaid and conventional meters) services and all other services or rates and taxes levied, the municipality must rectify the over charges or under charges for the water and electricity services and all other services or rates and taxes, immediately when it becomes aware of such an over or under charges, applicable.
- (vii) ***Outside Municipal Area:*** These tariffs shall apply to consumers who are not residing within the municipal boundaries but are making use, on application, of certain services.
- (viii) ***Recoverable work:*** These tariffs shall apply to consumers who are making use, on application, of certain recoverable services. The tariff will be calculated at actual cost plus a surcharge as determined with the actual tariffs.
- (ix) ***Augmentation fees:*** Please consult the Augmentation policy as fees are outline in the policy.

8 REBATES

- 8.1 Rebates are allowed in accordance with the tariff and rate schedule as well reflected in the specific policy as determined by Council annually.

9 UNIT OF MEASUREMENT

The following units of measurement will, where possible and applicable, be used to determine tariffs:

9.1 *Water*

Water will be measured with a water meter and meters will be read and consumption will be levied on a monthly basis unless the service is rendered through a pre-payment device:

- (1) Cost per unit (kilolitres consumed); or
- (2) Basic cost plus cost per unit charge (kilolitres consumed); or
- (3) When consumption is not measured a flat rate will be applicable.

9.2 *Electricity*

Electricity will be measured with an electricity meter and meters will be read and consumption will be levied on a monthly basis unless the service is rendered through a pre-payment device:

- (1) Maximum demand plus kWh consumed; or
- (2) Basic costs or Fixed costs plus kWh consumed; or
- (3) Cost per unit (kWh consumed); or
- (4) KVA.

9.3 *Refuse removal*

The annual amount levied is due and payable in monthly payment account. On written request the amount may be raised annually. The levy is payable by the registered owner and recoverable with clearance certificate.

9.4 *Sewerage*

Annual amount levied is due and payable in monthly payment account. On written request the amount may be raised annually. The levy is payable by the registered owner and recoverable with clearance certificate:

- Basic charge - based on the number of properties within those categories of customers and fixed cost associated with the service.
- Additional charge – based on the area and variable costs of the service.
- Additional charge – based on the number of properties within those categories of customers and variable costs of the service.
- When number of properties is not available a flat rate based on the average consumption per categories of consumers will be applicable.

9.5 Assessment Rates

9.5.1 Assessment rate is calculated taking into account the total net expenditure from the other services less the revenue envisaged based on the total rateable valuations. The assessment rate must be calculated in such a manner that the Council realise a net surplus when adopting its tariffs.

9.5.2 Assessment rates are calculated according to market valuation of property. Annual amount levied due and payable with September account. On written request the amount may be raised monthly. The levy is payable by the registered owner and recoverable with clearance certificate.

9.6 Social benefits

9.6.1 The Council, in order to measure social benefits enjoyed by the community, has approved of the under mentioned standards to achieve cost recovery and to measure service delivery, where possible. These measures will be used to ensure that the service is affordable to the Council, business and households. The measures will be used to determine whether the infrastructure provided is managed effectively and to indicate whether any of the services should be curtailed.

9.6.2 Measures indicated should be calculated annually and used as a guideline to ensure meaningful reporting. Actual unit costs must be compared with budgeted costs.

FUNCTION	UNIT OF OUTPUT	CLASSIFICATION BY COUNCIL
Airfields	Number of landings	Subsidised
Art Gallery and Museum	Number of attendance	Community
Engineering Administration	Population Percentage of Municipal expenditure	Community
Building Section	Number of plans submitted Value of buildings Municipal value of buildings	Subsidised
Caravan Park	Number of bookings Number of sites	Subsidised
Cemeteries	Number of burials Number of graves	Subsidised
Civic and other halls	Number of bookings	Subsidised
Cleansing, Refuse removal and disposal	Number of removals Population Number of properties	Economic
Corporate Services	Population Percentage of total expenditure	Community (Charged out)
Council General	Population Percentage of total expenditure	Community (Charged out)
Electricity	Number of units purchased Number of units sold Number of connections	Trading
Estates	Number of properties	Economic
Financial Services	Percentage of municipal expenditure Population	Community (Charged out)
Fire	Number of call-outs Number of properties Population	Subsidised
Grant-in-aid	Percentage of rates income	Community
Health - Clinics - Other	Number of attendance Population	Subsidised
Housing	Number of dwellings	Economic

(Selling and letting schemes)		
Libraries	Number of members Number of book in stock Population	Community
Licensing	Number of licences	Subsidised
Marketing	Number of industrial properties Number of industries	Community
Municipal Manager	Percentage of municipal expenditure Population	Community (Charged out)
Parking	Number of bays	Community
Parks and recreation	Number of properties Population	Community
Personnel administration	Number of municipal staff Population	Community (Charged out)
Recreation resorts	Number of users Population	Economic
Roads and Stormwater (including sidewalks)	Length of roads Population	Community
Security and Civil Defence	Number of installations	Community
Sewerage reticulation (Disposal)	Number of connections Sewerage purified Population	Economic
Street lighting	Number of street lighting	Community
Swimming pools	Number of attendance Population	Subsidised
Stores	Number of stock items held Value of stock Number of orders	Economic (fully charge out)
Town Planning	Number of properties Population	Community
Traffic	Number of registered vehicles Population	Subsidised
Valuations	Number of properties Value of municipal valuations	Community

Water	Number of units sold Cost per unit supplied Length of mains Kilolitres purified Cost per kiloliter purified	Trading
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10 BY-LAWS

The principle contained in this policy will be reflected in the various service by-laws as promulgated and adjusted by Council from time to time.

11 COMMENCEMENT

This policy takes effect on 1 JULY 2017.

EMTHANJENI MUNICIPALITY



FINAL ASSET MANAGEMENT POLICY

BUDGET 2017/2018 MTERF

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ABBREVIATIONS**NC073 *Emthanjeni Municipality***

AMP	Asset Management Plan
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
CMIP	Comprehensive Municipal Infrastructure Plan
CoGTA	Department of Co-operative Governance and Traditional Affairs
CRC	Current Replacement Cost
DRC	Depreciated Replacement Cost
EPWP	Expanded Public Work Program
EUL	Estimated Useful Life
GIAMA	Government-wide Immoveable Asset Management Act
GRAP	Generally Recognised Accounting Practise
HOD(SO)	Head of Department (Senior Official)/Directors of Directorates
IAMP	Infrastructure Asset Management Plan
IDP	Integrated Development Plan
IIMM	International Infrastructure Management Manual
ISO	International Standards Organisation
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
ODRC	Optimised Depreciated Replacement Cost
OHSA	Occupational Health and Safety Act
PPE	Property, Plant and Equipment
RUL	Remaining Useful Life
RV %	RV % Residual Value Percentage
SDBIP	Service Delivery and Budget Implementation Plan
VAT	Value Added Tax

1 PURPOSE OF THIS DOCUMENT

This document indicates the policy framework for the management of Municipal movable and immovable Property Plant and Equipment (PPE), investment property, intangible, biological assets and heritage assets.

2 BACKGROUND

2.1 CONSTITUTIONAL AND LEGAL FRAMEWORK

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- providing democratic and accountable government for local communities;
- ensuring the provision of services to communities in a sustainable manner;
- promoting social and economic development;
- promoting a safe and healthy environment; and
- encouraging the involvement of communities and community organisations in matters of local government.

The manner in which a municipality manages its Property, Plant and Equipment (PPE), investment property, intangible assets and heritage assets are central to meeting the above challenges. Accordingly, the Municipal Systems Act, 2000 (MSA) section 2(d) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Accounting Officer (AO).

The Occupational Health and Safety Act (OHSA) requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its PPE safe.

2.2 ACCOUNTING STANDARDS

The MFMA requires municipalities to comply with the Standards of Generally Recognised Accounting Practice (GRAP), in line with international practice.

The Accounting Standards Board (ASB) has approved a number of Standards of GRAP. When compiling the asset register in accordance with the accounting standards, the requirements of GRAP 17 cannot be seen in isolation. Various other accounting standards impact on the recognition and measurement of assets within the municipal environment and should be taken into account during the compilation of a GRAP compliant asset register. The applicable standards of GRAP are noted in section 8.

2.3 MANAGEMENT OF INFRASTRUCTURE AND COMMUNITY ASSETS

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.

Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:

- long-term sustainability and risk management;
- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction, transparent processes and reporting;
- priority development of minimum basic services for all; and
- the provision of financial support from central government in addressing the needs of the poor.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation – for the above objectives to be achieved, the IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality’s infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing on-going changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of departments of the municipality.

CoGTA has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as potable water, roads etc.). These plans are used as inputs into a Comprehensive Municipal Infrastructure Plan (CMIP) that presents an integrated plan for the municipality covering all infrastructure. The arrangements outlined in the CoGTA guidelines are further strengthened by the provision of National Treasury’s Local Government Capital Asset Management Guidelines. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

Recognised good practice in the management of infrastructure assets from across the globe has been increasingly documented over the past 10 to 15 years. In 2000, the World Bank cited practice in Australasia as representative of best practice and this has been captured in the International Infrastructure Management Manual (IIMM), and regularly updated with case studies from across the globe, including South Africa. In 2008 the British Standards Institute issued PAS 55 (a publicly available specification on asset management). There is now an initiative by the International Standards Organisation (ISO) to draw on these documents to establish an international standard for infrastructure asset management (ISO 55000 series) that is expected to be issued in 2014. Progressive entities are expected to set compliance with the proposed ISO as a benchmark for practice.

3 OBJECTIVES

The objective of this policy is for the municipality to:

- implement prevailing accounting standards; and
- apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

4 APPROVAL AND EFFECTIVE DATE

The CFO is responsible for the submission of the Policy to Council to consider its adoption after consultation with the AO. Council shall indicate the effective date for implementation of the policy.

5 DELEGATIONS AND KEY RESPONSIBILITIES

Accounting Officer

The Accounting Officer (AO) is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The AO shall ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's assets are valued in accordance with the standard of generally recognised accounting practice;
- That the municipality has and maintains a system of internal control for assets, including an asset register; and
- The HOD(SO)s and their teams comply with this policy.

The Accounting Officer of the municipality shall be the principal custodian of the entire municipality's assets, and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the AO shall be responsible for the preparation, in consultation with the Chief Financial Officer (CFO) and Heads of Department (Senior Official) (HOD(SO)), of procedures to effectively and efficiently apply this policy.

This policy should be applied with due observance of the municipality's policy with regard to delegated powers. Such delegations refer to delegations between the AO and other responsible officials as well as between Council and the Executive Mayor and the Council and the AO. All delegations in terms of this policy must be recorded in writing.

In accordance with the MFMA, the AO of the municipality and all designated officials are accountable to him / her. The AO is therefore accountable for all transactions entered into by his / her delegates. The overall responsibility of asset management lies with the AO. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing. The AO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

Chief Financial Officer

The Chief Financial Officer (CFO) is responsible to the AO to ensure that the financial investment in the municipality's assets are safeguarded and maintained.

The CFO, as one of the Director's of the municipality, shall also ensure, in exercising his financial responsibilities, that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilised effectively, efficiently, economical and transparently;
- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to immovable assets;
- The systems, procedures and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of the Accounting Standards;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The AO is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- The Senior management team are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets; and
- This policy and support procedures are established, maintained and effectively communicated.

In terms of section 82 read with section 81(1)(e) of the MFMA the CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. The CFO shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

Directors

Directors report directly to the AO shall ensure that:

- The municipal resources assigned to them are utilised effectively, efficiently, economically and transparently;
- Procedures are adopted and implemented in conformity with this policy to produce reliable data to be input to the municipal fixed asset register;
- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management, processes and controls can provide an accurate, reliable and up to date account of assets under their control;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Manage asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

Directors may delegate or otherwise assign responsibility for performing these functions but they shall remain accountable for ensuring these activities are performed.

6 POLICY AMENDMENT

This policy should be reviewed annually to ensure continued compliance with the relevant legislation and accounting standards. Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the CFO in consultation with the AO and respective Directors. The recommendations of the CFO shall be considered for adoption by Council.

7 RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management with respect to the scope of assets covered by this policy.

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- Delegation of Powers;
- Accounting Policy;
- Insurance Policy;
- Enterprise Risk Management Policy;
- Disaster Management Policy;
- Supply Chain Management Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Cash Management and Investment Policy
- Long Term Financial Plan Policy;
- Infrastructure Investment And Capital Projects Policy;
- Indigents Policy;
- Provision of Free Basic Services Policy;
- Budget Implementation and Monitoring Policy;
- Managing Electricity and Water Distribution Losses; and
- Asset Disposal Policy.

8 REFERENCES

The following references were observed in compiling this document:

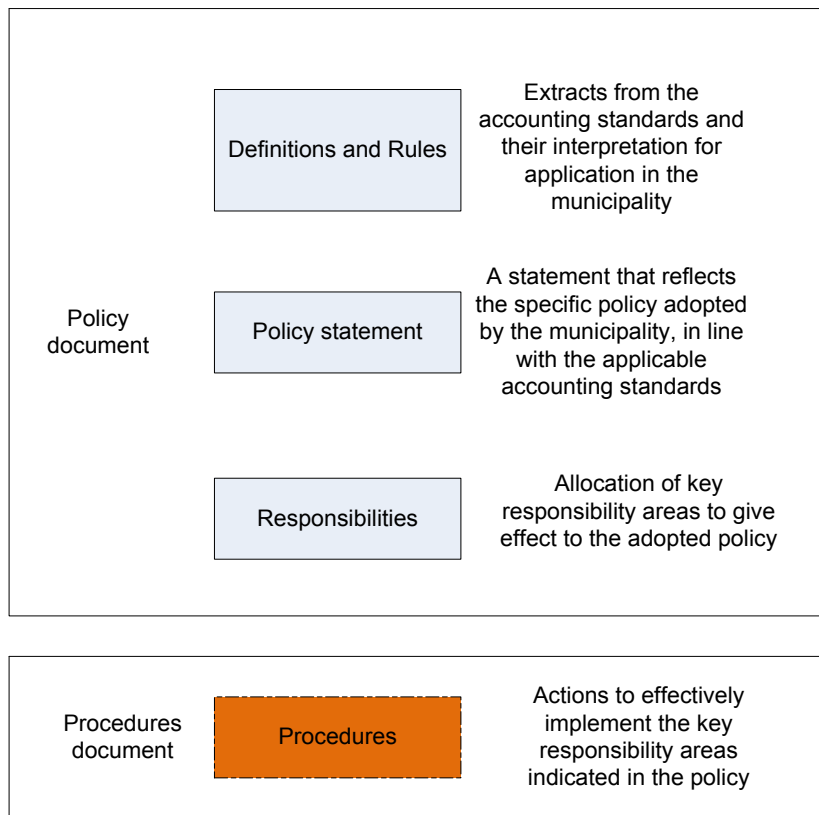
- Asset Management Framework, National Treasury, 2004
- Guidelines for Infrastructure Asset Management in Local Government, Department of Provincial and Local Government, 2006
- Municipal Finance Management Act, 2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 1998
- Accounting Standards Board
- MFMA Circular 18 & 44
- Local Government Capital Asset Management Guidelines, National Treasury, 2008
- Government Gazettes (30013 & 31021)
- Generally Recognised Accounting Practice (1-14, 16, 17, 19, 21, 23-27, 31 and 100-104)

- Interpretations of the standards of GRAP issued by the Accounting Standards Board (ASB) (IGRAP 1- 17)
- Directives issued by the ASB
- Municipal transfer and disposal regulations, Government Gazette no.31346
- Accounting guideline issued by National Treasury relating to intangible assets
- Government Gazette, 30 May 2005, No. 27636 on disposal

9 POLICY FORMAT

Figure 1 gives an overview to the format of presentation of this policy document, and how it links to a separate document that provides the procedures. Procedures should be prepared and adopted to give effect to this policy.

Figure 1 - Interaction between the policy and the procedures



10 POLICY FOR FIXED ASSET ACCOUNTING

10.1 RECOGNITION OF IMMOVABLE AND MOVABLE ASSETS

(a) Definitions and rules

Asset

An asset is defined as a resource controlled by an entity, as a result of past events; future economic benefits or service potential associated with the item will flow to the entity.

Fixed Asset

A fixed asset (also referred to as a "non-current asset") is an asset with an expected useful life greater than 12 months.

PPE

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rentals to others, or for administrative purposes; and are expected to be used during more than one reporting period. This includes items necessary for environmental or safety reasons to leverage the economic benefits or service potential from other assets. Insignificant items may be aggregated. Property, plant and equipment are broken down into groups of assets of a similar nature or function in the municipality's operations for the purposes of disclosure in the financial statements.

Immovable PPE

Immoveable PPE are fixed structures such as buildings and roads. A plant that is built-in to the fixed structures and is an essential part of the functional performance of the primary asset is considered an immovable asset (though it may be temporarily removed for repair).

Movable PPE

Movable assets are the stock of equipment owned or leased by the municipality such as office equipment and furniture, motor vehicles and mobile plant.

Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks that are rented out. There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.

An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

- (a) is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or
- (b) arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

Biological Assets

Biological assets are living animals or plants as per the definition in the GRAP on Agriculture.

Capital Spares (Major Spare Parts)

Spares and materials used on a regular basis in the ordinary course of operations are usually carried as inventory (i.e. they are not usually considered fixed assets) and are expensed when consumed. Major spares that constitute an entire or significant portion of a component type, or a specific component, defined in the immovable PPE asset hierarchy are considered capital spare parts and are recognised as an item of PPE as they are expected to be used for more than one period or they can only be used in connection with an item of PPE.

Useful Life

The period over which an asset is expected to be available for use by an entity, or the number of production units expected to be obtained from the asset by an entity.

Major inspections

A condition of continuing to operate an item of PPE may be to perform regular major inspections for faults regardless of whether parts of the item are replaced (for example, Occupational Health and Safety Act no. 85 of 1993 requires lifting equipment to be inspected once a year). When each major inspection is performed, its cost is recognised in the carrying amount of the item of PPE as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is de-recognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

Items used irregularly

Tangible items that are used in the production or supply of goods or services on an irregular basis (such as standby equipment) are recognised as items of PPE.

Control

An item is not recognised as an asset unless the entity has the capacity to control the service potential or future economic benefit of the asset, is able to deny or regulate access of others to that benefit, and has the ability to secure the future economic benefit of that asset. Legal title and physical possession are good indicators of control but are not infallible.

Past transactions or events

Assets are only recognised from the point when some event or transaction transferred control to an entity.

Probability of the flow of benefits or service potential

The degree of certainty that any economic benefits or service potential associated with an item will flow to the municipality is based on the judgement. The CFO shall exercise such judgement on behalf of the municipality, in consultation with the respective HOD(SO).

Economic benefits

Economic benefits are derived from assets that generate net cash inflows.

Service Potential

An asset has service potential if it has the capacity, singularly or in combination with other assets, to contribute directly or indirectly to the achievement of an objective of the municipality, such as the provision of services.

Leased assets

A lease is an agreement whereby the lessor conveys to the lessee (in this case, the municipality) the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases are categorised into finance and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may not eventually be transferred (substance over form). Where the risks and rewards of ownership of the asset are substantially transferred to the municipality, the lease is regarded as a finance lease and the asset recognised by the municipality. Where there is no substantial transfer of risks and rewards of ownership to the municipality, the lease is considered an operating lease and payments are expensed in the income statement on a systematic basis (straight line basis over the lease term).

Asset custodian

The department that controls an asset, as well as the individual (asset custodian) or post that is responsible for the operations associated with such asset in the department, is identified by the respective HOD(SO), recorded, and communicated on recognition of the asset.

Reliable measurement

Items are recognised that possess a cost or fair value that can be reliably measured in terms of this policy.

(b) Policy statement

The municipality shall recognise all movable and immovable assets existing at the time of adoption of this policy and the development of new, upgraded and renewed assets on an on-going basis. Such assets shall be capitalised in compliance with prevailing accounting standards.

(c) Responsibilities

- The CFO, in consultation with the AO and Directors, shall determine effective procedures for the recognition of existing and new assets.
- Every Director shall ensure that all assets under their control are correctly recognised as assets.
- The CFO shall keep a lease register with the following minimum information: name of the lessor, description of the asset, fair value of the asset at inception of the lease, lease commencement date, lease termination date, economic useful life of the asset, lease payments, and any restrictions in the lease agreement.

10.2 CLASSIFICATION OF ASSETS

(a) Definitions and rules

Fixed asset categories

- Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations) (GRAP 17);
- Intangible assets (GRAP 31);
- Heritage assets (GRAP 103);
- Biological assets (GRAP 101/27);
- Capital Finance Lease assets (GRAP 13); and
- Investment property (GRAP 16).

Class of PPE

A class of PPE is defined as a group of assets of a similar nature or function. The total balance of each class of assets is disclosed in the notes to the financial statements.

PPE Asset hierarchy

An asset hierarchy is adopted for PPE which enables separate accounting of parts (components) of the asset that are considered significant to the municipality from a financial point of view, and for other reasons determined by the municipality,

including risk management (in other words, taking into account the criticality of components) and alignment with the strategy adopted by the municipality in asset renewal (for example the extent of replacement or rehabilitation at the end of life). In addition, the municipality may aggregate relatively insignificant items to be considered as one asset. The structure of the hierarchy recognises the functional relationship of assets and components.

PPE: Infrastructure

Infrastructure assets are immovable assets which are part of a network of similar assets that jointly provide service potential.

PPE: Community Property

Community property is immovable assets contributing to the general well-being of the community, such as community halls and recreation facilities.

PPE: Other property

Buildings that are used for municipal operations such as administration buildings and rental stock or housing not held for capital gain.

PPE: Other Assets

Movable assets are by nature stand-alone assets which are not directly attached or associated with an item of immovable assets and are utilised in an enabling or assisting role on a day-to-day basis.

Heritage assets

Heritage assets are assets of cultural, environmental, historical, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations, such as monuments, nature reserves, and works of art. Some heritage assets have more than one purpose, e.g. an historical building which, in addition to meeting the definition of a heritage asset, is also used as office accommodation. The CFO, on behalf of the municipality, must use his / her judgement to make such an assessment. The asset should be accounted for as a heritage asset if, and only if, the definition of a heritage asset is met, and only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. If a significant portion is used for production, administrative purposes or supply of services or goods, the asset shall be accounted for in accordance with the Standard of GRAP on PPE.

Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks that are rented out. There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.

An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

- (c) is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or
- (d) arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

However, if the municipality is of the opinion that even though a servitude may meet the definition of an intangible asset, it is essential to the operation of a tangible asset. For example, where the municipality would not be able to construct or operate infrastructure on land that it does not own without acquiring certain rights from the landowner. Therefore the municipality may be of the opinion that it would be more appropriate to include the cost of the servitude in the cost of the tangible asset rather than recognising a separate intangible asset. In such cases servitudes will be accounted for as PPE by applying GRAP 17, and componentisation may be required as the values, nature and the useful life of the servitude and the tangible asset are different.

Servitudes

Where municipalities establish servitudes as part of the registration of a township, the associated rights are granted in statute and are specifically excluded from the standard on intangible assets. Such servitudes cannot be sold, transferred, rented or exchanged freely and are not separable from the municipality. Consequently such servitudes are not recognised in the asset register.

Servitudes that are created through acquisition (including by way of expropriation or agreement) can be recognised as *either intangible assets or PPE* at cost. The municipality *may* include the cost of the servitude in the cost of the PPE if it is essential to the construction or operation of the asset (such as in the case of pipes).

Biological Assets

Biological assets are living animals or plants as per the definition in the GRAP on Agriculture.

Non-current assets held for sale

A non-current asset (or disposal group) is considered to be "held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An immovable asset classified as a "non-current asset held for sale" shall be reclassified as a current asset, and will therefore be taken off the Asset Register. This provision does not apply to immovable assets that are abandoned.

To be classified as "held for sale", the asset must be available for immediate sale (i.e. to be completed within a year) in its present condition, and it must be highly probable that the sale will take place (management must be committed to a plan to sell the asset and an active programme to locate a buyer must have been initiated). If the municipality acquires an immovable asset exclusively for the purpose of selling it, it shall be classified as a "non-current asset held for sale" at its acquisition date only if all the above requirements are met.

An extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the municipality's control and there is sufficient evidence that the municipality remains committed to its plan to sell the asset. However, if the municipality has classified an asset as held for sale, but the criteria are no longer met, the municipality shall cease to classify the asset as held for sale.

If the criteria are only met after the reporting date, the municipality shall not classify the immovable asset as held for sale in those financial statements when issued. However, when those criteria are met after the reporting date but before the authorisation date for the financial statements to be issued, the municipality shall disclose a description of the immovable asset; a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of disposal; and if applicable, the segment in which the asset (or disposal group) is presented. Non-current assets held for sale are not similar to inventory. Inventory refers to assets held for trading purposes, assets manufactured or purchased to be sold for a profit. If a management decision has been made to sell a non-current asset, that asset will be classified as a non-current asset held for sale.

(b) Policy statement

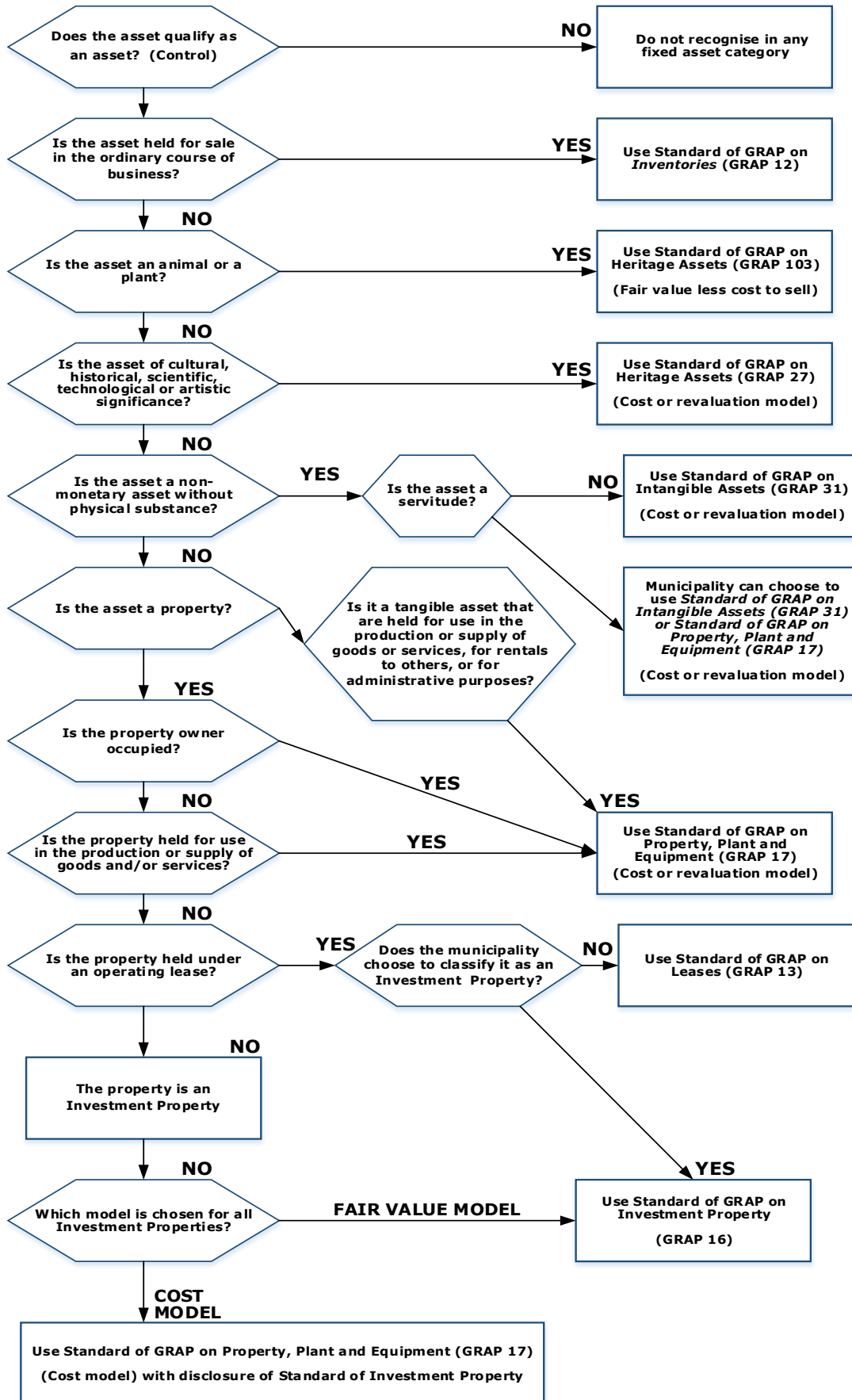
Asset hierarchies shall be adopted for each of the asset groups, separately identifying items of PPE at component level that are significant from a financial or risk perspective, and, where applicable, grouping items that are relatively insignificant. Investment Property and Intangible assets are not required to be componentised.

PPE shall be disclosed in the financial statements at the sub-category level.

A committee to be nominated by Council will consider the recognition of assets as heritage assets and motivate their recommendation for adoption by Council.

Annexure A indicates the hierarchy structure for immovable assets while **Annexure B** indicates the hierarchy structure for movable assets.

Figure 2 – Decision tree – Classification of assets



(c) Responsibilities

- The CFO shall ensure that the classification of immovable assets adopted by the municipality complies with the statutory requirements.
- The CFO shall consult with the Directors responsible for PPE to determine an effective and appropriate asset hierarchy for each asset class of PPE to component level and record such in the asset management procedures document.
- Every Director shall ensure that all immovable assets under their control are classified correctly within the classification adopted by the municipality.
- Every Director shall advise the CFO when assets should be re-classified.

10.3 IDENTIFICATION OF ASSETS**(a) Definitions and rules**Immovable asset coding

An asset coding system is the means by which the municipality is able to uniquely identify each immovable asset (at the lowest level in the adopted asset hierarchy) in order to ensure that it can be accounted for on an individual basis.

Barcoding system

A barcoding system will be used for movable assets as the means by which the municipality is able to uniquely identify each movable asset in order to ensure that it can be accounted for on an individual basis, which will also assist with the subsequent verification process of movable assets.

(b) Policy statement

A coding system shall be adopted and applied that will enable each asset of immovable assets (with PPE at the lowest level in the adopted asset hierarchy) to be uniquely and readily identified. Similarly a barcoding system shall be adopted for movable assets.

(c) Responsibilities

- The AO shall develop and implement an immovable asset coding system in consultation with the CFO and other Directors to meet the policy objective.
- Directors shall ensure that all the immovable assets under their control are correctly coded.
- Directors shall ensure that all the movables assets under their control are barcoded.

10.4 ASSET REGISTER**(a) Definitions and rules**Asset register

A fixed asset register is a database with information relating to each asset. The fixed asset register is structured in line with the adopted classification structure. The scope of data in the register is sufficient to facilitate the application of the respective accounting standards for each of the asset classes, and the strategic and operational asset management needs of the municipality.

Procurement of assets

All assets acquired must be in terms of the capital budget and assets must be procured in such a way that:

- a proper need for the asset was identified;
- procurement documentation supports the format adopted for the asset register and the asset hierarchy; and

- proper and approved procurement procedures are adhered to in terms of the Supply Chain Management Policy. Authorisation for procurement should be as per the Municipalities' delegation of authority and payment for assets should be in accordance with the financial policies and regulations of the Council.

Updating data in the asset register

The fixed asset register is updated by an Asset Management Administrator only when authorised and instructed to do so by the CFO. The Asset Management Administrator is precluded from being a custodian of any asset.

(b) Policy statement

A fixed asset register shall be established to provide the data required to apply the applicable accounting standards, as well as other data considered by the municipality to be necessary to support strategic asset management planning and operational management needs. The asset register shall be updated and reconciled to the general ledger on a regular basis, which will be reconciled to the financial statements at year end.

(c) Responsibilities

- The CFO shall define the format of the fixed asset register in consultation with the AO and the Directors shall ensure that the format complies with the prevailing accounting standards and disclosure requirements.
- Directors shall provide the CFO with the data required to establish and update the asset register in a timely fashion.
- The CFO shall establish procedures to control the completeness and integrity of the asset register data.
- The CFO shall ensure proper application of the control procedures.

10.5 MEASUREMENT AT RECOGNITION

(a) Definitions and rules

Measurement at recognition of PPE

An item of PPE that qualifies for recognition is measured at cost. Where an asset is acquired at no or nominal cost (for example in the case of donated or developer-created assets), its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of PPE, such as on recognising PPE for which there are no records, or records cannot be linked to specific assets, its cost is deemed to be its fair value.

Measurement at recognition of investment property

Investment property will be measured at cost including transaction cost at initial recognition. However, where an investment property was acquired through a non-exchange transaction (i.e. where the investment property was acquired for no or nominal value), its cost is its fair value at the date of acquisition.

Measurement at recognition of intangible assets

Intangible assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

Measurement at recognition of heritage assets

Heritage assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

If the municipality holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements as follows:

- A description of the heritage asset or class of heritage assets.
- The reason why the heritage asset or class of heritage assets could not be measured reliably.
- On disposal of the heritage asset or class of heritage assets, the compensation received and the amount recognised in the statement of financial performance.

Measurement at recognition of biological assets

Biological assets shall be measured on initial recognition and at each reporting date at its fair value less costs to sell.

Fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market based evidence by appraisal can be used where there is an active and liquid market for assets (for example land and some types of plant and equipment). In the case of specialised buildings (such as community buildings) and infrastructure where there is no such active and liquid market, a depreciated replacement cost (DRC) approach may be used to identify the fair value. The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets.

Depreciated replacement cost

If no evidence is available to determine the market value in an active and liquid market of an item of property, the fair value of the item may be established by reference to other items with similar characteristics, in similar circumstances and location. In many cases, the depreciated replacement cost of an asset can be established by reference to the buying price of a similar asset with similar remaining service potential in an active and liquid market. In some cases, an asset's reproduction cost will be the best indicator of its replacement cost. For example, in the event of loss, a parliament building may be reproduced rather than replaced with alternative accommodation because of its significance to the community.

Costs associated with heritage assets

Costs incurred to enhance or restore a heritage asset to preserve its indefinite useful life should be capitalised as part of the cost of the asset. Such costs should be recognised in the carrying amount of the heritage asset as incurred.

Changes in the existing decommissioning or restoration cost included in the cost of an item

Changes in the measurement of an existing decommissioning cost or restoration cost as a result of changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, should be treated as follows:

10.5.1 If the cost model is used -

- Changes in the liability shall be added to or deducted from the cost of the related asset.
- If the amount deducted from the cost of the asset exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality should consider whether this is an indication that the carrying amount may not be recoverable. In this case the municipality should test the asset for impairment.

10.5.2 If the revaluation model is used -

- A decrease in the liability shall be credited to the revaluation surplus, except that it shall be recognised in the surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in the surplus or deficit; and
- an increase in the liability shall be recognised in surplus or deficit, except that it shall be debited to the revaluation surplus to the extent that any credit balance may exist in the revaluation surplus in respect of asset.
- If the decrease in liability exceeds the carrying amount that would have been recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.
- If the change in liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation shall be taken into account in determining the amounts to be taken to surplus or deficit and net assets as discussed above. If a revaluation is necessary, all assets of that class shall be revalued.
- The change in the revaluation surplus arising from the change in the liability shall be separately identified and disclosed on the face of the statement of changes in net assets.

Finance leases

At the commencement of a lease term, the municipality (the lessee) shall recognise a finance lease as an asset and liability in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease contract, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct cost of the lessee is added to the amount recognised as an asset.

Self-constructed immovable PPE

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality. All assets that are constructed by the municipality should be recorded in the asset register and each component that is part of this immovable PPE should be depreciated over its estimated useful life for that category of asset.

Proper records are kept such that all costs associated with the construction of these assets are completely and accurately accounted for as capital under construction, and upon completion of the asset, all costs (both direct and indirect) associated with the construction of the asset are summed and capitalised as an asset.

Construction of future investment property

If property is developed for future use as an investment property, such property shall in every respect be accounted for as investment property.

Borrowing costs

Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include at interest on bank overdrafts and short-term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings; finance charges in respect of finance leases and foreign exchange differences arising from foreign currency borrowings when these are regarded as an adjustment to interest costs. Borrowing costs shall be capitalised if related to construction of a qualifying asset (one that necessarily takes a substantial period of time to get ready for its intended use or sale) and external funding is sourced to fund the project.

In the following cases it is inappropriate to capitalise borrowing costs:

- It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of the municipality directly to the nature of the expenditure to be funded i.e. capital or current. In such case, the municipality shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.
- In exceptional cases the municipality is allowed to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. It may be difficult for the municipality to identify a direct relationship between an asset and borrowing costs incurred because the financing activity is controlled centrally and it will not always be possible to keep track of the specific borrowing costs which should be allocated to the qualifying asset. As a result the reasonable effort and cost may outweigh the benefit of presenting the information, making it inappropriate to capitalise the borrowing cost.

Non-current assets held for sale

Immovable assets classified as non-current assets held for sale shall be measured at the lower of its carrying value and its fair value less cost to sell immediately before meeting the criteria for such classification.

In the event that a non-current asset held for sale ceases to meet the criteria for such classification, it is recognised in the asset register and measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, or
- its recoverable amount or recoverable service amount at date of the subsequent decision not to sell.

The municipality shall include any required adjustment to the carrying amount of an immovable asset that ceases to be classified as held for sale in revenue of the continuing operations in the period in which the criteria to be held for sale are no longer met. The municipality shall present that adjustment in the same caption in the Statement of Financial Performance used to present a gain or loss.

Deferred payment

The cost of an asset is the cash equivalent at the recognition date. If the payment of the cost price is deferred beyond normal credit terms, the difference between the cash price equivalent (the total cost price is discounted to the asset's present value as at the transaction date) and the total payment is recognised as an interest expense over the period of credit unless such interest is recognised in the carrying value of the asset in accordance with the Standard on Borrowing Costs, GRAP 5.

Exchanged PPE assets

In cases where assets are exchanged, the cost is deemed to be the fair value of the acquired asset and the disposed asset is de-recognised. If the acquired asset is not measured at its fair value, its cost price will be the carrying amount of the asset given up.

Cost of an item of PPE

The capitalisation value comprises of;

- (i) the purchase price,
- (ii) any directly attributable costs necessary to bring the asset to its location and condition necessary for it to be operating in the manner intended by the municipality, and
- (iii) an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

VAT is excluded (unless the municipality is not allowed to claim input VAT paid on purchase of such assets - in such an instance, the municipality should capitalise the cost of the asset together with VAT).

Directly attributable costs

Directly attributable costs are defined as:

- Cost of employee benefits arising directly from the construction or acquisition of the item of immovable PPE and intangible assets.
- costs of site preparation (in the case of PPE assets);
- initial delivery and handling costs (in case of PPE infrastructure, PPE community assets and PPE heritage assets) ;
- installation and assembly costs, cost of testing whether the immovable PPE or associated intangible asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to that location and condition;
- commissioning (cost of testing the asset to see if the asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to its current condition and location)
- professional fees (for example associated with design fees, supervision, and environmental impact assessments) (in the case of all asset classes); and
- proper transfer taxes (in the case of all asset classes).

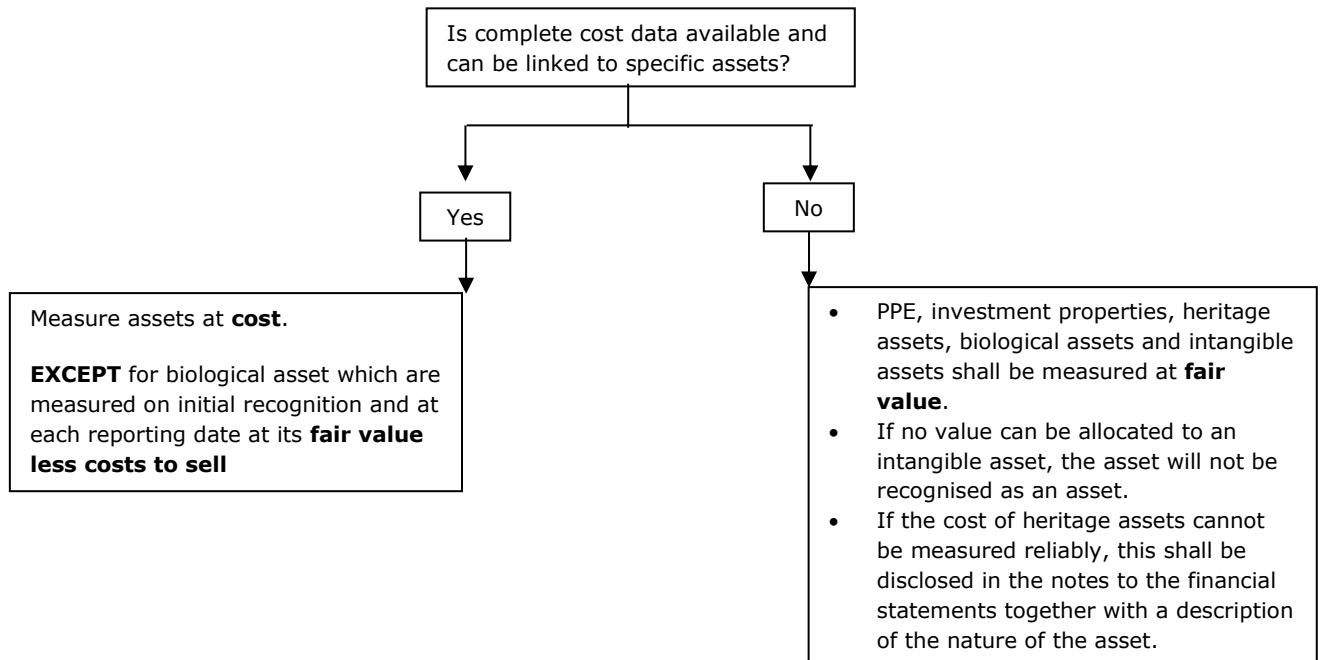
(b) Policy statement

PPE, intangible assets, heritage assets and investment property that qualify for recognition shall be capitalised **at cost**. Interest on deferred payments will be expensed. Biological assets that qualify for recognition shall be capitalised at **fair value less costs to sell**.

In cases where complete cost data is not available or cannot be reliably linked to specific assets:

- The fair value of PPE infrastructure, community property and building property shall be adopted on the basis of depreciated replacement cost;
- If the cost of heritage assets cannot be measured reliably, this shall be disclosed in the notes to the financial statements together with a description of the nature of the asset; and
- Investment property and intangible assets shall be measured at fair value on the date of acquisition. If no fair value can be allocated to the intangible asset, the asset will not be recognised as an asset.

Figure 3: Measurement at initial recognition



(c) Responsibilities

- The CFO, in consultation with the AO and Directors, shall determine effective procedures for the capitalisation of assets on recognition.
- Every Director shall ensure that all assets under their control are correctly capitalised.
- Every Director shall advise the CFO of any deferred payments from the municipality, providing the relevant details of such.

10.6 MEASUREMENT AFTER RECOGNITION

(a) Definitions and rules

Options

Accounting standards allow measurement after recognition on immovable assets as follows:

- PPE, heritage assets and intangible assets: on either a cost or revaluation model;
- Biological assets: fair value less costs to sell; and
- Investment Property: either cost model or the fair value model.

Different models can be applied, providing the treatment is consistent per asset class.

Cost model

When the cost model is adopted, the asset is carried after recognition at its cost less any accumulated depreciation and any accumulated impairment losses.

Revaluation model

When the revaluation model is adopted an asset is carried after recognition at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When revaluations are conducted, the entire class of assets should be re-valued. The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets.

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

When an asset is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- Restated proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its DRC.
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such asset before the revaluation in question *may* be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account. *If this option is selected, an adjustment of the aggregate transfer is made at the end of each financial year.*

Investment property

When the fair value model is adopted, all investment property should be measured at its fair value except when the fair value cannot be determined reliably on a continuing basis. The fair value of the investment property shall reflect market conditions at the reporting date. It shall be valued on an annual basis. All fair value adjustments shall be included in the surplus or deficit for the financial year. If a municipality selects the cost model to measure all of its investment property, it does so in accordance with the Standard of GRAP on Property, Plant and Equipment, i.e., at cost less any accumulated depreciation and any accumulated impairment losses.

Statutory inspections

The cost of a statutory inspection that is required for the municipality to continue to operate immovable PPE is recognised at the time the cost is incurred, and any previous statutory inspection cost is de-recognised.

Expenses to be capitalised

Expenses incurred in the enhancement of PPE (in the form of improved or increased services or benefits flowing from the use of such asset), or in the material extension of the useful operating life of assets are capitalised. Such expenses are recognised once the municipality has beneficial use of the asset (be it new, upgraded, and/or renewed) – prior to this, the expenses are recorded as work-in-progress. Expenses incurred in the maintenance or repair (reinstatement) of PPE that ensures that the

useful operating life of the asset is attained, are considered as operating expenses and are not capitalised, irrespective of the quantum of the expenses concerned.

Spares

The location of capital spares shall be amended once they are placed in service, and re-classified to the applicable PPE asset sub-category. Depreciation on the capital spares will commence once the items are placed in service as this is when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Major inspection

Major inspections will be recognised at the value of the major inspection.

(b) Policy statement

Measurement after recognition shall be on the following basis:

- PPE: *cost model or revaluation model* (selected based on municipalities policy)
- Heritage: *cost model or revaluation model* (selected based on municipalities policy)
- Investment property: *cost model or fair value model* (selected based on municipalities policy)
- Intangible assets: *cost model or revaluation model* (selected based on municipalities policy)
- Biological assets: fair value less cost to sell

An increase in asset value as a result of revaluation shall be reflected in a Revaluation Reserve, while fair value adjustments will be recognised in surplus / deficit.

The restatement method will be applied to proportionately restate the accumulated depreciation to be in line with the gross replacement cost or CRC of the revalued asset or the elimination method will be applied and the accumulated depreciation will be eliminated against the gross carrying amount of the asset (therefore accumulated depreciation becomes zero) and the net amount restated to the revalued amount of the asset or DRC of the revalued asset.

Figure 4: Measurement after recognition

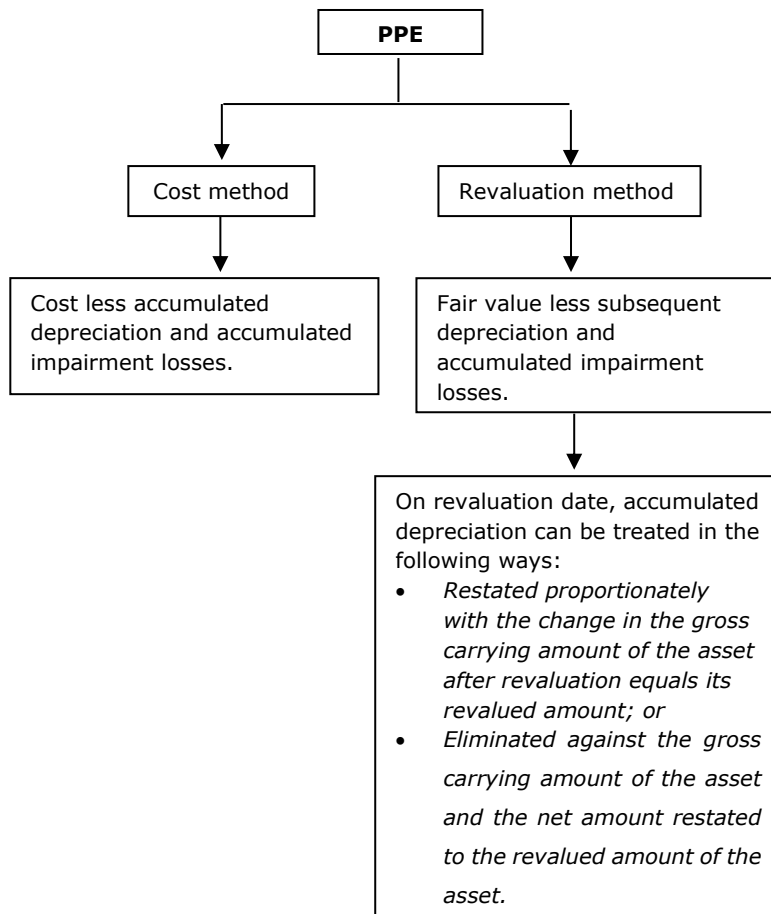


Figure 5: Measurement after recognition

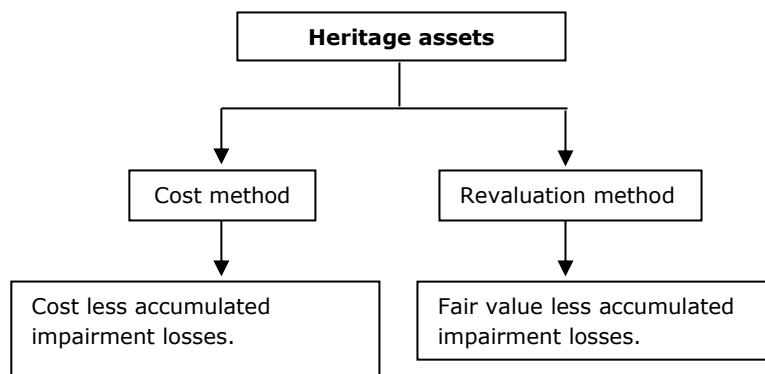


Figure 6: Measurement after recognition

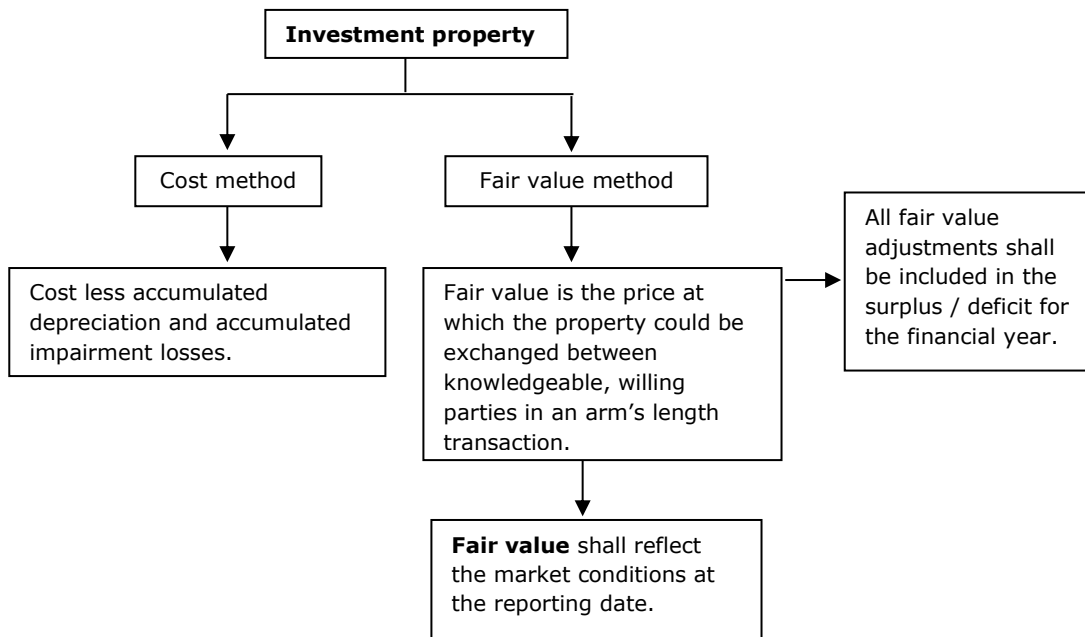


Figure 7: Measurement after recognition

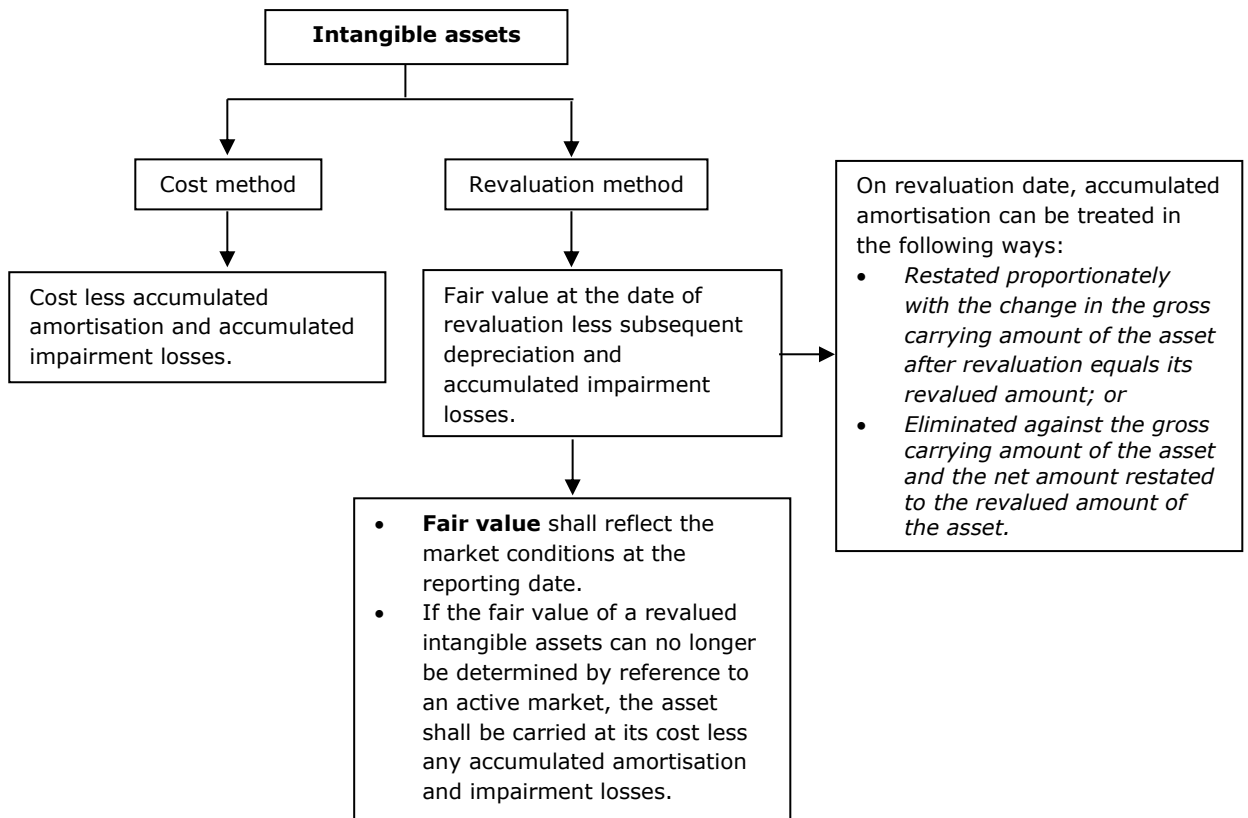
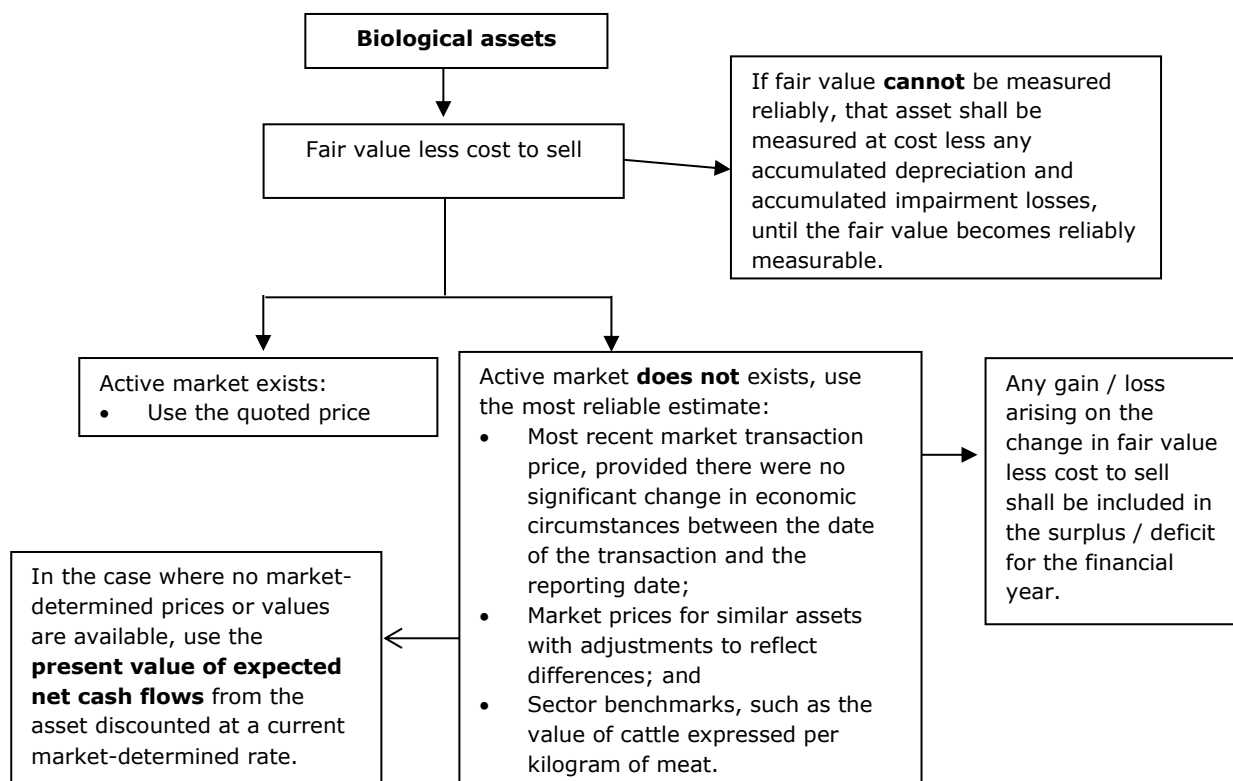


Figure 8: Measurement after recognition**(c) Responsibilities**

- The CFO, in consultation with the AO and Directors, shall determine effective procedures for the on-going capitalisation of assets after recognition.
- Every Director shall ensure that all capital expenses associated with assets under their control are correctly capitalised.
- Every Director shall ensure that revaluations and fair value adjustments are conducted where applicable to immovable infrastructure under their control.

10.7 DEPRECIATION**(a) Definition and rules**Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its remaining useful life. The amortisation of intangible assets is identical.

Land and servitudes are considered to have unlimited life; therefore they are not depreciated. Heritage assets and investment property are also not depreciated.

Depreciable amount

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Residual value

The residual value is the estimated amount that the municipality would currently obtain from disposal of the asset after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The residual values of assets are indicated in **Annexure C** and **D** in the form of a percentage. In the case of assets measured after recognition on the cost model, the percentage is of the initial cost of acquisition. In the case of assets measured after recognition on the revaluation model, the percentage is of the revalued cost.

Intangible assets with an indefinite useful life

An intangible asset with an indefinite useful life will not be amortised. Impairment testing shall be performed on these assets on an annual basis and whenever there is an indication that the assets might be impaired, comparing its recoverable amount with its carrying amount.

Remaining useful life

The remaining useful life (RUL) of a depreciable PPE asset is the time remaining until an asset ceases to provide the required standard of performance or economic usefulness.

The remaining useful life of all depreciable immovable PPE assets at initial recognition is the same as the expected useful life indicated in **Annexure C** above. The remaining useful life of all depreciable movable PPE assets that are new, or are considered to have been renewed, at initial recognition is the same as the expected useful life indicated in **Annexure D**.

Annual review of remaining useful life

The remaining useful lives of depreciable PPE are reviewed every year at the reporting date. Changes may be required as a result of new, updated or more reliable information being available. Changes may also be required as a result of impairments (as contemplated in **Section 10.8** of this policy). Depreciation charges in the current and future reporting periods are adjusted accordingly, and are accounted for as a change in an accounting estimate.

Depreciation method

Depreciation of PPE is applied at the component level. A range of depreciation methods exist and can be selected to model the consumption of service potential or economic benefit (for example the straight line method, diminishing amount method, fixed percentage on reducing balance method, sum of the year digits method, production unit method). The approach used should reflect the consumption of future economic benefits or service potential, and should be reviewed annually where there has been a change in the pattern of consumption.

Depreciation charge

Depreciation starts once an asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an assets ceases at the earlier of the date that the asset is classified as held for sale (in accordance with the standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations) and the date the asset is de-recognised.

Carrying amount

The carrying amount is the cost price / fair value amount after deducting any accumulated depreciation and accumulated impairment losses.

Capital spares

Depreciation on capital spares will commence once the items are placed in service as this is when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Finance lease

Depreciable assets financed through a finance lease will give rise to a depreciation expense and finance cost which will occur for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with the policy of depreciable owned assets, and the depreciation recognised shall be calculated in accordance with the Standard on Property, Plant and Equipment, GRAP 17. If there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. If there is certainty that the municipality will obtain ownership by the end of the lease term, the asset will be fully depreciated over the asset's useful life.

(b) Policy statement

All PPE, except land, servitudes and heritage assets, shall be depreciated over their remaining useful lives. All intangible assets, other than intangibles with an indefinite useful life, shall be amortised over their remaining useful lives.

The method of depreciation / amortisation shall be reviewed on an annual basis, though the *straight line method / diminishing amount method / fixed percentage on reducing balance method / sum of the year digits method / production unit method* shall be used in all cases unless Council determines otherwise. Investment Property on the fair value method will also not be depreciated. The existence, remaining useful lives and residual values shall also be reviewed at each reporting date.

(c) Responsibilities

- The Director shall ensure that a budgetary provision is made for the depreciation of the immovable PPE in the ensuing financial year, in consultation with the CFO.
- The CFO shall indicate a fixed annual date for the review of the remaining useful life of immovable PPE under the control of the respective Directors.
- Every Director shall annually review the remaining useful life as well as the expected useful life and residual values stated in **Annexures C and D** and the depreciation method of PPE that are under their control and motivate to the AO and CFO any adjustments if these are required, in the judgement of the Directors.
- Changes should not be made on a continuous basis because the accounting principle of consistency would be violated.
- The CFO shall report changes made to the remaining useful life of immovable PPE in the asset register to the AO and Council.
- The CFO shall ensure that depreciation charges are debited on a monthly basis and that the fixed asset register is reconciled with the general ledger.

10.8 IMPAIRMENT

(a) Definition and rules

Impairment

Impairment is defined as the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Indications of impairment

The municipality must review assets for impairment when one of the indicators below occurs or at least at the end of each reporting period. In assessing whether there is any indication that an asset may be impaired, an entity shall consider as a minimum the following indicators:

10.8.1 External sources of information:

- decline or cessation in demand;
- significant long-term changes in the technological, legal or government policy environment;
- the carrying amount of the net assets of the entity is more than its market capitalisation;
- market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially; or
- a halt in construction could indicate an impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.

10.8.2 Internal sources of information:

- evidence of physical damage;
- evidence of obsolescence;
- significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or a manner in which, an asset is used or is expected to be used, including an asset becoming idle, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- cash flow for acquiring an asset or maintenance cost thereafter is higher than originally budgeted;
- the actual net cash flow or operating profit or loss flowing from an asset are significantly worse than those budgeted;
- a significant decline in budgeted net cash flow or operating profit, or a significant increase in the budget loss, flowing from the asset; or
- operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

10.8.3 Other indications, such as loss of market value.

Impairment of projects under construction

In assessing whether a halt in construction would trigger an impairment test, it should be considered whether construction has simply been delayed or postponed, whether the intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postponed to a specific future date, the project may be treated as work in progress and is not considered as halted.

Intangible assets

The municipality must test all intangible assets associated with immovable PPE not yet available for use or which have an indefinite useful life for impairment. This impairment test may be performed at any time during the reporting period provided it is performed at the same time every year.

Investment property on the fair value model

Investment property that is measured at fair value is specifically excluded from the scope of GRAP 21 and GRAP 26 (impairment standards). Any impairment would be reflected in the annual review of fair value.

Recoverable amount

The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable service amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.

Impairment loss

An impairment loss of a non-cash-generating unit or asset is defined as the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and its value in use.

An impairment loss of a cash-generating unit (smallest group of assets that generate cash inflows) or asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use.

Non-cash generating unit

Non-cash-generating units are those assets (or group of assets) that are not held with the primary objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit. The recoverable service amount is the higher of the asset's fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain. However, sometimes it will not be possible to determine the fair value less cost to sell because there is no basis for making reliable estimates of the amount obtainable. For non-cash generating assets which are held on an ongoing basis to provide specialised services or public goods to the community, the value in use of the assets is likely to be greater than the fair value less cost to sell. In such cases the municipality may use the asset's value in use as its recoverable service amount. The value in use of a non-cash generating unit/asset is defined as the present value of the asset's remaining service potential.

This can be determined using any of the following approaches:

- the Depreciated Replacement Cost (DRC) approach (and where the asset has enduring and material over-capacity, for example in cases where there has been a decline in demand, the Optimised Depreciated Replacement Cost (ODRC) approach may be used);
- the restoration cost approach (the Depreciated Replacement Cost less cost of restoration) – usually used in cases where there has been physical damage; or
- the service units approach (which could be used for example where a production units model of depreciation is used).

Where the present value of an asset's remaining service potential (determined as indicated above) exceeds the carrying value, the asset is not impaired.

Cash-generating unit

Cash-generating units are those assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity. Holding an asset to generate a "commercial return" indicates that an entity intends to generate positive cash inflows from the asset (or from part of the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in holding the asset. When the cost model is adopted, fair value is determined in accordance with the rules indicated for measurement after recognition. Costs to sell are the costs directly attributable to the disposal of the asset (for example agents fees, legal costs), excluding finance costs and income tax expenses. The value in use is determined by estimating the future cash inflows and outflows from the continuing use of the asset and net cash flows to be received or (paid) for the disposal of the assets at the end of its useful life, including factors to reflect risk in the respective cash-flows and the time value of money.

Judgement

The extent to which the asset is held with the objective of providing a commercial return needs to be considered to determine whether the asset is a cash generating or non-cash generating asset. An asset may be held with the primary objective of generating a commercial return even though it does not meet that objective during a particular reporting period. Conversely, an asset may be a non-cash-generating asset even though it may be breaking even or generating a commercial return during a particular reporting period. In some cases it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so significant that the asset is a non-cash-generating- or a cash-generating asset. Judgement is needed in these circumstances.

Recognition of impairment

The impairment loss is recognised as an expense when incurred (unless the asset is carried at a re-valued amount, in which case the impairment is carried as a decrease in the Revaluation Reserve, to the extent that such reserve exists). After the recognition of an impairment loss, the depreciation charge for the asset is adjusted for future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

When no future economic benefit is likely to flow from an asset, it is de-recognised and the carrying amount of the asset at the time of de-recognition, less any economic benefit from the de-recognition of the asset, is debited to the Statement of Financial Performance as a "Loss on Disposal of Asset".

In the event of compensation received for damages to an item of PPE, the compensation is considered as the asset's ability to generate income and is disclosed under Sundry Revenue; and the asset is impaired/ de-recognised.

Reversing an impairment loss

The municipality must assess each year from the sources of information indicated above whether there is any indication that an impairment loss recognised in previous years may no longer exist or may have decreased. In such cases, the carrying amount is increased to its recoverable amount (providing that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods). Any reversal of an impairment loss is recognised as a credit in surplus or deficit.

(b) Policy statement

Impairment of assets shall be recognised as an expense in the Statement of Financial Performance when it occurs or at least at every reporting date. Ad-hoc impairment shall be identified as part of normal operational management as well as scheduled annual inspections of the assets.

The municipality considers the following asset classes to be cash generating:

- *note asset classes*

All assets relating to these classes are held with the primary objective of generating a commercial return. Consequently the municipality adopts the impairment treatment for cash generating units in the impairments of its PPE and associated intangible assets that relate to these classes.

The municipality considers all other following classes:

- *note asset classes*

All these asset classes are considered to be assets whose primary objective is to provide goods and services for community or social benefit, and where positive cash flows are generated, these are with the view to support the primary objective rather

than for financial return to equity holders. Consequently the municipality adopts the impairment treatment for non-cash generating units in the impairments of its PPE and associated intangible assets that relate to these asset classes.

(c) Responsibilities

- The CFO shall indicate a fixed annual date for the review of any impairment that may have occurred on assets under the control of the respective Directors.
- The Directors shall review any impairment on the PPE under their control at the annual review date, and from time to time as a result of any events that come to their attention that may have a material negative effect on the performance of these assets. The Directors shall motivate to the CFO proposed changes to the performance of such assets and the necessary impairments that needs to be recognised on such assets.
- The Directors should evaluate all the immovable PPE for impairment, taking into consideration any discussions with the senior accountants and operating managers.
- The Asset register administrator should update the fixed asset register with the information received, relating to the impairment, from the financial management system where the impairment journals have been processed.
- The CFO shall report changes made to the carrying values of these assets in the asset register to the AO and Council.

10.9 DE-RECOGNITION

(a) Definition and rules

Exempt assets

Capital assets transferred to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework in terms of the Municipal Asset Transfer Regulations.

Non-exempt assets

Assets other than exempt assets.

De-recognition

Assets are de-recognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. Where assets exist that have reached the end of their useful life yet they pose potential liabilities, the assets will not be de-recognised until the obligations under the potential liabilities have been settled.

The gain or loss arising from de-recognition of an item of immovable assets shall be included in surplus of deficit when the item is de-recognised.

PPE that is associated with the provision of basic services cannot be disposed without the approval of Council.

Government Gazette no.31346, Municipal asset transfer regulations, sets out the regulations regarding municipal asset transfers and disposals, for example type of assets that need approval to be disposed or transferred, timeframes, possible public participation requirements, considerations in approving the transfer or disposal and Council approval.

Read in conjunction with the Municipal Finance Management Act (MFMA) it is clear that a municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services unless that transfer is to an organ of state, and the following conditions must be met:

- Ownership in the capital asset (including replacements, upgrading and improvements made by the organ of state) must immediately revert to the municipality should the organ of state for any reason cease to or is unable to render the service;

- The organ of state may not without the written approval of the municipality:
- Transfer, dispose of or encumber the capital asset (including replacements, upgrading and improvements made by the organ of state) in any way;
- Grant a right to another person to use, control or manage the capital asset (including replacements, upgrading and improvements made by the organ of state);
- The transfer agreement must reflect the conditions above; and
- The organ of state must demonstrate the ability to adequately maintain and safeguard the asset.

If the combined value of any non-exempt capital assets a municipality intends to transfer or dispose of in any financial year exceeds 5% of the total value of its assets, as determined from its latest available audited AFS, a public participation process must be conducted to facilitate the determinations of the municipal council, in relation to all the non-exempt capital assets proposed to be transferred or disposed of during the year.

Council may delegate the following powers and responsibilities to the AO:

- The decision as to whether the non-exempt capital asset is needed to provide a basic service;
- The power to approve in-principle that the non-exempt capital asset may be transferred or disposed of; and
- The authority to approve in-principle of the granting of a right to use a capital asset. This delegation does not extend however, to cover long-term high-value transactions.

Disposal of assets should be at fair value. If payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent (the total proceeds discounted to the present value as at the transaction date). The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Disposal Management System

An effective system of disposal management for disposal or letting of assets, including unserviceable, redundant or obsolete assets, must be provided for in the Supply Chain Management Policy.

This must specify the ways in which assets may be disposed of, including by:

- transfer the asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;
- transferring the assets to another organ of state at market related value or, when appropriate, free of charge;
- selling the asset; or
- destroying the asset.

PPE may be sold only at market related prices except when the public interest or the poor demands otherwise. When assets are traded in for other assets, the highest possible trade-in price must be negotiated.

Revaluation model

The revaluation surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such immovable asset before the revaluation in question may be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account. An adjustment of the aggregate transfer is made at the end of each financial year.

(b) Policy statement

Fixed assets for which no future economic benefits or service potential are expected shall be identified and methods of disposal and the associated costs or income considered by Council. The carrying amount of the asset shall be de-recognised when no future economic benefits or service potential are expected from its use or its disposal. Where assets exist that have reached

the end of their useful life yet they pose potential liabilities, the assets will not be de-recognised until the obligations under the potential liabilities have been settled.

Where an asset being de-recognised was previously revalued, the revaluation surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on de-recognition of an asset.

(c) Responsibilities

- Fixed assets shall be de-recognised only on the recommendation of the Directors controlling the asset, and with the approval of the AO.
- Every Directors shall report to the CFO on assets which such Directors wishes to have de-recognised, stating in full the reason for such recommendation, indicating whether or not the assets are associated with the provision of basic services. The CFO shall consolidate all such reports, and shall promptly make a submission to the Disposals Committee with a copy to the AO on the PPE to be de-recognised, the proposed method of disposal, and the estimated cost or income from such disposal. The Disposals Committee shall consider the submission and make recommendations to the Council for adoption.
- Assets that are replaced in the nominal course of the life-cycle renewal should be de-recognised and removed from the asset register.
- The AO, in consultation with the CFO and other Directors shall formulate norms and standards from the replacement of all PPE.

10.10 INSURANCE OF ASSETS

(a) Definition and rules

Insurance provides selected coverage for the accidental loss of asset value.

Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury. The municipality can however elect to insure certain infrastructure risks, though approval must be obtained from the Council. The CFO must conduct a risk assessment of all assets and after considering the risks involved, report to Council, which assets must be insured. The risk assessment must be based on a loss probability analysis and if there is no capacity within the municipality to conduct the analysis, the CFO should be authorised to obtain external professional assistance.

The municipality may elect to operate a self-insurance reserve, in which case the CFO shall annually determine the premiums payable by the departments or votes after having received a list of assets and insurable values of all relevant assets from the HOD(SO)s concerned. This will be reflected in the accumulated surplus and will be cash backed.

Assets must be insured internally or externally and coverage must be based on the loss probability analysis. All insurance claims must be assessed by an official, charged with the responsibility for the insurance of assets, to determine whether the damage to the assets can be recovered from possible third parties involved. If the damage was caused by an identifiable third party the CFO should compile a report advising the AO of the facts thereof and any possible further action.

(b) Policy statement

The municipality should adhere to the disaster management plan for prevention and mitigation of disaster in order to be able to attract the disaster management contribution during or after disaster. The Council shall decide on insurance cover for assets each financial year based on the recommendation from the AO after consultation with the CFO.

(c) Responsibilities

- The AO will consult with the CFO on the basis of insurance to be applied to each type of asset: either the carrying value or the replacement value of the immovable asset concerned. The approach shall take due cognisance of the budgetary resources of the municipality, and where applicable asset classes shall be prioritised in terms of their risk exposure and value.
- The AO shall advise Council on the insurance approach taken.
- In the event that the CFO is directed by Council to establish a self-insurance reserve, the CFO shall annually submit a report to the Council on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

11. POLICY FOR SAFEGUARDING**(a) Definitions and rules**

The municipality applies controls and safeguards to ensure that assets are protected against improper use, loss, theft, malicious damage or accidental damage.

The existence of assets is physically verified from time-to-time, and measures adopted to control their use, as follows:

- All above ground assets should be verified for existence and any changes in condition at least once a year. These inspections should be formally recorded and signed off and, where possible, shall be worked into the routine maintenance inspections. These inspections may be prioritised on a risk basis to give emphasis to assets approaching the end of their useful life and assets with a high value in relation to total assets (the threshold for high value will be determined by the CFO), whereas a sample basis may be adopted for long life or multiple assets of a similar nature;
- Performance data shall be reviewed for buried assets to identify possible changes in condition; and
- A detailed road condition survey shall be conducted every 5 years.

Every Director shall at least once during every financial year undertake a comprehensive verification of all movable PPE controlled by or used by the department concerned. Every Director shall promptly and fully report in writing to the CFO, in the format determined by the CFO, all relevant results of such verification.

This report in respect of the annual physical verification of movable assets shall:-

- Confirm the location of the asset;
- Confirm the physical description of the asset;
- Confirm the level of utilisation of the asset;
- Indicate the assessment of the condition of the asset (Condition Grade);
- Indicate the expected useful life of the asset (RUL); and
- The existence or absence of any physical impairment of the asset.

The municipality may allocate day-to-day duties relating to such control, verification and safekeeping to asset custodians, and record such in the asset register.

(b) Policy statement

An asset safeguarding plan shall be prepared for all assets indicating measures that are considered effective to ensure that all immovable assets under control of the municipality are appropriately safeguarded from inappropriate use or loss, including the identification of asset custodians for all assets. The impact of budgetary constraints on such measures shall be reported to Council. The existence, condition and location of these assets shall be verified annually (in line with the assessment of impairment).

(c) Responsibilities

- Each Director shall prepare and submit to the CFO, upon request, an annual asset safeguarding plan for the assets under the control of their respective departments, indicating the budget required.
- The CFO shall confirm the available budget, and in consultation with the respective Directors, determine the impact of any budget shortfall. The CFO shall report the impacts to the AO for review, and advise Council.
- Each Director shall implement the safeguarding plan within the resources made available.
- Each Director shall report, within the time frame indicated by the CFO, the existence, condition, location and appropriate use of assets under the control of their respective departments at the review date.
- Every Director shall at least once during every financial year undertake a comprehensive verification of all movable PPE controlled by or used by the department concerned.
- Every Director shall promptly and fully report in writing to the CFO, in the format determined by the CFO, all relevant results of such movable asset verification.
- Every Director shall at least once during every financial year undertake a comprehensive verification of all movable PPE controlled by or used by the department concerned.
- Every Director shall promptly and fully report in writing to the CFO, in the format determined by the CFO, all relevant results of such movable asset verification.
- Malicious damage, theft, and break-ins must be reported to the AO or delegated person within 48 hours of its occurrence or awareness by the respective Directors.
- The AO must report criminal activities to the South African Police Service.

12. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS**(a) Definitions and rules**Service delivery

Immovable PPE assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its performance.

Asset management

The goal of asset management of immovable PPE is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

The core principles are:

- taking a life-cycle approach;
- developing cost-effective management strategies for the long-term;
- providing a defined level of service and monitoring performance;
- understanding and meeting the impact of growth through demand management and infrastructure investment;
- managing risks associated with asset failures;
- sustainable use of physical resources; and
- continuous improvement in the immovable PPE asset management practices.

(b) Policy statement

The municipality shall provide municipal services for which the municipality is responsible, at an appropriate level, and in a transparent, accountable and sustainable manner, in pursuit of legislative requirements and in support of its strategic objectives, according to the following core principles:

Effective governance

The municipality shall strive to apply effective governance systems to provide for consistent asset management and maintenance planning in adherence to and compliance with all applicable legislation to ensure that asset management is conducted properly, and municipal services are provided as expected.

To this end, the municipality shall:

- continue to adhere to all constitutional, safety, health, systems, financial and asset-related legislation;
- regularly review updates and amendments to the above legislation;
- review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- effectively apply legislation for the benefit of the community.

Sustainable service delivery

The municipality shall strive to provide to its customers services that are technically, environmentally and financially sustainable.

To this end, the municipality shall:

- identify a suite of levels and standards of service that conform with statutory requirements and rules for their application based on long-term affordability to the municipality;
- identify technical and functional performance criteria and measures, and establish a commensurate monitoring and evaluation system;
- identify current and future demand for services, and demand management strategies;
- set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew, and dispose infrastructure assets, where applicable in line with national targets;
- apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- prepare and adopt a maintenance strategy and plan to support the achievement of the required performance;
- allocate budgets based on long-term financial forecasts that take cognisance of the full life-cycle needs of existing and future infrastructure assets and the risks to achieving the adopted performance targets;
- strive for alignment of the financial statements with the actual service delivery potential of the infrastructure assets; and
- implement its tariff and credit control and debt collection policies to sustain and protect the affordability of services by the community.

Social and economic development

The municipality shall strive to promote social and economic development in its municipal area by means of delivering municipal services in a manner that meet the needs of the various customer user-groups in the community.

To this end, the municipality shall:

- regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- implement changes to services in response to changing customer needs and expectations where appropriate;
- foster the appropriate use of services through the provision of clear and appropriate information;
- ensure services are managed to deliver the agreed levels and standards; and
- create job opportunities and promote skills development in support of the national Expanded Public Work Program (EPWP).

Custodianship

The municipality shall strive to be a responsible custodian and guardian of the community's assets for current and future generations.

To this end, the municipality shall:

- establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- establish appropriate development control measures including community information;
- cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- ensure that heritage resources are identified and protected; and
- ensure that a long-term view is taken into account in infrastructure asset management decisions.

Transparency

The municipality shall strive to manage its infrastructure assets in a manner that is transparent to all its customers, both now and in the future.

To this end, the municipality shall:

- develop and maintain a culture of regular consultation with the community with regard to its management of infrastructure in support of service delivery;
- clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
- avail immovable PPE asset management information on a ward basis; and
- continuously develop the skills of councillors and officials to effectively communicate with the community with regard to service levels and standards.

Cost-effectiveness and efficiency

The municipality shall strive to manage its infrastructure assets in an efficient and effective manner.

To this end, the municipality shall:

- assess life-cycle options for proposed new infrastructure in line with the Supply Chain Management Policy;
- regularly review the actual extent, nature, utilisation, criticality, performance and condition of infrastructure assets to optimise planning and implementation works;
- assess and implement the most appropriate maintenance of infrastructure assets to achieve the required network performance standards and to achieve the expected useful life of infrastructure assets;
- continue to secure and optimally utilise governmental grants in support of the provision of free basic services;
- implement new and upgrading construction projects to maximise the utilisation of budgeted funds;
- ensure the proper utilisation and maintenance of existing assets subject to availability of resources;
- establish and implement demand management plans;
- timeously renew infrastructure assets based on capacity, performance, risk exposure, and cost;
- timeously dispose of infrastructure assets that are no longer in use;
- review management and delivery capacity, and procure external support as necessary;
- establish documented processes, systems and data to support effective life-cycle infrastructure asset management;
- strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
- conduct regular and independent assessments to support continuous improvement of infrastructure asset management practice.

(c) Responsibilities

- Upon adoption of this policy by Council, the AO shall meet regularly with the CFO and Directors to take measures to effectively implement this policy, and to report to Council on progress made at a frequency indicated by Council.
- Directors shall develop, and update at regular intervals to be determined by the AO in consultation with the CFO and Directors, an Asset Management Plan (AMP) for each service involving immovable PPE that shall assess levels and standards of service, future demand, risk, determine a lifecycle plan for a minimum 10 year planning horizon, and identify management practice improvement needs (3 year horizon). The AMPs will be submitted through the AO to Council for adoption. AMPs shall be used to inform the preparation of a CMIP and budgets through the IDP process. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and Directors.
- The CFO shall, in consultation with Directors, determine grading scales for the measurement of asset condition, performance, cost-of-operation, and utilisation for that are common and applicable to all services. Where necessary, the Directors shall interpret the grading scales for the immovable PPE assets under their control. HOD(SO)s shall determine the grading of all immovable PPE assets under their control at a level of accuracy considered appropriate to the municipality's resources, at intervals to be determined by the AO in consultation with the CFO and HOD(SO)s.
- Directors shall prepare, and review at regular intervals to be determined by the AO in consultation with the CFO and Directors, an Operations and Maintenance Strategy and Plan, and submit such, through the AO, to Council for adoption. The municipality shall engage contractors when necessary to support in the implementation of maintenance actions and adopt a system that assists in managing such maintenance. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and Directors.
- Directors shall determine detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the AO, to Council for adoption and inclusion in the Services Delivery and Budget Implementation Plan. Directors shall establish a monitoring regime, and report actual performance each financial year. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and Directors.
- The AO shall establish procedures to ensure that legislative requirements regarding the management of immovable PPE assets, including but not limited to health and safety, and environmental protection, are documented and advised to Directors. Directors shall address legislative needs in their strategies and plans, and shall enforce implementation.
- Review the municipality's Risk Management framework to ensure that it is effective for the management of physical risks to infrastructure and buildings. Important actions shall be identified and implemented. The Directors shall report risk exposure relating to their respective assets each financial year.

13. POLICY IMPLEMENTATION

Procedures should be prepared and adopted by the AO, in consultation with the CFO and HOD(SO)s, to give effect to this policy. This will be effective as from 01 July 2017

ANNEXURE A: IMMOVABLE ASSET HIERARCHY

The following asset categories, sub-categories and groups shall be used at the highest level of the classification structure for immovable assets:

Table 1 - Asset categories, sub-categories and groups

CATEGORY	SUB-CATEGORY	GROUP
Emthanjeni municipality's hierarchy		

ANNEXURE B: MOVABLE ASSET HIERARCHY

The following asset categories, sub-categories and groups shall be used at the highest level of the classification structure for movable assets:

Table 2 - Asset categories, sub-categories and groups

CATEGORY	SUB-CATEGORY	GROUP
Emthanjeni municipality's hierarchy		

ANNEXURE C: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF IMMOVABLE ASSETS

ASSET TYPE	COMPONENT TYPE	EUL	Residual (%)
Emthanjeni municipality's component list indicating EUL and RV			

ANNEXURE D: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF MOVABLE ASSETS

Components	Description	EUL years	RV %
Emthanjeni municipality's component list indicating EUL and RV			

EMTHANJENI MUNICIPALITY



FINAL AUGMENTATION POLICY

2017/2018 MTREF

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AUGMENTATION POLICY

1. BACKGROUND

- 1.1 The Emthanjeni Municipality (“the Municipality”) is entitled in terms of the Constitution of the Republic of South Africa 2006 to implement rates and taxes.
- 1.2 In terms of section 4 of the Municipal Systems Act 32 of 2000, the Council of the Municipality has the right to finance the affairs of the Municipality by charging fees for services and imposing surcharges on property *inter alia* by levies on property.
- 1.3 The Municipality has evaluated and assessed the increase in demand on infrastructure and the quantity of its services which are supplied to new developments within its Mandate Area;
- 1.4 As a result of such demand and increase in services, the Municipality has decided to levy augmentation fees on new developments;

2. INTERPRETATION

- 2.1 In this Policy unless the context otherwise indicates:-

		Meaning:
2.1.1	Augmentation Fees	Augmentation fees are in the amounts calculated by virtue of the cost for the provision and/ or upgrading (present and future) of bulk infrastructure to accommodate new development and the cost thereof to the Council.
2.1.2	Closed or Private Development	Instances where the Council will only provide a bulk water and electricity meter and sewer connection to the land/ erf of the development and render bulk services. The Council will not take over, or maintain any internal services within a closed or private development.
2.1.3	Consulting Engineer	A Professional Engineer or Company registered with the Engineering Council of South Africa (ECSA), who assumes responsibility for the design and technical soundness of the infrastructure to be provided to developments.
2.1.4	Effective Date	Date of signature of the Service Agreement by both parties.
2.1.5	Financial Year of Municipality	01 July - 30 June

2.1.6	Mandate Area	Jurisdictional area of Emthanjeni Municipality as amended from time to time
2.1.7	Municipality	The Emthanjeni Municipality established in terms of the Municipal Structures Act 32 of 2000, as amended, exercising its legislative and executive authority through its municipal council; or Its successor in title; Any other structure with delegated power, in terms of section 59 of the Municipal Structures Act.
2.1.8	Multi-use property	A property where there is a combination of different categories of property on the same registered property.
2.1.9	Owner	The developer or person in whose name the property is registered; A Trustee – if property is owned by a Trust; A Lessee – if the property is owned by the Municipality and is leased to the Lessee; A Buyer – if the property has been sold by the Municipality, and the Buyer has been given possession of the property, pending registration of the property into the Buyer's name.
2.1.10	Policy	Means this Policy, all the annexures attached hereto and any future amendments
2.1.11	Property	Any development being a sectional title scheme, share block company, single residential, group housing, commercial property, small townships, minor developments or closed and private developments
2.1.12	Service Agreement	An agreement entered into between the Council and the owner/developer of the land/erf being developed, for the provision of services to the property and to regulate matters pertaining to the development.

3. **OBJECTIVES OF THE POLICY**

- 3.1 Implementation of measures by the Municipality to recover the costs incurred for the provision of Bulk Infrastructure and Services to new developments.

- 3.2 Alleviation of any extra financial burden by Private Developments/Township establishments on existing residents and consumers.
- 3.3 Fair treatment of all developers and new residents, by eliminating the subsidising of such new developments by existing residents.
- 3.4 Detail the criteria which the Municipality shall apply to levy additional augmentation fees for the provision of bulk infrastructure capacity to accommodate new developments.

4. **APPLICATION OF THIS POLICY**

- 4.1 This Policy shall be applicable to the following categories of property:-
 - 4.1.1 Sectional title units;
 - 4.1.2 Share block schemes;
 - 4.1.3 Business, commercial and industrial properties;
 - 4.1.4 Single residential units;
 - 4.1.5 New township establishments;
 - 4.1.6 Minor subdivisions and applications for an increased supply.
 - 4.1.7 Closed or Private Developments.

a) Such a closed development will be fenced off and a Body Corporate/Home Owners Association will be established to maintain all internal services.

b) The Council will not take over, or maintain any internal services within a closed development.

5. **CATERGORIES OF SERVICES**

5.1 **Bulk Services**

All road, street, water, storm water, sewerage, solid waste sites and electricity infrastructure, whereto the internal services can be connected for the provision of such services to the development or new township.

5.1.1 **Water**

The provision of a bulk water infrastructure to a group of consumers or new developments. This includes reservoir storage, water pump stations and rising mains, main feeder lines and the identification, obtaining and development of water sources.

5.1.2 Electricity

The provision, maintenance and upgrading of main intake substations, switchgear, overhead or underground main feeder lines and transformers up to the border of such closed developments.

5.1.3 Sewerage

The provision of capacity, maintenance and upgrading of sewerage treatment plants, bulk gravity sewers, sewerage pump stations and rising mains.

5.1.4 Roads and Storm water

The provision, maintenance and upgrading of Access Main Roads to accommodate traffic impact by means of a traffic impact assessment (T.I.A) and the provision of adequate storm water infrastructure to accommodate and retain run-off and storm water drainage.

5.1.5 Refuse Removal/Solid Waste Site.

The provision, maintenance, upgrading and rehabilitation of refuse / waste landfill sites.

5.2 Internal Services

All water, roads, electricity and sewerage networks and associated installations and accessories including storm water drainage systems and road infrastructure within the boundaries of the Development/Township and connecting points for the particular services in/or near the boundaries of the Development/Township including any connections where such connection points are situated outside the boundaries of the Development/Township, boundary services as well as elements of a system which have, in consequence of topographical features or other reasons, to be located outside the boundaries of the township but which provide solely for the needs of the proposed Development/Township, which definition in particular shall include water reservoirs/towers and sewerage pumping stations and treatment works. The internal services for new Township Developments shall be provided by the Developer but shall become the property of the Municipality. For closed or Private Developments the internal services of the property shall be managed by the Home Owners Association or the Body Corporate of the property.

5.2.1 Services other than Bulk Services

5.2.1.1 Water

The provision, maintenance and upgrading of the water reticulation in the development to provide sufficient water pressure to all erven, including the provision of a connection point.

5.2.1.2 Electricity

The provision, maintenance and upgrading of the electrical reticulation, including transformers, cables and kiosks.

5.2.1.3 Roads and Storm water

The provision, maintenance and upgrading of roads, kerbing, street names, traffic signs, road markings and storm water drainage with inlet structures.

5.2.1.4 Refuse Removal

The provision of refuse removal services such as refuse compactors and municipal transportation of refuse collected.

6. **CALCULATION AND PAYMENT OF AUGMENTATION FEES**

6.1 Augmentation fees shall be charges as a once-off fee on all new Developments/Township establishments from the Effective Date.

6.2 Augmentation fees shall be levied in rands and shall be calculated according to the Municipality's cost structure for the provision and/or upgrading of bulk services to a development.

6.3 Where a developer has applied for development in phases, augmentation contribution fees shall be calculated on cost structures and in accordance with Council's Policy applicable when such deferred development phase commences. Where it is not practical to phase bulk infrastructure (eg. reservoir capacity etc), the full augmentation contribution shall be payable or provided as determined by Council or their representative.

6.4 If a property is utilised as a multiple-use property, then the augmentation rates will be apportioned accordingly.

6.5 In the event of the Augmentation Levy being calculated incorrectly due to the owner providing Council with false information, the owner will be liable to pay interest (*insert rate of interest*) on any outstanding amount due to Council.

7. **THE FORMULA USED FOR THE CALCULATION OF THE ELECTRICAL AUGMENTATION CONTRIBUTION LEVY**

- 7.1 The Augmentation Contribution Levy is a Developer or Consumer's contribution towards the present or future upgrading of the Primary Network (main substations on MV network) to cater for the notified load requirements.
- 7.2 In calculating the levy, the aim is to establish an equivalent average charge per Equivalent Residential Unit (ERU).
- 7.3 The average cost per ERU is determined by pricing a model of the Primary Network, which is as close as possible to the actual network, and then dividing it by the ERU's it can supply.
- 7.4 The total charge to the Development will be the calculated number of ERU's of the Development multiplied by the Charge/ERU.
- 7.5 An ERU is considered to be a Residential Consumer with a 45 Amp single phase supply at 230 Volts nominal.
- 7.6 The Factors/Formulae used to calculate the number of ERU's are contained in the following table:

EM	DESCRIPTION	NO OF ERU's
1.0	<u>Domestic Erf/Consumer: (30 to 60A)</u>	
1.1	<u>New Developments:</u>	1
1.2	BDMD = 45A (10,35kVA) single phase	Amps required ÷ 45
1.3	BDMD > or < 45A single phase but limit to 60A	3
1.4	BDMD = 45A three phase	Amps per phase
	BDMD > or < 45A three phase but limit to 60A	required ÷ 45x3
1.5	<u>Existing Consumer:</u>	
	Upgrade from tariff circuit breaker ≤ 60A single phase to ≤ 60A three phase	2
2.0		
	<u>Commercial Erf/Consumer: (30 to 100A)</u>	
2.1	<u>New Developments:</u>	1x 0,5 (Nf) = 0,5
2.2	BDMD = 45A single phase	Amps required ÷ 45
2.3	BDMD > or < 45A but limit to 60A	x 0,5 (Nf)
2.4	single phase	3x0,5 (Nf) = 1,5
	BDMD = 45A three phase	Amps/phase
	BDMD > or < 45A but limit to 100A	required ÷ 45x3x0,5
2.5	three phase	(Nf)
	<u>Existing Consumers:</u>	
2.6		[Amps per phase required ÷ 45x3x0,5 (Nf)]-0,5

3.0	Upgrade from tariff circuit breaker \leq 60A single phase to \geq 30A but \leq 100A three phase	[Amp per phase required \div 45x3x0,5 (Nf) - [Present amps \div 45x3x0,5 (NF)]
3.1	Upgrade from tariff circuit breaker \geq 30 A three phase to \leq 100 A three phase	
3.2	<u>Bulk Supply Erf/ Consumers (> 60kVA)</u> New Developments: <u>Existing Consumers:</u> Increase Notified Demand	(Notified Demand in kVA x Nf) \div (10,35 X Df) [(New Notified Demand in KVA – Notified Demand in Agreement) x Nf] \div (10,35xDf)

BDMD - Before Diversity Maximum Demand (usually at supply meter)

ADMD -After Diversity Maximum Demand (BDMD xDf)

45 -ERU amps (10,35KVA)

3 -No of Phases

0,5 - Average Network Factor for commercial consumers

Nf The symbol “Nf” signifies the Network Factor and is used in the formulae for Commercial and Bulk Supply consumers where such consumers peak demand do and may not coincide with peak demand on the core network.

For Commercial consumers this was taken as an average of 0.5. No value is given for the Network Factor (Nf) for Bulk Supply Consumers, where such consumers do coincide with peak demand, as substantial variations occur in this category, depending on the type of load required. The limits will, however, be between 0,5 for say a commercial/industrial type of development with 50% of its peak load coinciding with the core network peak, and 1 (one) for say a domestic development where 100% of its peak load coincides with the core network’s peak. The value for a particular development can, however, be anywhere between these limits and will be determined by the Head of the Electrical Department or his appointed Consulting Engineer.

Df Diversity Factor between BDMD and ADMD determined by Head of the Electrical Department or his appointed Consulting Engineer. The Df

depends on the quantity and type of individual loads connected to the Bulk Supply Point. The following Df's are given as a guide:

For Domestic Developments

- ≤ 60 kVA Notified Demand = 1Df
- >60 kVA Notified Demand but ≤ 80 kVA=0,75Df
- >80 kVA Notified Demand but ≤ 100 kVA = 0,58 Df
- >100 kVA Notified Demand but ≤ 200 kVA=0,38 Df
- >200 kVA Notified Demand = 0,3 Df

For Commercial Developments

Use same Df's as Domestic but for "Notified Demand"
In formula use Demand after taking Nf into account,
i.e. Actual Notified Demand x Nf. For most commercial
developments this will be Actual Notified Demand x 0,5

- 7.7 The Charge/ERU is contained in the Schedule of Electricity Tariffs published annually by the Municipality for each financial year starting 1 July and ending 30 June.

8. **THE FORMULAE USED FOR THE CALCULATION OF THE CIVIL AND SOLID WASTE AUGMENTATION CONTRIBUTION LEVY.**

- 8.1 In calculation the augmentation contribution levy, the aim is to establish the number of Equivalent Erf (ee) per development.
- 8.2 The augmentation contribution levy per Equivalent Erf (ee) is based on the assumed demand of an average sized residential site using 1000 lt of water per day.
- 8.3 All usage types in a development will therefore be converted to Equivalent Erven (ee) using the water demand/requirement for each type of usage within a development.
- 8.4 The "Guidelines for Human Settlement, Planning and Design" and generally referred to as, " The Red Book" as amended; will be used to determine the water demand/usage for each type of development.
- 8.5 The total augmentation contribution levy to the Development will be the calculated using the number of Equivalent Erven (ee's) for the entire

development multiplied by the augmentation levy charge per service per Equivalent Erf.

9. **CONNECTION COST AND OTHER RELATED COSTS**

9.1 The connection cost and deposits for services is the actual cost calculated by the Municipal Engineer with the tariff of calculation as stipulated in the annual budget document. This cost is a separate once-off connection cost to be paid by the owner only, which includes metering apparatus and a deposit over and above the augmentation levy.

9.2 The owner shall also be liable for a once-off administrative fee which shall cover the following costs:-

9.2.1 Legal fees;

9.2.2 Advertisement fees;

9.2.3 Service Level Agreement;

9.2.4 Disbursements

10. **APPROVALS / DOCUMENTATION REQUIREMENTS TO ENTER INTO THE SERVICE AGREEMENT**

Before embarking on construction, the Owner is required to enter into a Services Agreement with the Municipality and the following documentation is required prior to concluding the agreement.

These documents will form part of the service agreement (as annexures):

- Approval from Department of Agriculture in terms of Act 70 Of 1970 (where applicable);
- Environment Assessment Report (EIA) / Scoping report;
- Approval from Department Environmental Affairs (record of decision);
- Traffic Impact Assessment Report;
- Approval from Provincial Roads Department;
- Approval from Council / Council Resolution (rezoning, sub-division);
- Developers details and whether development to take place in phases;
- Engineering Feasibility report;
- Engineering drawings and detailed design report of all services (civil and electrical);
- Layout plan indicating the stormwater flood lines in respect of new township establishments in terms of Water Act (Act 54 of 1956) and National Water Act (Act 36 of 1998);
- Letter of appointment for consulting engineers or any other professional person involved with the development;

- Site development plan as approved by Council. A plan will only be approved if the Service Level Agreement has been signed and the Augmentation Levy has been paid;
- Layout map indicating zoning scheme with approved erf numbers and street names;
- Heritage Council's approval where applicable;
- Constitution of Body Corporate / Home Owners Association.

11. **CLEARANCE CERTIFICATE**

- 11.1 The Developer will only be furnished with a clearance certificate for transfer of the property, upon proof of payment of all Augmentation Fees to the Council's Engineer and Finance Department.
- 11.2 No erf shall be transferred until the Developer has paid all Augmentation Contributions and fully complied with all the conditions of the service level agreement.
- 11.3 The Municipality may give the necessary rates clearance required to pass transfer of individual erven to purchasers prior to completion of the services, in phased developments of new township establishments only; on condition the Developer provides the Municipality with a bank guarantee acceptable to the Municipality to cover the installation of such incomplete services.

12. **DISPOSAL OF PROPERTY**

In the event of the owner disposing of the property, it shall be the responsibility of the owner to inform the Municipality in writing of such change in ownership, failing which the owner will still be held liable for payment of the Augmentation Levy Fees.

13. **EXPECTATIONS**

13.1 Provision of Infrastructure by the owner

The Municipality's Council Engineer may request an owner/developer to provide bulk infrastructure, in accordance with the Municipality's requirements; in *lieu* of payment of Augmentation Contribution fees of a particular service, subject to such an arrangements being agreed to in writing and included in the Services Agreement.

In the case of Augmentation Contributions made through contributed bulk infrastructure, ownership will transfer to the Municipality only once the new infrastructure has been completed and commissioned and all the required inspections, testing and certificates have been completed and issued to the requirements of the Municipality.

The owner must ensure that the appointment letter of its Consulting Engineers make provision for professional indemnity in a situation where a defect/breakage is experienced.

13.2 Provision of Bulk Services as per Infrastructure Master Plan

The Council may also buy into or share cost of the new bulk infrastructure as per the Master Plan, subject to its financial ability to do so.

If the other developers cannot share the cost at that moment in time, those developers will then pay the full Augmentation Levy applicable to that specific bulk service for the applicable financial year in which their development works get under way.

- 13.3 New township establishments that are Government funded initiatives will be excluded from this Policy, as the provision for bulk infrastructure is usually funded through / funded with Government Grants, where applicable. However, such projects cannot commence before the Council Engineer has certified the availability of sufficient bulk infrastructure.

14. AUGMENTATION TARIFF APPLICABLE

- 14.1 Contributions which are payable to the Municipality are subject to annual adjustments by the Municipality and the adjusted rates will apply from the implementation date as decided by the Municipality.
- 14.2 Contributions are subject to VAT and are further subject to the provisions and rates contained in the Value Added Tax Act, 1991 (Act No 89 of 1991) as amended.
- 14.3 The Augmentation Tariff for all bulk services will be applicable for the financial year in which the services agreement is signed.
- 14.4 In the event of a development having different development phases over multiple financial years, the calculation of the Augmentation Fees payable will be escalated with CPIX for each year.
- 14.5 On concluding of a Service Level Agreement, Augmentation Fees will be valid until 30 June (End of Council's Financial Year) of the year in which the agreement was signed, and are thereafter subject to an annual escalation in accordance with the CPIX (as supplied by STATS SA on 30 of June each year).

15. **DEVELOPMENT OUTSIDE SPACIAL DEVELOPMENT
FRAMEWORK/RURAL AREAS**

In such an event, the Council is not obliged to render services. Such developments must provide their own services and pay augmentation fees to Council only in respect of those Municipal services they intend to utilise.

(For example: licensed solid waste site and the waste water treatment plants).

16. **DENSIFICATION OF ERVEN AND DEVELOPMENT**

- 16.1 No differentiation will be made between the densification of developments such as flats and group housing, or single residential erven where established erven are consolidated and again subdivided to suite the above scenario of development. The full Augmentation Fees, equivalent to a single erf, are applicable irrespective of the size of flats and group housing on each of the units so to be developed.
- 16.2 If the Municipality has to incur an extra expense due to the owner requiring extra capacity for the property, then the owner will be liable for a payment of maintenance fees as a result of the Municipality having to keep such extra capacity.
- 16.3 The development of the piece of land for which such extra capacity is being held, shall be completed within a reasonable amount of time, as determined by the Municipality.

17. REVIEW PROCESS

The Augmentation Policy will be reviewed on an annual basis to ensure that it complies with the strategic objectives of the Municipality, as stipulated in the Integrated Development Plan and other applicable legislation.

18. IMPLEMENTATION

This policy came into effect from 01 July 2015 but **this revised version of the Augmentation policy will come into effect on 1 July 2017.**

EMTHANJENI MUNICIPALITY



BUDGET IMPLEMENTATION AND MONITORING POLICY

FINAL BUDGET 2017/2018 MTREF

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ABBREVIATIONS

NC073	<i>Emthanjeni Municipality</i>
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
HOD	Directors/Head of Department
IDP	Integrated Development Plan
MBRR	Municipal Budget and Reporting Regulations, 2008
MFMA	Municipal Finance Management Act
MTREF	Medium Term Revenue and Expenditure Framework
SCM	Supply Chain Management
VAT	Value Added Tax

1 PURPOSE OF THIS DOCUMENT

1.1 The objective of the budget policy is to set out:

- (a) The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget (MTREF);
- (b) The responsibilities of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget;
- (c) To control and inform the basis, format and information included in the Budget documentation; and
- (d) To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes.

DEFINITIONS

In this Budget Implementation Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003), has the meaning so assigned, and:

"Accounting Officer"- means the Municipal Manager;

"Allocation", means-

- a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
- an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;

- an allocation of money to a municipality in terms of a provincial budget; or
- any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget," means an annual budget-

- approved by a municipal council, or
- includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

- "Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including-
- the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
- the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

"chief financial officer" means a person designated in terms of section 80(2) (a) of the MFMA;

"councillor" means a member of a municipal council;

"creditor", means a person to whom money is owed by the municipality;

"current year" means the financial year, which has already commenced, but not yet ended;

"delegation", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA;

"financial statements", means statements consisting of at least-

- a statement of financial position;
- a statement of financial performance;
- a cash-flow statement;
- any other statements that may be prescribed; and
- any notes to these statements;

"financial year" means a twelve months period commencing on 1 July and ending on 30 June each year;

"financing agreement" includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"irregular expenditure", means-

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

"investment", in relation to funds of a municipality, means-

- the placing on deposit of funds of a municipality with a financial institution; or

- the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"lender", means a person who provides debt finance to a municipality;

"local community" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"long-term debt" means debt repayable over a period exceeding one year;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"mayor" means the councillor elected as the mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"municipal council" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipality"-

- when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"accounting officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

"municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" means property rates or other taxes, levies or duties that a municipality may impose;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"official", means-

- an employee of a municipality or municipal entity;
- a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"overspending"-

- means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"past financial year" means the financial year preceding the current year;

"quarter" means any of the following periods in a financial year:

- 1 July to 30 September;
- 1 October to 31 December;
- 1 January to 31 March; or
- 1 April to 30 June;

"service delivery and budget implementation plan" means a detailed plan approved by the mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-

- projections for each month of-
- revenue to be collected, by source; and
- operational and capital expenditure, by vote;
- service delivery targets and performance indicators for each quarter; and

- any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(l) (c) of the MFMA.

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognised accounting practice," means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board;

"unauthorised expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (ii), (iii) or (iv) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the MFMA; "virement" means transfer of funds between functions / votes.

"vote" means-

- one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

In this document unless the context otherwise indicates, words and expressions denoting the singular shall include the plural and vice versa, words and expressions denoting the male sex shall include the female sex and vice versa and reference to a natural person shall include a legal person and vice versa.

2 BUDGETING PRINCIPLES

The municipality shall ensure that revenue projections in the budget are realistic taking into account actual collection levels.

The municipality shall ensure that the budget reflects the net depreciation amount (gross depreciation less backlog depreciation) due to the increase of measurement of PPE.

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. Vote accessibility of supply chain management systems for small businesses must be taken into account.

Municipality shall prepare a multi-year budget (three year) - medium term revenue and expenditure framework (MTREF)) and that be reviewed annually and approved by Council.

3 BUDGETING PROCESS

3.1 Planning for the preparation of the budget

3.1.1 The Accounting Officer with the assistance of the Chief Financial Officer and the Manager responsible for IDP shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.

3.1.2 The mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).

3.1.3 IDP process plan as well as the budget timetable shall indicate the key deadlines for 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. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.

3.1.4 The mayor shall convene a strategic workshop in September/October with the senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality. The mayor shall table the IDP priorities with the draft budget to Council.

3.1.5 The Mayor shall table the Draft IDP and MTREF budget to council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, borrowings, etc.).

3.1.6 The Chief Financial Officer and senior managers undertake the technical preparation of the budget including:-

- 3.1.6.1 Review past performance;
- 3.1.6.2 Prepare initial preview assumptions;
- 3.1.6.3

Analyse past revenue trends and develop initial projections;

- 3.1.7 Prepare the IDP and make necessary revisions;
Prepare initial budget scenarios:-
 - (a) The budget must be in the prescribed format, and must be divided into capital and operating budget.
 - (b) The budget must reflect the realistically expected revenues and expenditure by major source for the budget year concerned; and
 - (c) Estimated revenue and expenditure by vote for the budget year; andThe budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

Annexure A provides an outline of the budget activities, timeframes and responsibilities.

3.2 Public participation process

- 3.2.1 During the consultation process administration should consult with political executive; and
- 3.2.2 Immediately after the draft annual budget has been tabled, the municipality must convene hearings on the draft budget in April and invite the public and stakeholder organisations, to make representation at the council hearings and to submit comments in response to the draft budget.

3.3 Approval of the budget

- 3.3.1 Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year);
- 3.3.2 The council resolution, must contain budget policies and performance measures be adopted; and
- 3.3.3 Should the municipality fail to approve the budget before the start of the budget year, the mayor must inform the MEC for Finance that the budget has not been approved.

3.4 Publication of the budget

- 3.4.1 Within 14 days after the draft annual budget has been tabled, the Director of Corporate Services must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public as well as send hard copies to National and Provincial Treasury; and
- 3.4.2 The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

4 CONTENTS OF THE BUDGET

The budget consist of the following key elements:

4.1 Mayor's Report

4.2 Council Resolutions

4.3 The Council approves and adopts: -

- 4.3.1 Budget set out in various tables;
- 4.3.2 by standard classification;
- 4.3.3 by municipal vote;
- 4.3.4 by source and expenditure by type;
- 4.3.5 Policies; and
- 4.3.6 Tariffs.

4.4 Executive Summary

4.4.1 Operating Revenue Framework

- 4.4.1.1 Property Rates ;
- 4.4.1.2 Sale of Water and Impact of Tariff Increases;
- 4.4.1.3 Sale of Electricity and Impact of Tariff Increases;
- 4.4.1.4 Sanitation and Impact of Tariff Increases;
- 4.4.1.5 Waste Removal and Impact of Tariff Increases; and
- 4.4.1.6 Overall impact of tariff increases on households.

4.4.2 Operating Expenditure Framework

- 4.4.2.1 Main operational expenditure categories;
- 4.4.2.2 Priority areas i.e. repairs and maintenance; and
- 4.4.2.3 Free Basic Services: Basic Social Services Package.

4.4.3 Capital expenditure

- 4.4.3.1 Focus area
- 4.4.3.2 Highlighted projects where major investment in Capex is made
- 4.4.3.3 Future operational cost of new infrastructure

4.5 Supporting Documentation

4.5.1 Budget Process Overview

- 4.5.1.1 IDP and Service Delivery and Budget Implementation Plan
- 4.5.1.2 Financial Modelling and Key Planning Drivers
- 4.5.1.3 Community Consultation
- 4.5.1.4 Overview of alignment of annual budget with IDP

4.5.2 Measurable performance objectives and indicators

4.5.3 Overview of budget related-policies

4.5.4 Monthly revenue cash flow projections by month

4.5.5 IDP amendments

4.5.6 Amendments to Budget related policies

4.5.7 Details of investments

4.5.8 Municipal entities – new and existing

4.5.9 Proposed service delivery agreements

4.5.10 Grants to external bodies

4.5.11 Contracts having future budgetary implications

4.5.12 Capital expenditure details

4.5.13 Legislation compliance status

4.5.14 Salary, allowances and benefits of:

Councillors

MM, CFO, Director and Managers

4.5.15 Overview of budget assumptions

External factors

General inflation outlook and its impact on the municipal activities

Credit rating outlook

Interest rates for borrowing and investment of funds

Collection rate for revenue services

Growth or decline in tax base of the municipality

Salary increases

Impact of national, provincial and local policies

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

4.5.16 Municipal manager's quality certificate

5 OPERATING BUDGET

5.1 The municipality shall budget in each annual and adjustments budget for the contribution to:

5.1.1 provision for accrued leave entitlements equal to between 10 - 20% of the accrued leave

5.1.2 entitlement of officials as at 30 June of each financial year,

5.1.3 provision for bad debts in accordance with its rates and tariffs policies

5.1.4 provision for the obsolescence and deterioration of stock in accordance with its stores management policy

5.1.5 Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.

5.1.6A sufficient proportion of the operating budget component of each annual and adjustments budget shall be set aside for maintenance in accordance with the asset maintenance plans of the Municipalities.

- 5.2 When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- 5.3 The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- 5.4 The operating budget shall reflect the impact of the capital component on:
- 5.4.1 depreciation charges
 - 5.4.2 repairs and maintenance expenses
 - 5.4.3 interest payable on external borrowings
 - 5.4.4 other operating expenses.
- 5.5 The chief financial officer shall ensure that the cost of indigency relief is separately reflected in the appropriate votes.

6. CAPITAL BUDGET

- 6.1 Expenditure of a project shall be included in the capital budget if it meets the asset definition and has a useful life in excess of one year.
- 6.2 A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- 6.3 The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.
- 6.4 Before approving a capital project, the Council must consider:
- 6.4.1 the projected cost of the project over all the ensuing financial years until the project becomes operational,
 - 6.4.2 future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).

- 6.4.3 the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - 6.4.4 depreciation of fixed assets,
 - 6.4.5 maintenance of fixed assets, and
 - 6.4.6 any other ordinary operational expenses associated with any item on such capital budget.
- 6.5 Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.

7 FUNDING OF THE BUDGET

7.1 Operational Budget

The operational budget can only be funded from –

7.1.1 Realistically expected revenues.

7.1.1.1 Based on collection levels to date

7.1.1.2 Actual revenue collected in previous financial years

7.1.2 Uncommitted accumulated surpluses to the extent that the surpluses are cash backed.

7.2 Capital Budget

7.2.1 Revenue or Surplus

7.2.1.1 If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.

7.2.1.2 If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

7.2.2 External loans

7.2.2.1 External loans can be raised only if it is linked to the financing of an asset;

7.2.2.2 A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;

7.2.2.3 The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;

7.2.2.4 Interest payable on external loans shall be included as a cost in the revenue budget;

7.2.2.5 Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

7.2.3 Capital Replacement Reserve (CRR)

7.2.3.1 Council may establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve shall be established from the following sources of revenue:

- unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
- interest on the investments of the CRR, appropriated in terms of the investments policy;
- additional amounts appropriated as contributions in each annual or adjustments budget; and
- Sale of land and profit or loss on the sale of assets.

7.2.3.2 Before any asset can be financed from the CRR the financing may be available within the reserve and available as cash as this fund must be cash backed;

7.2.3.3 If there is insufficient cash available to fund the CRR this reserve fund must then be adjusted to equal the available cash;

7.2.3.4 Transfers to the CRR may be budgeted for in the cash budget;

7.2.4 Grant Funding

7.2.4.1 Non capital expenditure funded from grants

- must be budgeted for as part of the revenue budget;
- Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.

7.2.4.2 Capital expenditure must be budgeted for in the capital budget;

7.2.4.3 Interest earned on investments of Conditional Grant Funding shall be capitalised if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.

7.2.4.4 Grant funding does not need to be cash backed but cash should be secured before spending can take place.

7.3 Unspent Funds / Roll over of Budget

7.3.1 The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.

7.3.2 Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year.

7.3.3 Conditions of the grant fund shall be taken into account in applying for such roll over of funds.

7.3.4 In order to apply for a rollover of unspent conditional grants the following must be submitted to National Treasury:

- 7.3.4.1 Municipalities must submit their June conditional grant expenditure reports according to section 71 of MFMA reflecting all accrued expenditure on conditional grants;
- 7.3.4.2 Submit the pre-audited AFS indicating the portion of each national conditional allocation it received which remained unspent as at 30 June;
- 7.3.4.3 Formal letter addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 21(2) of the of DoRA
- 7.3.4.4 Motivation of Commitment:
- a. Evidence that work on each of the projects has commenced, namely either of the following:
 - Proof that the project tender was published and the period for tender submissions closed before 30 June; or
 - Proof that a contract for delivery of the project was signed before 30 June.
 - b. A progress report on the state of implementation of each of the projects;
 - c. The amount of funds committed to each project, and the conditional allocation from which the funds come;
 - d. An indication of the time-period within which the funds are to be spent; and
 - e. Proof that the Chief Financial Officer is permanently appointed.
 - National Treasury to confirm in writing approval or not;
 - The municipality must return the remaining unspent conditional grant funds National Revenue Fund;
 - Non return will result in the offset against the municipality's November equitable share allocation
- 7.3.5 Adjustments to the rolled over budget shall be done during the 1st Adjustments budget in the new financial year after taking into account expenditure up to the end of the previous financial year.
- 7.3.6 No unspent operating budget shall be rolled over to the next budget year

8 VIREMENTS

Virements represents a flexible mechanism to affect budgetary amendments within a municipal financial year, and is the major mechanism to align and take corrective (financial / budgetary) action within a Directorate (Vote) or functional area during a financial year.

8.1 Virement procedure requirements and restrictions

- 8.1.1 In order for a “vote” to transfer funds from one cost element, operating or capital project to another cost element, operating or capital project, a saving has to be identified within the monetary limitations of an identified cost element, operating or capital project allocations on the respective budgets.
- 8.1.2 Sufficient, budgetary provision should be available within the “giving” vote’s cost element or capital project concerned to give effect to the budgetary transfer (virement). In addition, the transferring function must clearly indicate to which cost element operating, or capital project the budget provision will be transferred to and provide a clear motivation for the transfer.
- 8.1.3 Any budgetary amendment of which the net impact will be a change to the total approved annual budget allocation and any other amendments not covered in this policy are to be considered for budgetary adoption via an Adjustments Budget (per MFMA Section 28).
- 8.1.4 In terms of Section 17 of the MFMA a Municipality’s budget is divided into an operating and capital budget and consequently no virements are permitted between Operating and Capital Budgets other than through an Adjustments Budget.
- 8.1.5 Virements are not permissible across, or between, votes without recommendation of the Directors and the Chief Financial Officer, support of the Municipal Manager and approval of Council.
- 8.1.6 Virements between Trading- and Rate-funded functions are not allowed, due to the differing impacts on respective tariff- or Rates-borne services’ budgets, unless adopted via an Adjustments Budget (MFMA Section 28).
- 8.1.7 A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years (MFMA Sections 19 and 21).

- 8.1.8 Virements resulting in adjustments to the approved SDBIP need to be submitted with an Adjustments Budget to the Council with revised targets and indicators for approval. (MFMA Circular 13).
- 8.1.9 No virement may be made to cover/ allow for unauthorised, irregular or fruitless and wasteful expenditure (MFMA Section 32).
- 8.1.10 The virement that relates to an unfunded vacant position is subject to the approval of the Accounting Officer. The budget for such position may only be transferred from Employee related cost, if approved by the Municipal Manager.
- 8.1.11 No transfers are permitted within the first three months or the final month of the financial year without the support of Chief Financial Officer and approval by the Municipal Manager.
- 8.1.12 All virements should be approved in line with the Council's System of delegations.
- 8.1.13 All transfers within votes (directorates) or functional area must be reported by the Chief Financial Officer to the Municipal Manager on a monthly basis.

8.2 Operating Budget Virements

- 8.2.1 No virements are permitted between expenditure categories without the support of Chief Financial Officer and approval by the Municipal Manager.
- 8.2.2 Salaries, Wages and Allowances Category
 - 8.2.2.1 Virements are allowed between cost elements only if these virements are within this expenditure category.
 - 8.2.2.2 Virements in this expenditure category are subject to the approval of the Chief Financial Officer.
- 8.2.3 Remuneration of Councillors
 - 8.2.3.1 Virements in this expenditure category are allowed only if these virements are within this category.
 - 8.2.3.2 Virements in this expenditure category are subject to the approval of the Chief Financial Officer.
- 8.2.4 General Expenditure and Repairs and Maintenance (Primary)
 - 8.2.4.1 Virements to and from cost elements within each category are allowed.

- 8.2.4.2 Virements are allowed from General Expenditure to Repairs and Maintenance.
- 8.2.4.3 The following cost elements categories are not to be used as sources of virements, but virements are allowed within each category:
 - 8.2.4.4 Training related expenditure.
 - 8.2.4.5 Bargaining Council provisions and skills development levies.
 - 8.2.4.6 Insurance related provisions.
 - 8.2.4.7 Pensioner and Continued Members.
 - 8.2.4.8 Repairs and Maintenance.
- 8.2.5 Contracted Services and Collection Costs

Virements to and from these elements are allowed.

8.3 Operating Projects And Capital Budget Virement

- 8.3.1 All virements to capital projects will only be considered for budgetary adoption via an Adjustments Budget (per MFMA Section 28).
- 8.3.2 only virements between existing projects approved by Council and within the same Directorate will be permitted subject to approval by the Municipal Manager.
- 8.3.3 Virements will only be considered if recommended by a director responsible for the vote or functional area and supported by the Chief Financial Officer.
- 8.3.4 Motivations for virements between projects should clearly state the reason for the saving within the "giving" project, as well as the reason for the additional amount required.
- 8.3.5 No virements, of which the affect will be to add "new" projects onto the Capital Budget, will be allowed.
- 8.3.6 Virements may not cause an increase to the individual projects' total project cost.
- 8.3.7 Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.
- 8.3.8 Implementation of the project may not be prejudiced due to the virement of funds (i.e. must not hinder completion of the project).

8.3.9 Virements will only be considered upon submission of revised business plans for both the “giving” and the “receiving” operating and capital project.

9 ADJUSTMENT BUDGET

The MFMA 28(2) recognises that there will be instances where unforeseen and unavoidable expenditure is required, as well as other circumstances which could necessitate the submission of an Adjustments Budget:

It is compulsory to prepare an adjustments budget:-

9.1 when there is an under collection of revenue

9.2 when a downwards adjustment of revenue and expenditure is required

The MFMA also recognises that a voluntary adjustment budget can be prepared as a result of the following:-

9.3 Over-collection of revenue – to support existing budgeted programmes (MFMA 28(2) (b) to be submitted after midyear performance assessment and before 28 February.

9.4 Unforeseen and unavoidable expenditure recommended by the Mayor (will be a prescribed framework) (MFMA 28(2) (c) must be reported to Council at its next meeting and be included in adjustments budget within 60 days of expenditure being incurred.

9.5 Virements – utilise savings in one vote (MFMA 28(2) (d) to be submitted after midyear performance assessment and before 28 February.

9.6 Under spending in prior financial year - if unforeseen (MFMA 28(2) (e) should be completed after year end but before 25 August.

9.7 Correct errors (MFMA 28(2) (f) to be submitted after midyear performance assessment and before 28 February.

9.8 To ratify unauthorised expenditure and any other expenditure within a prescribed framework in terms of Unauthorised Expenditure the Municipality may submit a Special Adjustments Budget when submitting the Annual Report for consideration.

9.9 When an adjustments budget is tabled, it must be accompanied by—

9.9.1.1 an explanation how the adjustments budget affects the annual budget;

9.9.1.2 a motivation of any material changes to the annual budget;

9.9.1.3 an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and

9.9.1.4 any other supporting documentation that may be prescribed.

9.10 The Municipality may not change tax and tariffs unless in terms of a financial recovery plan.

9.11 Formats of adjustments budget

An adjustment budget and supporting documentation of a municipality must be in a the format specified in Schedule B of the MBRR and include all the required tables, charts and explanatory information, in view of any guidelines issued by National Treasury

9.12 Funding of adjustment budgets

An adjustments budget of a municipality must be suitably funded. The supportive documentation to accompany an adjustments budget in terms of section 28(5) of the MFMA must contain an explanation of how the adjustments budget is funded.

9.13 Submission of tabled adjustments budgets

The municipal manager must comply with section 28(7) of the MFMA together with section 22(b)(i) of the MFMA, within ten working days after mayor has tabled an adjustments budget in the municipal council. When submitting the tabled adjustments budget to National Treasury and relevant provincial treasury in terms of section 28(7) of the MFMA, municipal manager must submit in both printed and electronic.

9.14 Approval of adjustments budgets

The municipal council must consider the full consequences, fiscal or otherwise, of the adjustments budget and supporting documentation. When approving an adjustments budget, municipal council must consider and adopt separate resolutions dealing with each of the matters listed below:

9.14.1 Approval of the adjustment budget;

9.14.2 Approval of any adjustments permitted in terms of section 28(2) of the MFMA;

9.14.3 Approval of the transfer of funds to a separate bank account for purpose contemplated in section 12 of the MFMA;

9.14.4 Approval of revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget;

9.14.5 Approval of any amendments to budget related policies necessitated by the adjustments budget.

9.15 Quality Certification

When an adjustment budget and supporting documentation is tabled in council, made public or submitted to another organ of state, it must be accompanied by a quality certificate complying with Schedule B and signed by the municipal manager.

9.16 Publication of approved adjustment budgets

Within five working days after the municipal council has approved an adjustments budget, the municipal manager must in agreement with section 21(A) of the Municipal System Act make public that approved adjustments budget and supporting documentation, as well as the resolution referred to in item 4, Schedule B, resolutions.

10 BUDGET IMPLEMENTATION

10.1 Monitoring

10.1.1 The accounting officer with the assistance of the chief financial officer, Directors and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:

*funds are spent in accordance with the budget;
expenses are reduced if expected revenues are less than projected; and
revenues and expenses are properly monitored.*

11.1.2 The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling to Council.

11.1.3 The Accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

10.2 Reporting

10.2.1 Monthly budget statements

The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

10.2.1.1

actual revenues per source, compared with budgeted revenues;

actual expenses per vote, compared with budgeted expenses;

actual capital expenditure per vote, compared with budgeted expenses;

actual borrowings, compared with the borrowings envisaged to fund the capital budget;

the amount of allocations received, compared with the budgeted amount;

actual expenses against allocations, but excluding expenses in respect of the equitable share;

explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan; the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or

revised budget; and projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

The report to the National Treasury must be both in electronic format and in a signed written document

10.2.2 Quarterly reports

The Mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality

Mid-year budget and performance assessment

10.2.3 The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.

The Accounting Officer must then submit a report on such assessment to the Mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.

The Accounting Officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

11 APPROVAL AND EFFECTIVE DATE

The Chief Financial Officer (CFO) is responsible for the submission of the Policy to Council to consider its adoption after consultation with the AO. Council shall indicate the effective date for implementation of the policy.

This policy will be effective from 01 July 2017

12 POLICY AMENDMENT

The Budget Implementation and Monitoring Policy must be reviewed on an annual basis to ensure that it complies with the regulations and guidelines published by National Treasury. It is imperative that this policy is assessed with the latest MFMA Budget Circulars as published from time to time by National Treasury.

13 RELATIONSHIP WITH OTHER POLICIES

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- Asset Disposal Policy;
- Asset Management Policy;
- Credit Control and Debt Collection Policy
- Delegation of Powers;
- Funding, Borrowing and Reserves Policy;
- Infrastructure Investment and Capital Projects Policy;
- Long Term Financial Plan Policy;
- Management of Electricity and Water Distribution Losses Policy;
- Property Rates Policy; and
- Tariff, Indigent and Free Basic Services Policy.

14 REFERENCES

The following references were observed in compiling this document:

- Municipal Finance Management Act, 2003
- Municipal Systems Act, 2000
- Municipal transfer and disposal regulations, Government Gazette no.31346
- The Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000);
- The Municipal Budget and Reporting Regulations;
- MFMA Circulars 48, 51, 54, 55, 66, 67 and 67

15 POLICY IMPLEMENTATION

Procedures should be prepared and adopted by the AO, in consultation with the CFO and HOD(SO)s, to give effect to this policy.

ANNEXURE A: BUDGET PROCESS TIMETABLE

TIMEFRAME	ACTIVITY	RESPONSIBILITY
1 November Year 1 – 10 December Year 1	Heads of Departments to prepare and submit first draft operating and capital budgets in line with the approved operational plans, budget guidelines and secured financing sources.	Directors
10 December Year 1 –	Revision of the current operational and capital budget.	CFO/ Directors
	Compilation of the MFMA Sec 72 Report and submission to the Mayor.	AO/ CFO
	Approval of adjustments budget by Mayoral Committee.	AO/ CFO

TIMEFRAME	ACTIVITY	RESPONSIBILITY
	Approval of adjustments budget by Council.	AO/ Mayor
10 December Year 1 – 21 January Year 2	Finance Department to consolidate and prepare the first draft capital and operating budget in the following formats:	CFO/Manager Financial Services/ Directors
	High level consolidated format;	
	Line item budget; and	
	Proposed Tariffs.	
	Evaluation of and discussions on first draft budget by Mayoral Committee in line with operational plans, budget guidelines and IDP.	AO/ CFO/ Directors
21 January Year 2 – 4 February Year 2	Finance Department to consolidate and prepare the second draft capital and operating budget.	CFO/Manager Accounting/ Directors
	Evaluation of and discussions on second draft by Mayoral Committee.	AO/ CFO
7 February Year 2 – 14 February Year 2	Evaluation of and discussions on second draft by Portfolio Committees.	Chairpersons of Portfolio Committees/ Directors
14 February Year 2 – 4 March Year 2	Evaluation and discussions of proposals from Portfolio Committees by the Mayoral Committee.	AO/ CFO
4 March Year 2 – 11 March Year 2	Finance Department to consolidate and prepare the third draft capital and operating budget.	CFO/Manager Accounting/ Directors
	Evaluation and finalisation of the draft MTREF operational and capital budgets by the Mayoral Committee.	AO/ CFO
11 March Year 2 – 31 March Year 2	Finance Department to consolidate and prepare the final draft capital and operating budgets.	CFO/Manager Accounting/ Directors
	Evaluation of and discussions on final draft capital and operating budget by Council.	AO/ Mayor
31 March Year 2 – 29 April Year 2	Consultation on final draft budget through formal meetings with all possible stakeholders.	Mayor AO/ CFO
29 April Year 2 – 13 May Year 2	Finance Department to consolidate and prepare the final draft capital and operating budgets.	CFO/ Directors
	Evaluation of and discussions on final draft by Mayoral Committee.	AO/ CFO
13 May Year 2 – 31 May Year 2	Finance Department to consolidate and prepare the final capital and operating budgets.	CFO/ Directors
	Adoption of budget by Council.	AO/ Mayor
31 May Year 2 – 13 June Year 2	Finance Department to submit approved budget to Provincial Treasury and National Treasury.	CFO
31 May Year 2	Finance Department to finalise all preparations to ensure proper and timeous implementation of budget, including promulgation of tariffs	CFO
30 June Year 2	Municipal Manager to submit draft SDBIP's and draft performance agreements of all section 57 personnel to Mayor.	AO
	Mayor to approve SDBIP's and note performance agreements.	AO/Mayor

EMTHANJENI MUNICIPALITY



DRAFT CASH AND INVESTMENT POLICY

BUDGET 2017/2018 MTERF

CASH AND INVESTMENT POLICY

1. Introduction

- 1.1 As trustees of public funds, Councillors and officials have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible.
- 1.2 The Council of the Municipality has a responsibility to invest public funds carefully and has to report to the community in this regard.
- 1.3 In terms of The Municipal Finance Management Act , 2003 (Act No 56 of 2003), Chapter 3, Section 13 –
 - (1.) The Minister may prescribe a framework within which Municipalities must –
conduct their Cash Management and Investments; and
invest money not immediately required
 - (2.) A Municipality must establish an appropriate and effective Cash Management and Investment Policy in accordance with any framework that may be prescribed in terms of subsection (1).

2. Objective

The objective of the investment policy is to gain the highest possible return, without unnecessary risk, during periods when excess funds are not being used. To establish this, it is essential to have an effective Cash Flow Management Program.

3. Responsibility/Accountability

- 3.1 In terms of the Municipal Finance Management Act, 2003, Chapter 8, Section 60, the Municipal Manager is the Accounting Officer of the Municipality. However, he may delegate in terms of Section 79(1) certain duties/tasks to designated officials, referred to in section 77(1), who would be accountable to him. The

Municipal Manager is therefore accountable for all transactions entered into by his designates. One of the main functions of the Municipal Manager is that of adequate and effective cash management. The duty to manage the municipality's cash and investments is delegated to the Chief Financial Officer.

- 3.2 The Chief Financial Officer is responsible, as delegated, for establishing systems, procedures, processes and training and awareness programmes to ensure efficient and effective banking and cash management.

Sound cash management includes the following:

- Collecting revenue when it is due and banking it promptly;
- Making payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the government's normal terms for account payments;
- Avoiding pre-payments for goods or services unless required by the contractual arrangements with the supplier;
- Accepting discounts to effect early payment only when the payment has been included in the monthly cash flow estimates provided to the relevant treasury;
- Pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the Municipality are collected and banked promptly;
- Accurately forecasting the institution's cash flow requirements;
- Timing the inflow and outflow of cash;
- Recognising the time value of money, i.e. economically, efficiently, and effectively managing cash; and
- Taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under utilised assets.

- 3.3 The overall responsibility of investments rests with the Municipal Manager. However, the day to day handling of investments is the Chief Financial Officer's responsibility.
- 3.4 In terms of Section 79(1) of the Municipal Finance Management Act, 2003 the powers and duties to do investments are delegated to the Chief Financial Officer. In terms of Section 82 (1) of the MFMA, the Chief Financial Officer may sub-delegate the duties and authority to do investments to any official in the budget and treasury office or to the holder of a specific post in that office. The Chief Financial Officer is accountable to the Municipal Manager for the investments made by the Chief Financial Officer or his delegated officials
- 3.5 In the instance that the Chief Financial Officer has to do an investment, quotations are required from various financial institutions. In the case of telephonic quotations, the following information is required:
- The name of the person who gave the quotation;
 - The relevant terms and rates; and
 - Other facts such as if interest is payable on a monthly basis or on maturation date
- 3.6 Where payments to financial institutions in respect of investments are to be effected by cheque, the following procedures apply:
- The Chief Financial Officer's clerk must complete a cheque requisition form and submit it to the Chief Financial Officer or his delegated official together with the supporting quotations;
 - The Chief Financial Officer or his delegated official must authorise the requisition.
- 3.7 All investment documents will require two signatories, namely the Municipal Manager, Chief Financial Officer or his delegated official and one other official in the treasury office. Specimen signatures must be held by all financial institutions that the Municipality deals with.

4. Cash Management

Adequate and effective cash management is one of the main functions of the Chief Financial Officer or his/her Delegate.

4.1 Debtor Collections:

4.1.1 All funds due to the Municipality must be collected in good time and banked on a daily basis. Cash left in the safe which poses a security risk, could result in higher insurance premiums to cover the additional risk and does not earn interest. Large sums of money received must be deposited into the bank account on the same day the payment is received.

4.1.2 It is important that all monies owing to the Municipality are correctly reflected in the debtors system. The following control measures are necessary:

- A well managed debtors and banking control system will ensure that funds owed to the Municipality are received and banked; and
- It is also important to review debt collection performance by comparing the debtors outstanding in relation to total turnover and then comparing this to previous financial years, in order to determine whether the debt collection process is deteriorating or improving.

4.1.3 All monies collected by the Municipality must be banked in the bank account of the Municipality.

4.1.4 Moneys collected by some other agency on behalf of the Municipality shall be paid over to the Municipality or deposited in the bank account of the Municipality in a manner prescribed by the Chief Financial Officer.

4.1.5 The receipt of all monies collected by the Municipality shall be acknowledged forthwith by the issue of a numbered official receipt.

4.2 Payment of Creditors

4.2.1 Due to the high bank charges with regard to cheque payments, it is essential to limit the payment of creditors to one payment per creditor per week, where possible. Exceptions, authorised by the Chief Financial Officer, with regard to emerging contractors can, however, be made, should the cash position allow for

it. Should the facility be available, payments should be done by electronic transfer – subject to strict control measures.

4.2.2 When considering the time to pay a creditor, proper consideration must be given to the conditions of credit terms of payment offered:

- In cases where a cash discount is given for early settlement, the discount, if the relevant time scale is taken into account, will in most cases be more than any investment benefit that could be received from temporarily investing the funds.
- If discounts are offered for early settlement they must be properly considered and utilised.

4.2.3 Besides this, the normal conditions of credit terms of payment offered by suppliers, must also be considered and utilised to the full by paying on the due date and not earlier.

4.3 Receipt of Payments

4.3.1 Receipt of money over the counter:

- Every amount of payment received by a Cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of a numbered official receipt or cash ticket; and
- Every receipt form, which is cancelled, will be reattached, in the correct place, in the receipt book. Where computer generated receipts are used, the original receipt must be filed for audit purposes.

4.3.2 Receipt of Money by Post:

- When money (including postal orders and cheques) is received with the Council's mail, the Registry Clerk shall record all payment remittances as and when received in the cheque register in the presence of a witness. Post-dated cheques received in the Council's mail must also be recorded in the cheque register. The cheque register shall be regarded as the register of remittances received by post;

- The cheque register together with all remittances received must be sent to a designated official in the finance section, before close of cashier on the same day;
- The designated official on receipt of the cheque register together with the remittances will code all remittances and submit it to the cashier for receipting;
- The Cashier will receipt all remittances and issue official receipts to the designated official;
- The designated official will record all receipts in the cheque register and return same to registry. The Registry Clerk must ensure that all receipts are recorded in the cheque register;
- All documents relating to remittances received in the mail must be filed for audit purposes;
- A separate register for post dated cheques will be maintained by the Registry Clerk and all post-dated cheques must be stored safely in the Registry Safe; and
- The Registry Clerk will ensure that all post-dated cheques, which become due are sent promptly to the designated official for receipting and recording of receipts in the post-dated cheque register.

4.4 Bank and Cash:

- 4.4.1 All names of bank accounts or investment accounts must be in the name of EMTHANJENI MUNICIPALITY.
- 4.4.2 New bank accounts may be opened if required and approved by the CFO.
- 4.4.3 All bank accounts must be accounted for in the accounting system.
- 4.4.4 All bank and cash should be made in terms of the Cash Management Policy.

4.5 Management of Inventory

Cash management must be improved by seeing to it that adequate inventory control is exerted over all goods kept in inventory. For this purpose an Inventory Management Policy must be developed.

4.6 Management of Debt

The Municipality may only incur debt in terms of the Municipal Finance Management Act, 2003, Chapter 6. The Municipality may incur two types of debt, namely short term and long term debt.

4.6.1 Short term debt.

4.6.1.1 The Municipality:--

- may incur short-term debt only in accordance with and subject to the Provisions of the MFMA, Section 45(1), and only when necessary to bridge –
 - (a) shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or
 - (b) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.
- may incur short-term debt only if –
 - (a) a resolution of the Municipal Council, signed by the Mayor, has approved the debt agreement; and
 - (b) the Accounting Officer has signed the agreement or other document which creates or acknowledges the debt.
- Must pay off short term debt within a financial year; and
- May not renew or refinance its short term debt.

4.6.1.2 No lender may extend credit to the Municipality for the purpose of renewing or refinancing debt that must be paid off in terms of the above, unless such extension was agreed and approved by the Council. If a lender wilfully extends credit to the Municipality for the purpose of renewing or refinancing debt, the Municipality is not bound by the contract in terms of which the credit was extended to the Municipality.

4.6.2 Long term debt.

4.6.2.1 The Municipality may incur long term debt in terms of Section 46(1) of the MFMA only for the purpose of capital investment in property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution, and only if –

- (a) a resolution of the Municipal Council, signed by the Mayor, has approved the debt agreement; and
- (b) the Accounting Officer has signed the agreement or other document which creates or acknowledges the debt.
- (c) the Accounting Officer of the Municipality has complied with Section 21A of the Municipal Systems Act, by making public an information statement setting out the particulars of the proposed debt, the purpose for which the debt is to be incurred and the particulars of any security to be provided, at least 21 days prior to the meeting of the Council at which approval for the debt is to be considered.

4.6.2.2 Section 152 of the Constitution reads as follows: “The objects of local government are:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.”

5. Investments

5.1 Legal Requirements

5.1.1 The way in which surplus funds and other municipal funds can be invested, is controlled in terms of legislation:

- GRAP ACCOUNTNG STANDARDS;

- Local Government Municipal Finance Management Act 2003, Act No 56 of 2003, section 13(1)

5.1.2 The Minister, acting with the concurrence of the Cabinet member responsible for local government, may prescribe a framework within which municipalities must –

- (a) Conduct their cash management and investments; and
- (b) Invest money not immediately required. Invest only with --
 - Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
 - Securities issued by the National Government;
 - Deposits with the Public Investment Commissioners as contemplated by the Public Deposits Act, 1984 (Act No. 45 of 1984);
 - Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984)
 - Listed corporate bonds with an investment grade rating from an internationally recognized credit rating agency.
 - Bankers, acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990);
 - Guaranteed endowment policies with the intention of establishing a sinking fund;
 - Repurchase agreements with banks registered in terms of the Banks Act, 1990(Act 94 of 1990)
 - Any other instruments or investments in which a Municipality was under a law permitted to invest before the commencement of the Local Government Transition Act, 1996: Provided that such instruments shall not extend beyond the date of maturity or redemption thereof.; and
 - Any other investments determined by the Minister of Finance and published in the Government Gazette.

5.2 Cash Flow Estimates

5.2.1 Before money can be invested, the Chief Financial Officer must determine whether there will be surplus funds available during the term of the investment. He/she must fix the term of the investment.

5.2.2 In order to be able to make investments for any fixed term, it is essential that cash flow estimates be drawn up.

5.2.3 When drawing up cash flow estimates, it is essential that the Chief Financial Officer take note of the following:

- Be aware of the expected cash flow and when it is likely to take place, as well as the timing with regard to cash outflow, as far as both the operating and the capital budgets are concerned;
- By utilising the available information and expertise, the Chief Financial Officer or his/her delegate must assess the timing with regard to when, for how long and the amount to be invested; and
- Daily cash flow estimates must provide for daily call investments and investment withdrawals, whereas long-term investments must be based on projections further into the future.

5.3 From time to time the Council will have surplus funds available which are not needed immediately and which could be invested. Depending on circumstances some funds could be invested for a long term whilst others would only be short-term investments. Surplus funds in the current account may also be invested for short periods (days).

5.4 Generally investments are done every month when prior investments mature and funds are available for re-investment. Investments may be made by the Chief Financial Officer as follows:

- Long term investments should be made with financial institutions of minimum BBB rating (where BBB refers to lower risk institutions);
- Short term investments should be made with an financial institutions of minimum B rating (where B refers to higher risk institutions);

- All available funds should not be placed with a single institution, the invested amount should, where possible, be spread equally to all relevant institution's; and
- The total amount invested at an institution may not exceed 10% of the relevant institution's shareholder's funds (Capital and Reserves).

6. Investment Ethics

The following ethics must apply when dealing with financial institutions and other interested parties:

- 6.1 The Municipal Manager and Chief Financial Officer will be responsible for the investment of funds, and he/she has to steer clear of outside interference, regardless of whether such interference comes from individual Councillors, agents or any other institution.
- 6.2 Under no circumstances may he/she be forced or bribed into making an investment. No official may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her work or was not intended to do so, and can merely be seen as goodwill. A certificate in respect of the gift should be furnished to the Chief Financial Officer. The gift should not be in lieu of a commission.
- 6.3 The Chief Financial Officer must act according to his/her discretion and must report any serious cases of payment in kind or gifts, to the Municipal Manager. Excessive gifts and hospitality should, however, be avoided.
- 6.4 Interest rates offered should never be divulged to another institution.

7. Investment Principles

7.1 Exposure to a Single Institution:

Money, especially large sums of money, must be invested with more than one institution, in order to limit risk exposure of the Municipality. All available funds should not be placed with a single institution, the invested amount should, where possible, be spread equally to all relevant institutions. If legislation permits, the

Chief Financial Officer must try to plan the distribution of the investments to cover different types of investments.

7.2 Risks and Return

It can be accepted as a general rule that the larger the return, the greater the risk.

7.3 Borrowing Money for Reinvestment

The Municipality may not borrow money for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.

7.4 Registered Financial Institutions

If the Chief Financial Officer invests with financial institutions, he/she must ensure that such institutions are registered in terms of the Banks Act 94 of 1990 and that they are approved financial institutions – as approved by the Reserve Bank, from time to time. An updated list of the approved financial institutions should be obtained regularly.

7.5 Growth-related Investments

When making growth-related investments, the Chief Financial Officer must obtain a guarantee that at least the capital amount invested is safe, and must exercise due diligence in this regard.

8. Investment of Funds by the Municipality:

8.1 The investment register must be examined on a daily basis to identify investments falling due within the two weeks following and start the investment process such as looking at alternatives, cash flow requirements and timely reporting to the Municipal Manager and Council.

8.2 Prior to the investment of monies, the Chief Financial Officer (CFO), must determine whether there will be surplus funds available, as well as to fix the term for which such money should be invested.

8.3 In order to be able to make investments for any fixed term, it is essential that cash flow forecasts be drawn up.

- 8.4 In the instance surplus funds are available for investment, the Chief Financial Officer should contact the various banking institutions for interest rate quotations and prepare a manual or computerised list of the quotations indicating the amounts to be invested, the rates quoted and the maturity values (maximum return).
- 8.5 Based on the results of 8.4 above, and the value of the prospective investment, the Chief Financial Officer should, authorise the investment. All relevant information must be filed together with the investment documentation.

9. Call Deposits and Fixed Deposits

- 9.1 Quotations should be obtained from a minimum of three financial institutions, bearing in mind the limits of the term for which it is intended to invest the funds. Should one of the institutions offer a better rate for a term, other than what the Municipality had in mind, the other institutions which were approached, should also be asked to fix a rate for that long a term.
- 7.2 Quotations must be obtained electronically, otherwise per facsimile or emails, as rates can generally change on a regular basis and time is a determining factor when investments are made. It is however prudent to obtain written (e-mail acceptable) quotations. No verbal quote or quotes received after closing date and time may be considered. The person responsible for requesting quotations from institutions must record the following:
- Name of institution;
 - Name of person quoting rates;
 - Closing date and time;
 - Period of the investment;
 - Relevant terms; and
 - Other facts i.e. are interest payable monthly or on maturation date.
- 9.3 Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested. The best offer must under normal circumstances be accepted, with thorough consideration of investment principles. The Chief

Financial Officer must note any deviation if such best offer is not accepted. No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.

- 9.4 If institutions have been asked for a quotation with regard to a specific package, the institution must be requested to give the best rate in their quotation. They must also be informed that, once the quotation has been given, no further bargaining or discussions will be entered into in that regard.
- 9.5 The above procedure must be followed for all investments.
- 9.6 The Chief Financial Officer must make sure that the investment document received is a genuine document, issued by an approved institution, and the investment capital must be paid over only to the institution with which it is to be invested and not to an agent.

10. Other External Deposits

Other investment possibilities, which are subject to the applicable legislation and are available to the Municipality, include debentures and other securities of the State as well as other Municipalities or statutory bodies in the Republic, instituted under and in terms of any law. With regard to such investments, the principles and practices set out above must apply.

11. Control of Investments

- 11.1 An Investment Register must be kept of all investments made. The following facts must be indicated:
- Name of institution;
 - Type of investment;
 - Capital invested
 - Date invested;
 - Term of investment
 - Interest rate;
 - Maturation date;
 - Interest earned;
 - Interest received;

- Interest capitalised.

The Investment Register and accounting records must be reconciled on monthly basis.

11.2 The Investment Register must be examined on a fortnightly basis to identify investments falling due within the next two weeks. It must then be established as what to do with the funds bearing in mind the cash flow requirements.

11.3 Interest, correctly calculated, must be received in good time, together with any distributable capital. The Chief Financial Officer must check that the interest is calculated correctly.

11.4 Investment documents and certificates must be kept in a safe place. The following documents must be safeguarded:

- Fixed deposit letter or investment certificate;
- Receipt for capital invested;
- Copy of electronic transfer or cheque requisition;
- Excel schedule of comparative investment figures;
- Commission certificate indicating no commission was paid on the investment; and
- Interest rate quoted.

11.5 The Chief Financial Officer is responsible for ensuring that the invested funds are secure and, should there be a measure of risk, that such risk be rated realistically.

12. General Investment Practice

12.1 General

After determining whether there is cash available for investment and fixing the maximum term of investment, the Chief Financial Officer must consider the way in which the investment is to be made. As rates can vary according to money market perceptions with regard to the terms of investment, quotations must be requested electronically, within term limitations, and these must be set out on a schedule.

12.2 Commission Certificate

The Auditor General requires the financial institution, where the investment is made, to issue a certificate for each investment made. This certificate must state that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

12.3 Reports:

12.3.1 The Council must be given a monthly report on all borrowings and investments.

With specific reference to:

(a) Borrowings: (For each individual loan)

- Name of institution;
- Date of initial borrowing/loan received (in respect of existing loans)
- Balance beginning of month;
- Loans received during month;
- Loans redeemed during month;
- Balance at end of the month;
- Interest rate;
- Interest paid during month;
- Maturity date;
- Type of loan;
- Total Amount.

(b) Investments: (For each individual Investment)

- Name of Institution invested with;
- Date of investment;
- Type of investment;
- Period of investment;
- Interest rate;
- Maturity date;
- Interest earned during month;
- Balance of investment at beginning of month;
- Investments made during month;

- Investments withdrawn during month;
- Balance of Investments at end of the month;
- Allocation of investments to reserves and other funds
- Source of investment;
- Appropriation of investments.

12.3.2 The Municipality must within 30 days after an investment with currency of 13 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction, full details of any investments so made.

12.4 Cash in the Bank

12.4.1 Where money is kept in current accounts, it would be possible to bargain for more beneficial rates with regards to deposits, for instance call deposits. Fixed term deposits can increase these rates.

12.4.2 The most important factor is that the cash in the current account must be kept to an absolute minimum. (Not more than R 5 000 000 at end of each month in cash book)

12.5 Creditworthiness

When investments are placed with smaller registered institutions, the Chief Financial Officer has to see to it that the Municipality is not exposed to too much risk. He/she has to ensure that the creditworthiness and performance of the institution is to his/her satisfaction, before investing money in the institution. The Chief Financial Officer is entitled to information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

12.6 GRAP

It is of utmost importance that the Chief Financial Officer applies GRAP in the compilation of the budgets and financial statements of the Municipality as well as the financial systems in use.

13. Investment Managers

If the Council will benefit from it, it is permitted to make use of Investment Managers as defined in the Municipal Investment Regulations.

14. Oversight Role of Council

14.1 The Council reserves its right to maintain oversight over the implementation of this Policy.

14.2 For the purposes of such oversight the Accounting Officer must-

- (a) within 30 days of the end of each financial year; submit a report on the implementation of this Policy, to the Council; and.
- (b) when ever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Council.

15. COMMENCEMENT

This policy takes effect on 1 JULY 2017.

EMTHANJENI MUNICIPALITY



FINAL CREDIT CONTROL & DEBT COLLECTION POLICY

BUDGET 2017/2018 FINANCIAL YEAR

1. INTRODUCTION

The Debt Collection Policy must be read with the Customer Care and Management Policy.

2. OBJECTIVE

The objective of the Debt Collection Policy is to ensure that all revenues, rates and taxes, service levies, rentals and any other revenue due to the Municipality is collected in good time and in a humane and a cost efficient manner.

3. ARRANGEMENT FOR SETTLEMENT

3.1 If the domestic household's total gross financial income of all occupants over 18 years of age is less than the threshold of **R4 000, as determined by Council annually, such household is regarded as indigent and the indigent policy will apply.**

3.2 **If a domestic household's total gross income exceeds the threshold amount of R4 000, as determined by Council annually, and should that household refuse or neglect to pay their bill with the Municipality, and is not willing to pay according to the payment schedule as outlined below:**

3.2.1. **Current Account must always be paid**

PLUS

3.2.2 **Reconnection fees plus**

3.2.3 **Initial amount per payment schedule below:**

OUTSTANDING AMOUNT	REPAYMENT TO RE-CONNECT SERVICES
Up to R800	Full amount plus reconnection

R801 – R2000	40% Initial payment and arrears must be settled within 6 months
R2001 – R4000	30% Initial payment and arrears must be settled within 12 months
R4001 – R6000	25% Initial payment and arrears must be settled within 24 months
R6001 – R10 000	15% Initial payment and arrears must be settled within 36 months
R10 001 and more	12% Initial payment and arrears must be settled within 42 months

And also agree to where possible

- i. pay the full current portion of the account in cash and sign an acknowledgement of debt; or
- ii. provide a garnishee order/emolument order/stop order (if he or she is in employment);
- iii. sign Consent to Judgement;
- iv. acknowledge that interest will be charged at the prescribed rate;
- v. acknowledge that if the arrangements negotiated are later defaulted on, no further arrangements will be possible and disconnection of water and electricity will immediately follow, as will legal proceedings, the Municipality will not enter into an extended term of payment with this customer and reserve it's right to restrict, block, disconnect or suspend the supply of water and electricity or other municipal services.

3.3 All business customers must pay their accounts in full on due date – exception can only be considered on a case-by-case basis after written application from the individual business has been received. The Chief Financial Officer will consider and approve such applications for arrangements from business within his/her discretion to a maximum of twelve instalments.

3.4 Down payments and instalments will be scaled according to the income of the household and the size of the down payment and the terms of the repayment will be determined by Council on an annual basis, as contained in the tariff and rates schedule.

- 3.5 The Chief Financial Officer will consider and approve such application for arrangement, should such terms stated in the schedule be exceeded. Customers with arrears will convert to a prepayment meter, the cost of which will be paid off by adding it as a surcharge to the prepaid electricity cost, and repaying it with each purchase, at not less than 10% of electricity until the debt is liquidated. Should the defaulter be a tenant, the owner will be held liable for the cost of conversion to a prepayment meter.
- 3.7 Customers wishing to apply for arrangements for the settling of their accounts must provide:
- i) proof of income, such as a pay slip of all members in the household elder than 18 years; or a state grant slip, etc;
 - ii) proof of unemployment as attested to by the Department of Labour;
 - iii) proof of address, physical and postal (if any), such as a telephone account, consumer (not municipal) account; contact details, and
 - iv) personal details as required by Council on the Municipality's prescribed form.
- 3.8 Customers with valid arrears arrangements will not be charged interest while agreed arrangements are met – should one such instalment not be met, interest will be charged on all arrear instalments as in clause 4.2.2 of this policy.
- 3.9 Should a customer fall into arrears,
- i) Annual Municipal Rates and Taxes will only become in arrears after 30 September when the account has not been settled on or before 30 September
 - ii) the full amount outstanding will become due and immediately payable;
 - iii) restriction, disconnection, blocking or suspension of services processes will immediately begin;
 - iv) the arrears arrangement will be enforced and legal action will begin immediately;
 - v) no new agreement may be entered into; and
 - vi) if the customer has a prepayment meter installed, such outstanding amount will be collected by adding it as a surcharge to the prepaid electricity cost at not less than 20% of each electricity purchase until the debt is liquidated.
- 3.10 The Chief Financial Officer, in consultation with the Municipal Manager, may appoint a Debt Collection Business to collect all arrear amounts on accounts older than 60 days.

A fixed commission of not more than 25% on a risk basis will be paid on all arrear amounts recovered.

4. ENFORCEMENT MECHANISMS

4.1 INTERRUPTION OF SERVICES

4.1.1 Customers that are in arrears with their municipal bill will have their supply of electricity and water and other municipal services, restricted, blocked, suspended or disconnected.

Council reserves the right to restrict or deny the sale of electricity or water coupons to customers who are in arrears with their rates or any other municipal charges or fees.

4.1.2 Upon the liquidation of arrears, or the conclusion of arrangements for term payment, the restricted service will be reconnected as soon as conveniently possible, there after the conventional meter will be replaced by a prepayment meter and the cost of the meter will be recovered through a deduction of not less than 20% of pre-paid sales or cash payment.

4.1.3 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs agreed by Council, and will be payable by the consumer before reconnection.

4.1.4 Households, classified as indigent, will be treated as per indigent policy.

Council may recover arrear amounts of prepayment customers through the deduction of a percentage of sales until the debt is liquidated. If services have been disconnected or restricted for an account that is in arrears and such arrears has not been paid or an acceptable arrangement has not been made within 30 days after disconnection or restriction, legal processes will commence which could involve final demands, summonses, court trials, judgements, garnishee orders and/or sales in execution of property.

4.2 INTEREST

- 4.2.1 Interest will be raised as a charge on all accounts not paid by the due date **except on those who accounts who are classified as Indigent Households account and those who have made arrangements to pay their outstanding accounts.**
- 4.2.2 Interest will be charged on the total outstanding capital balance of the accounts (i.e. total capital levied for services less interest charged), at a rate determined by Council annually as per tariff policy.
- 4.2.3 The decision to waive interest in specific instances can only be taken by the Chief Financial Officer.

4.3 CONTACT

- 4.3.1 The Chief Financial Officer, in consultation with the Municipal Manager, may appoint Debt Collectors to assist, within the constraints of affordability, make personal contact with all arrears debtors to encourage their payment, and to inform them of the state of their arrears, and their rights (if any) to conclude arrangements or to indigence subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

Directorate of Finance shall maintain a schedule of debtors with large amounts outstanding and will maintain intensive contact with these debtors as in 4.3.1

Such contact is not a right for debtors that debtors enjoy – disconnection of services, and other collection proceedings, will continue in the absence of such contact for whatever reason.

4.4 LEGAL PROCESS

4.4.1 INTERNAL LEGAL PROCESS

The Municipality will, after all enforcement mechanisms, as referred to in 4.1 to 4.3 above, have failed, proceed with the legal process of issuing final demands and

summonses. Should these actions fail, the legal process will be continued with the use of attorneys as referred to in 4.4.2.

4.4.2 USE OF ATTORNEYS/ CREDIT BUREAUS

- i The Chief Financial Officer will, when a debtor falls into arrears, immediately commence the debt collection process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and/or sales in execution of property.
- ii The Municipal Manager will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from the Chief Financial Officer.
- iii The Chief Financial Officer will establish procedures and codes of conduct with outside parties, be they attorneys, the courts, the sheriff and others and will require regular reports on progress from them.
- iv Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of the Municipality's armoury of debt collection procedures.
- v All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.
- vi All costs of this process are for the account of the debtor.
- vii Individual debtor accounts are protected and are not the subject of public information. However, the Municipal Manager and the Chief Financial Officer may release debtor information to Credit Bureaux. This release will be in writing, and this situation will be included in the Municipality's agreement with its customers.
- viii Council will receive and consider reports on relevant matters, including cost effectiveness, of this process.
- ix Council may sell the fixed property of default consumers via "EXECUTION OF SALE" who does not settled their Rates and Taxes and Municipal Services Accounts.

4.5 USE OF COLLECTION AGENTS

4.5.1 The Chief Financial Officer will consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct, and the success of such agents and products will be both part of the agreement the Municipality might conclude with such agents or product vendors and will be closely monitored by the Municipal Manager.

4.5.2 Customers will be informed of the powers and duties of such agents, and their responsibilities including their responsibility to observe agreed codes of conduct.

4.5.3 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.

4.5.4 When the municipality resolved to appoint and Debt Collection Company/Agent/Attorneys (Service Providers), the appointment on Commission basis, will be done under the following conditions

4.5.4.1 Only arrear amounts older than sixty (60) days will be applicable when Debt Collections Company/Agent/Attorneys are appointed

4.5.4.2 The Current Account, 30 days and 60 days account amounts are excluded from the appointment as stated in par. 4.5.4.1

4.5.4.3 **No Commission will be paid on monies received on Current, 30 days and 60 days**

4.5.4.4 ***The payment of Commission to Debt Collection Service Providers will only be done when payments are received when the current, 30 days and 60 days account have been settled.*** See diagram illustrating the payment and commission scenarios

Payment	Age Analysis of Debt			Commission Payable on	Total Outstanding Debt
	Current Account	30 Days	60 Days	More than (+) 60 days	
Scenario 1					
Debt as at 31 March 2017	R200	R250	R300	R250	R1000

Payment received on 6 April 2016	(R200)	(R250)	(R150)	(-)	(R600)
Please note: No Commission will be paid or earned to The Debt Collection Service Provider. When payments are received the Current account, Debts of 30days and 60 days must be first cleared.					
Scenario 2					
Debt as at 31 March 2017	R200	R250	R300	R250	R1000
Payment received on 6 April 2017	(R200)	(R250)	(R300)	(R50) Commission paid on amount	(R800)
Please note: Commission will be only paid or earned to The Debt Collection Service Provider after payments for the Current account, Debts of 30days and 60 days have been deducted hence commission will be paid on the R50.					
Scenario 3					
Debt as at 31 March 2017	R200	R250	R300	R250	R1000
Payment received on 6 April 2017	(R200)	(R250)	(R300)	(R250) Commission paid on amount	(R1000)
Please note: Commission will be only paid or earned to The Debt Collection Service Provider after payments for the Current account, Debts of 30days and 60 days have been deducted hence commission will be paid on the R250.					

5 THEFT AND FRAUD

- 5.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be liable for penalties as determined from time to time.
- 5.2 The Municipality will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
- 5.3 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 5.4 The Municipality will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.

- 5.5 Council may distinguish in its penalties between cases of vandalism and cases of theft.
- 5.6 Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- 5.7 The Municipality reserves the right to lay charges and to take any other legal action against both vandals and thieves.

6 COST OF COLLECTION

All costs of legal process, including interest, penalties, service discontinuation costs and legal costs associated with credit control are for the account of the debtor and should reflect at least the cost of the particular action. This onus is to be specifically outlined in Council's credit agreement with a future customer.

7 ABANDONMENT

- 7.1 The Municipal Manager, and through delegation the Chief Financial Officer, must ensure that all avenues are utilized to collect the municipality's debt.
- 7.2 There are some circumstances that allow for the valid termination of debt collection procedures:
 - i. the insolvency of the debtor, whose estate has insufficient funds; and
 - ii. a balance being too small to recover, for economic reasons, considering the cost of recovery.
- 7.3 The decision to terminate the debt collection procedures in specific instances will only be taken by the Chief Financial Officer.
- 7.4 The Chief Financial Officer will maintain audit trails in such an instance and document the reasons for the abandonment and the writing-off of the abandoned debt.

8 WRITE-OFF

Council will consider, on an annual basis, the writing off of service arrears, after the Chief Financial Officer has submitted a report with the reasons, but not for tampering charges or connection/reconnection fees or legal/collection costs or any other fee/instalment in terms of an existing agreement or for the purpose of selling properties within a period of 24 months after write-off of arrears.

9 BY-LAWS

The principle contained in this policy will be reflected in the various service by-laws as promulgated and amended by Council from time to time.

10 COMMENCEMENT

This policy takes effect on 1 JULY 2017.

DRAFT

EMTHANJENI MUNICIPALITY



FINAL CUSTOMER CARE AND MANAGEMENT POLICY

2017/2018 FINANCIAL YEAR

CUSTOMER CARE AND MANAGEMENT POLICY

1. DEFINITIONS

For the purpose of this policy the following definitions will apply and any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in this Policy, unless the context indicates otherwise-

- i **Act:** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended from time to time,
- ii **apparatus:** includes a building, structure, pipe, pump, wire, cable, meter, machine or any fitting,
- iii **billing:** means proper formal notification on an account to persons liable for payment of amounts levied for assessment rates and other taxes by die municipality and the charges of the fees for municipal services and indicating the net accumulated balance of the account,
- iv **council:** the municipal council of the Municipality of EMTHANJENI,
- v **credit control and debt collection:** means the functions relating to the collection of all money that is due and payable to the municipality,
- vi **customer:** means any occupier of any premises to which the municipality has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises,
- vii **customer management:** means focusing on the client's needs in a responsive and reciprocal relationship between persons liable for these payments and the municipality, and when applicable, a service provider, thereby limiting the need for enforcement,
- viii **defaulter:** means a person owing the municipality money in respect of taxes and/or municipal service charges not paid on the due date for payment,
- ix **engineer:** means a person in charge of the civil or electrical departments of the municipality,
- x **interest:** constitutes a levy equal in legal priority to service levies and is equivalent to the prime banking rate applicable from time to time.

- xi **municipal account:** shall include levies or charges in respect of the following services and taxes:
- electricity consumption
 - water consumption
 - refuse removal
 - sewerage services
 - rates and taxes
 - interest, and
 - miscellaneous and sundry charges.
- xii **municipal manager:** means the person appointed by the Municipal Council as the Municipal Manager of the municipality in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) and includes any person
- acting in such position, and
 - to whom the Municipal Manager has delegated a power, function or duty in respect of such delegated power, function or duty,
- xiii **municipal services:** those services, rates and taxes reflected on the municipal account for which payment is required by the municipality,
- xiv **municipal treasurer:** means a person appointed by the Council to manage the Council's financial administration,
- xv **occupier:** means any person who occupies any premises or part thereof, without regard to the title under which he or she occupies,
- xvi **owner:** means
- the person in whom the legal title to the premises is vested,
 - in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative,

- in any case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises or a building thereon,
 - in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof,
 - in relation to
 - a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property, or
 - a section as defined in such Act, the person in whose name such section is registered under sectional title deed and includes the lawfully appointed agent of such a person,
 - any legal person including but not limited to
 - a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), a Voluntary Association.
 - any Department of State.
 - any Council or Board established in terms of any legislation applicable to the Republic of South Africa
 - any Embassy or other foreign entity.
- xvi **policy document:** means the approved customer care, credit control and debt collection policies of the Municipal Council and as amended from time to time,
- xvii **premises:** includes any piece of land, the external surface boundaries of which are delineated on
- a general plan or diagram registered in terms of the Land Survey Act, 9 of 1927) or in terms of the Deeds Registry Act, 47 of 1937, or
 - a sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, which is situated within the area of jurisdiction of the Council.

2. GENERAL OBJECTIVES

The objectives of this policy are to:

- 2.1 provide a framework for customer care
- 2.2 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection
- 2.3 ensure that all monies due and payable to the Municipality are collected and used to deliver services in the best interest of the community, residents and consumers and in financially sustainable manner
- 2.4 describe credit control measures and sequence of events
- 2.5 outline debt collection procedures and mechanisms: and
- 2.6 set realistic targets for debt collection

3. PRINCIPLES THAT UNDERPIN A CUSTOMER CARE AND MANAGEMENT AND DEBT COLLECTION POLICY

The following principles are applied in the policy:

- 3.1 Customer Care and Management and Debt Collection are entirely interrelated issues – debt collection is part of customer management.
- 3.2 Administrative integrity must be maintained at all costs – policy and execution are legally separate and must also be practically separate.
- 3.3 Communication of policies, rights and responsibilities, and systems of appeal, must be understandable, effective and regular.
- 3.4 There must be legal causes between the Municipality and its customer, and customer debt must arise out of a legal framework and must be legally collectable.
- 3.5 Billing is to be accurate, timely and understandable.
- 3.6 The customer is entitled to efficient, effective and reasonable access to pay points and to a variety of reliable payment methods.
- 3.7 The customer is entitled to an efficient, effective and reasonable response to appeals, and to suffer no disadvantage during the process of a reasonable appeal.
- 3.8 Indigent households are to be identified and supported with appropriate policies and practices.

- 3.9 Enforcement of payment will be prompt, consistent, effective and humane.
- 3.10 Fraud and criminality will lead to loss of rights and severe penalties.
- 3.11 Incentives and disincentives can be used in collection procedures.
- 3.12 The collection process must be cost effective.
- 3.13 Collection best practices will be pursued.
- 3.14 Targets for performance in both customer service and debt collection will be set and strived for.
- 3.15 Results will be regularly and efficiently reported.
- 3.16 Policies for Customer Care and Management and Debt Collection will be agreed by Council and Management, and supported thereafter by these parties.

4 RESPONSIBILITIES AND DELEGATED AUTHORITY

4.1 Council:

- 4.1.1 Council must create, evaluate, review and adapt the Customer Care and Management and Debt Collection Policies and related by-laws.
- 4.1.2 This political structure must oversee and monitor the implementation and enforcement of the Municipality's policies in this regard.
- 4.1.3 To maintain the credibility in the implementation of the policy and the attendant by-laws, Councillors should lead by example by ensuring that their own accounts will not fall into arrears.
- 4.1.4 Ward committees, through their ward councillor, be involved in communicating the credit control and debt collection programme and ensure that customer relations are of an acceptable standard to the community.

4.2 Accounting Officer:

- 4.2.1 The Municipal Manager (MM), as accounting officer, must implement and enforce this policy and any relevant by-laws.
- 4.2.2 The Municipal Manager must establish and control the administration necessary to fulfil this policy, and report efficiently and regularly to the Mayor and Executive Committee in this regard.
- 4.2.3 The Municipal Manager must collect all money that is due and payable to the Municipality.

4.2.4 The Municipal Manager may delegate authority in this regard to the Chief Financial Officer.

5 CUSTOMER CARE AND MANAGEMENT POLICY

5.1 COMMUNICATION AND FEEDBACK

5.1.1 Council's Customer Care and Management and Debt Collection Policies must be available in suitable formats, including all locally used languages, and must be made available by general publication and on specific request, and will also be available at Council's cash collection points.

5.1.2 The Municipality will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues.

5.1.3 Ward Councillors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.

5.1.4 The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed.

5.1.5 Council aims to establish, within its financial means:

- a) a central complaints/feedback office;
- b) a centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
- c) appropriate training for officials dealing with the public to enhance communications and service delivery;

5.2 CUSTOMER SIGN-ON AND AGREEMENTS

5.2.1 All prospective tenants will be required to sign a lease agreement prior to occupation of municipal property;

5.2.2 All prospective buyers will be required to sign a purchase agreement prior to occupation of the property, unless the prospective buyer is the current tenant;

5.2.3 All owners of property and tenants of municipal property will be required to sign agreements governing the supply of, and cost of, municipal services.

5.2.4 The Municipality will not enter into a separate agreement with a tenant of privately owned residential properties, the owner will be responsible for the

services on that particular erf(ven). The owner will be held responsible for all outstanding fees, where applicable.

- 5.2.5 The Municipality will only allow a tenant to sign a separate agreement with the Municipality on business properties and sectional titles, but the owner will be held overall responsible and liable for any arrears accrued. On default by a tenant, the owner is the debtor of last resort, and the agreements must cover this specifically between the owner and tenant.
- 5.2.6 Private property owners will not be allowed to apply to the Municipality or to enter into an agreement with a tenant for the supply of, and cost of municipal services. The private property owner will be responsible for the debt incurred on that property.
- 5.2.7 Services, including occupation of property, where applicable, will only be rendered after the signing of the agreement.
- 5.2.8 Within a specified period (in the agreement) of change of ownership, meters will be read and an account posted.
- 5.2.9 In the agreement, customers will acknowledge liability for costs of collection and interest, in the event of delayed payment.

5.3 ACCOUNTS AND BILLING

- 5.3.1 Customers will receive an understandable and accurate bill from the Municipality, which bill will consolidate all service costs for that property.
- 5.3.2 Accounts will be produced in accordance with the meter reading cycle and due dates are similarly linked.
- 5.3.3 If meter readings on the accounts are faulty (overstated or understated) then the municipality must correct the incorrect readings on the service account. The corrections must be process before the next monthly services account reach the consumers.
- 5.3.4 When Council approved levies are incorrectly charged for any municipal service which also includes prepaid electricity sales, then the correct approved levies must be charged and the necessary corrections or adjustments must made immediately

on the account. Corrections must be done retrospectively where possible. Value Added Tax (VAT) on accounts where applicable must also be enforced.

- 5.3.5 Accounts will be rendered monthly in cycles of approximately 30 days.
- 5.3.6 As the Municipality does not control delivery of accounts, it is the owner's, customer's and/or consumer's responsibility to ensure timely payment in the event of a bill not arriving.
- 5.3.7 It is the owner's, customer's and/or consumer's responsibility to ensure that the postal address and other contact details are correct.
- 5.3.8 Settlement or due date is the fifth (7th) day of each month.

5.4 METERING

- 5.4.1 The Municipality will endeavour, within practical and financial limits, to provide adequate meters to every paying customer for all measurable services.
- 5.4.2 All meters will be read monthly, if at all possible. If a meter is not read the consumption will be estimated in terms of Council's operational procedures. The account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustment.
- 5.4.3 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 5.4.4 An actual reading must be obtained once every six months.
- 5.4.5 Customers are to be informed of meter replacement.
- 5.4.6 Voluntary readings are permitted, but final readings and actual readings are the responsibility of the Municipality.

5.5 RIGHTS OF ACCESS TO PREMISES

- 5.5.1 The customer agreement, signed by the customer and the Municipality, must include a clause in which the owner and the occupier of premises give an authorized representative of the Municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection

for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service. The customer will accept the cost of relocating a meter if satisfactory access is not possible.

5.6 PROPERTY VALUATION

- 5.6.1 The Municipality, within its financial and administrative capacity, will maintain a register of all properties within its jurisdiction. This register will be valued and regularly re-valued. Independent valuers will perform such revaluation, and the process of initial valuation and subsequent revaluation will include opportunities for owners to appeal and be heard.
- 5.6.2 Matters related to property valuation are more comprehensively dealt with in the property rates policy in accordance with the Local Government: Municipal Property Rates Act 2004, Act no. 6 of 2004 and MPRA Amendments Act.

5.7 PAYMENT FACILITIES AND METHODS, and STOP ORDERS AND DEBIT ORDERS

- 5.7.1 The Municipality must operate and maintain suitable banking and cash facilities. The Municipality is permitted to consider the costs and benefits of such facilities; which facilities should be accessible to all users.
- 5.7.2 The Municipality will offer a range of payment options to customers, which will include cash and may include cheques, credit cards, electronic payments, debit and stop orders.
- 5.7.3 The Municipality may, at its sole discretion, allocate a payment received between service debts and/or overdue debt. A debtor may not specify that the payment be for a specific portion of the account.
- 5.7.4 The Municipality may, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.
- 5.7.5 The customer will acknowledge, in the customer agreements that the use of agents in the transmission of payments to the Municipality is at the risk of the customer – also for the transfer time of the payment.

5.8 ENQUIRIES, APPEALS AND SERVICE COMPLAINTS

- 5.8.1 If a customer is convinced that his or her account is inaccurate; he or she can lodge an appeal in writing with the Directorate Finance for recalculation of this account.
- 5.8.2 In the interim, **the debtor must pay the average of the last three months account where history of the account is available.** Where no such history is available the debtor is to pay an estimate provided by the Chief Financial Officer before payment due date until the matter is resolved.
- 5.8.3 The relevant department must investigate and inform the debtor within one month.
- 5.8.4 Failure to make such agreed interim payment or payments would make the customer liable for disconnection.

5.9 OMBUDSPERSON

- 5.9.1 Council should, if financially possible, employ an Ombudsperson, working under the direct control of the Municipal Manager, where applicable
- 5.9.2 This person's duties are to attend to complaints routed to his or her office by Councillors or the community, and to access these complaints, ensure readdress or resolution thereof, and make recommendations on improvements of Council's systems as and when he/she believes such changes to be necessary.

5.10 BUSINESSES WHO TENDER TO THE MUNICIPALITY

- 5.10.1 The Supply Chain Management Policy must, *inter alia*, include the following:
- i. When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Chief Financial Officer a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears;

- ii. A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract or approved tariff or rate, which is outstanding after the due date normally appearing on the consolidated bill or overdue in terms of the contract or any other due date that has passed;
- iii. Tender conditions must contain a condition allowing the Chief Financial Officer to deduct moneys owing to the Municipality from contract payments in terms of a reasonable arrangement with the debtor.

5.10.2 Council's Grants-in-Aid Policy must, *inter alia*, include that consideration thereof will be subject to the applicant obtaining from the Chief Financial Officer a certified letter reflecting the status of the applicant's municipal debt, if any, and that the awarding of grants-in-aid will be subject to payment thereof or an arrangement to pay any arrear municipal account.

5.11 INCENTIVES FOR PROMPT PAYMENT

5.11.1 The Municipality may, to encourage prompt payment and to reward good payers, assess incentives for prompt payment. Should such incentives prove to be financially sustainable and of mutual benefit to the Municipality and its customers, the Municipality will commission such incentives.

5.11.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

5.12 CUSTOMER ASSISTANCE PROGRAMMES

5.12.1 Water Leaks Rebates

5.12.1.1 A customer may qualify for a water leak rebate if:

- i the leak occurred underground and was not easily discernable from above ground;
- ii the leak had been repaired within 48 hours of detection;
- iii the customer had only applied for one rebate in a 24-month cycle;
- iv a certificate from a registered plumber, or a sworn affidavit (in the case of a private individual having repaired the leak) must reach the Chief Financial

Officer within 10 working days of the repair, and contain the following details:

- the date of both invoice and repair;
- confirmation that the leak was not discernable from above ground;
- certifying that the burst occurred on a pipe listed on the Schedule of Approved Pipes and Fittings as kept by the Director Infrastructure and Housing Services.

5.12.1.2 The adjustment will be calculated based on the difference between the average consumption (kl) for the previous year's corresponding periods and the period of the leakage, for a maximum period of three years.

5.12.2 Faulty Meters

5.12.2.1 No Consumption Registered

- i Meter will be replaced, and if found tampered with, the relevant penalty will be imposed and must be paid, otherwise the service will be restricted, blocked, disconnected or suspended.
- ii An interim adjustment will be calculated based on the difference between the average consumption (kl) for the previous year's corresponding periods and the period when the meter was not registering, for a maximum period of three years.
- iii The final adjustment will be calculated and debited by using the average consumption for the first three months on the new meter, for the period when the meter was not registering, for a maximum period of three years.

5.12.2.2 Assumed Faulty Meters

- i Customers may request the testing of a meter and should the result of the test indicate the meter to be faulty, an adjustment of the levy will be made in accordance thereof.
- ii Should the result of the testing indicate the meter not to be faulty, test within the limit of 2,5% in respect of an electricity meter and 5% in respect of a

water meter, the customer will be liable for the cost of the applicable tariff payable in advance.

- iii The adjustment will be calculated based on the difference between the average consumption (kl) for the previous year's corresponding periods and the period of the faulty metering, for a maximum period of three years.

5.12.3 Rates And Instalments

5.12.3.1 The property rates bill is payable in equal monthly instalments over 12 months at no interest cost or customers may apply to pay annually on 30 September.

5.12.3.2 If a monthly instalment is unpaid, the full bill outstanding is immediately due and payable.

5.12.3.3 Matters related to rates are more comprehensively dealt with in the Property Rates Policy in accordance with the Local Government: Property Rates Act 2004, Act no. 6 of 2004

5.12.4 Sewerage And Refuse (Cleansing)

5.12.4.1 The Annual Municipal Rates and Taxes levies or bill is annually payable on 30 September, but customers may apply to pay or in equal monthly instalments over 12 months at no interest cost. Annual Rates and Taxes accounts will become in arrears if it is not settled on or before 30 September and interest may be charged on those Municipal Rates and Taxes Accounts.

5.12.4.1 If three instalments are unpaid, the full bill outstanding is immediately due and payable.

5.13 CLEARANCE CERTIFICATES

5.13.1 are issued after receipt of the all applicable fees and of the clearance certificate application form.

5.13.2 are only issued when all amounts due in connection with that property for municipal fees, surcharges on fees, property rates and other municipal taxes, levies and duties have been fully paid.

5.13.3 Any instalment for rates refuse and sewerage is immediately payable.

- 5.13.4 A rates clearance certificate will be issued in terms of Section 118 of the Local Government: Municipal Systems Act, 2000, Act No. 32 of 2000, and will be valid till 30 June, following the date of application received. Caselaw in terms of s118 will also be adhere to.
- 5.13.5 If an amount liable for rates levied in respect of a property which formed part of a Municipal Housing Scheme, is unpaid by the owner and the property needs to be transferred, a rates clearance certificate will only be issued upon payment of the current account and after completion of an agreement for any municipal services in arrears, subject to Council's Credit Control and Debt Collecting Policy. Transfers affected may be one of the following:
- (i) Transfer of a property from the EMTHANJENI MUNICIPALITY to the new owner;
 - (ii) Transfer of a property from one spouse to the other;
 - (iii) Transfer of a property from the owner (parent) to a child.
- 5.13.6 Outstanding amounts are vested in the property and not necessary vested in the owner's name. New Owners will be informed about outstanding balances if a clearance certificate had been issued in terms of section 118 (1) of the Municipal Systems Act, 32 no. 2000.
- 5.13.6 The Chief Financial Officer will consider and approve such applications for clearance certificates.

6 PERFORMANCE EVALUATION

6.1 CUSTOMER SERVICE TARGETS

Council to create targets that would include:

- i Response time to customer queries
- ii Date of first account delivery to new customers
- iii Reconnection time lapse
- iv Meter reading cycle

ADMINISTRATIVE PERFORMANCE

Council to create targets that will include:

- i Cost efficiency of debt collection
- ii Query rates
- iii Enforcement mechanism ratios.

Council will create a forum wherein these targets are assessed, the Municipality's performance evaluated and remedial steps taken.

7 REPORTING TO COUNCIL

- 7.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council and other interested parties. This report shall reflect on:
- 7.1.1 cash flow information for the capital and operating accounts, and combined, showing Council's actual performance against its cash flow budgets;
 - 7.1.2 cash collection statistics, showing high-level debt recovery information (numbers of customer; enquires; default arrangement; growth or diminishing of arrear debtors; ideally divided into wards, business (commerce and industry) and domestic, state, institutional and other such divisions; and names and quantum) of major outstanding individual debtors;
 - 7.1.3 Performance of all areas against targets agreed to in item 6 of this policy document and
 - 7.1.4 Council's ongoing income and expenditure statements, comparing both billed income, and cash receipt income, against ongoing expenditure in both the capital and operating accounts. If, in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels

8 STRUCTURES OF THE DEPARTMENT OF FINANCE

Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements by the Directorate Finance which requirements take into account Council's agreed targets of customer care and management, and debt collection, and, after considering this report, Council will, within reason, vote such resources as are necessary to ensure that the Directorate Finance has the staffing and structures to meet Council's targets in this regard.

9 BY-LAWS

The principle contained in this policy will be reflected in the various service by-laws as promulgated and amended by Council from time to time.

10 COMMENCEMENT

This policy takes effect on 1 JULY 2017.

EMTHANJENI LOCAL MUNICIPALITY

ANNEXURE 2: TARIFF LIST

Space Access Opportunity[®]

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
Cemeteries (Vatable Supply)				
Cemetery : Caroluspoort, cemeteries next N1 & N12				
Funerals during the week*				
Adults older than 12 years*	1 139,42	1 230,58	1 329,02	1 435,34
Children younger than 12 years*	998,79	1 078,70	1 164,99	1 258,19
Still born child*	908,03	980,67	1 059,13	1 143,86
Extra depth 9 feet (deeper than 2m per 300 mm)*	1 481,25	1 599,75	1 727,73	1 865,95
				-
Funerals - weekends & public holidays*	2 045,90	2 209,57	2 386,34	2 577,24
Extra depth 9 feet (deeper than 2m per 300 mm)*	2 659,67	2 872,44	3 102,24	3 350,41
		-		-
Kareeville, Nonzwakazi, Jansenville, Mziwabantu, Barcelona, Hanover & next to Burgerville road*		-		-
Selfdug graves*	184,51	199,27	215,21	232,43
Children younger than 12 years & still born*	92,43	99,83	107,82	116,44
				-
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-
				-
Housing				0,06
				-
House rent sewerage *	162,02	171,74	182,05	196,61
House rent refuse *	101,96	108,08	114,56	123,73
House rent water *	67,49	71,54	75,83	81,90
Communal Services Charges in Malaykamp, Pampoene	88,00	93,28	98,88	106,79
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
				-
Building plans (Vatable Supply)	2016/2017	2017/2018	2018/2019	0,11
Minimum building plan fees*	297,00	320,76	352,84	381,06
				-
Buildings with a value higher than *				-
R150 000, 2 % of value of the building*				-
(value calculated per m2)				-
Description of building*	m ²	m ²	m ²	-
Economic houses*	3 740	4 039	4 443	4 798,57
Sub-economic houses*	2 324	2 510	2 761	2 981,75
Outbuildings*	2 329	2 515	2 767	2 988,33
Factories and stores and churches*	3 396	3 668	4 035	4 357,63
Offices and business premises*	3 564	3 849	4 234	4 572,75
Multistorey buildings*	3 396	3 668	4 035	4 357,63
Multistorey buildings: Upper floors less 10% of m ² *		Tariff less 10%		4 357,63
Toilets*	3 960	4 277	4 704	5 080,84
Canopies higher than 3 metres*	2 329	2 515	2 767	2 988,34
Carports*	1 045	1 129	1 241	1 340,78
Shadeports*	537	579	637	688,41
Open verandahs*	358	386	425	459,04
Closed verandahs*	1 859	2 008	2 209	2 385,46
Swimming pool*	1 859	2 008	2 209	2 385,46
Communication towers and structures*	1 100	1 188	1 307	1 411,34
Fuel tanks*	500	540	594	641,52
Renewable Energy Farms: Fixed Costs (Excluding buildings)*	4 000	4 320	4 752	5 132,16
Sewerage plans : Inspection fees Minimum fee*	110	119	131	141,13
5c/ R100.00 of the value of new buildings or alterations*	5c/R100	5c/R100	5c/R100	#VALUE!
Building Plan Search fee*	88,00	95,04	104,54	112,91
Building Rubble/material deposit (pavement)*	825,00	891,00	980,10	1 058,51
Advertisement signs*	300,00	324,00	356,40	384,91
				-
A4 Paper copies: Plans*				-
Plan A1*	88	95	105	112,91
Plan A0 *	154	166	183	197,59
Photo copies A4*	2	2	3	2,82
Photo copies plan A3*	4	5	5	5,65
A5 Building plan search fee*	88	95	105	112,91
A6 Buidling Rubble/ material deposit (pavement)*	825	891	980	1 058,51
Sewerage connections *	2 728	2 946	3 241	3 500,03
		-		-
Land-use applications*		-		-
Zoning certificates*	119	128	141	152,43
Extension of approval times frames	300	324	356	384,91
Hard Copy : SDF	250	270	297	320,76
Hard Copy : Town Planning Scheme	150	162	178	192,46
General fees *: Actual Costs for the applicants account Advertisement: Local Newspaper, Government Gazette and any other costs Contribution 3) Appeals				FOR THE APPLICANT'S ACCOUNT

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
CATEGORY 1 APPLICATIONS (MPT)				-
Township establishment *: 0- 20 erven PLUS tariff per erf in addition to the first 20 erven *	R3300 Basic fee Plus R60 per erf Plus Bulk services contribution per erf			
Rezoning and Bulk Services contribution only to higher order usage*	R3300 Basic fee Plus R60 per erf Plus Bulk services contribution per erf			
Removal, amendment of suspension of a restrictive or obsolete condition, servitude or reservation register against the title of the land*	3 000	3 240	3 564	3 849,12
Amendment or cancellation in whole or in part of a general plan*	2 000	2 160	2 376	2 566,08
Subdivision/consolidation of any land other than a subdivision and consolidation which is provided for as a Category 2 application; Per additional portion after 5. Then per erf tariff per erf in addition*	R3300 Basic fee Plus R60 per erf Plus Bulk services contribution per erf			
Permanent closure if any public place/road*	2 000	2 160	2 376	2 566,08
Any consent or approval required in terms of a condition of title, a condition of establishment of a township or condition of an existing scheme or land use scheme*	2 000	2 160	2 376	2 566,08
CATEGORY 2 APPLICATIONS (Authorised official)				-
Subdivision/consolidation (separate or simultaneous) of any land where subdivision is expressly provided for in a land use scheme' Per additional portion after 5. Then per erf tariff per erf in addition*	R2800 Basic fee Plus R60 per erf Plus Bulk services contribution per erf			
The consent of the municipality for any land use purpose or departure or deviation in terms of a land use scheme or existing scheme which does not constitute a land development application (Tuck shop, Second Dwelling etc)*	R2800 Basic fee Plus R60 per erf Plus Bulk services contribution per erf			
Application to occupational practice, relaxation of building lines, coverage, boundary wall height, amendment of site development plan*	300	324	356	384,91
Removal, amendment of suspension of a restrictive title condition relating to the density of residential development on a specific erf where the residential density is regulated by a land use scheme in operation	R2300 Basic fee Plus R60 per erf Plus Bulk services contribution per erf			
Application that where not provided for elsewhere in this schedule*	2 000	2 160	2 376	2 566,08
BULK SERVICES CONTRIBUTION (Water, Electricity, Sewerage)*	-	-	-	-
Subdivision - price additional erf*	11 000	11 880	13 068	14 113,44
Second House*	R50/m ²	R55/m²	R62,50/m ²	R68,75/m ²
Tuck shops*	2 750	2 970	3 267	3 528,36
New Developments: Actual Bulk Costs +10%*	Actual + 10%	Actual + 10%	Actual + 10%	Actual + 10%
Guest houses: Actual Bulk Costs + 10%	Actual + 10%	Actual + 10%	Actual + 10%	Actual + 10%
Guest houses: Minimum Prescribed Costs	5 000	5 500	6 000	6 480,00
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
RENEWABLE ENERGY TARIFFS				0,11
AUGMENTATION CONTRUBUTIONS				-
<i>Council will charge ONCE-OFF tariffs when developments bigger than 1Ha or where it is the best option. These tariffs can be increase on discretion of Council</i>				-
ONCE OFF AUGMENTATION FEES				-
WIND TURBINES				-
Electricity augmentatation fees	10 669,49	11 736,44	12 910,08	14 201,09
Roads and Stormwater augmentation fees	4 028,95	4 431,85	4 875,03	5 362,53
Refuse augmentation fees	2 355,26	2 590,79	2 849,86	3 134,85
Sewerage augmentation fees	19 136,84	21 050,52	23 155,58	25 471,13
Water augmentation fees	18 641,23	20 505,35	22 555,89	24 811,48
Wind Turbines per turbine	6 200,00	6 820,00	7 502,00	8 252,20
Any structure additional to turbine: 11 -20 m ²	945,00	1 039,50	1 143,45	1 257,80
Each additional 10m ² or part thereof up tp 3000m ²	180,00	198,00	217,80	239,58
Greater than 3001m ² per 500m ² or part thereof	380,00	418,00	459,80	505,78
ONCE OFF SOLAR PANELS AUGMENTATION FEES				
SOLAR PANELS:				
Electricity augmentatation fees	10 669,49	11 736,44	12 910,08	14 201,09
Roads and Stormwater augmentation fees	4 028,95	4 431,85	4 875,03	5 362,53
Refuse augmentation fees	2 355,26	2 590,79	2 849,86	3 134,85
Sewerage augmentation fees	19 136,84	21 050,52	23 155,58	25 471,13
Water augmentation fees	18 641,23	20 505,35	22 555,89	24 811,48
Every m² of solar panel constructed	25,00	27,50	30,25	33,28
<i>Applicable since 01 July 2015</i>				

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
Fire prevention	2016/2017	2017/2018	2018/2019	2019/2020
A) For each motor pump*				
Call out fee	714,58	771,75	848,92	916,83
Pump cost - Plus for each jet per hour or a portion thereof of during which the motor pump is used at the scene of the fire	193,30	208,76	229,64	248,01
Standby fee - each hour or a portion thereof which the motor pump is on standby at the scene of the fire.	714,58	771,75	848,92	916,83
B) For each vehicle called out*	250,69	270,74	297,82	321,64
C) For each chemical fire extinguisher*				
Normal extinguisher 9 litre*	135,42	146,25	160,88	173,75
Lux extinguisher*	250,69	270,74	297,82	321,64
D) Fire brigade vehicles (per km)*	31,14	33,63	36,99	39,95
E) Patrol vehicle (per km)*	19,66	21,23	23,36	25,22
F) Tanker vehicle (per km)*	23,57	25,45	28,00	30,24
Traffic Escort	300,00	400,00	450,00	500,00
Permission of erection funeral tents*	600,00	700,00	750,00	800,00
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
				-
Assessment rates (Vatable Supply : Zero-rated)	2016/2017	2017/2018	2018/2019	2019/2020
				-
Market value rate	-	-	-	-
Residential*	0,013632	0,011000	0,011660	0,01
Agricultural Properties (1:0.25 irt residential properties)				-
(Agricultural Property must take note that the Nett Effect of the Agricultural Levy will be as follows:)*	0,003408	0,002750	0,002915	0,00
State Owned*	0,017950	0,019027	0,020169	0,02
Commercial Properties*	0,014200	0,015950	0,016907	0,02
Industrial*	0,018460	0,020080	0,021285	0,02
Place of Worship*	0,013632	0,011000	0,011660	0,01
Public Benefit Organization (1:0.25 irt residential properties)*	0,003408	0,002750	0,002915	0,00
Public Service Infrastructure*	-	-	-	-
Mining*	0,021565	0,023500	0,021565	0,03
Vacant Land*	0,034503	0,026000	0,034503	0,03
Farm property where a portion is used for renewable energy generation purpose (Solar and Wind Mills or Turbines)*	0,043460	0,015950	0,016907	0,02
				-
Rebates on Assessment rates				0,06
Residential on the First Valuation of	28 000	28 000	28 000	28 000
Agricultural Properties (on application)	28%	25%	18%	0,09
Place of Worship	100%	100%	100%	1,08
Public Benefit Organisation (on application)	75%	0%	18%	0,10
				-
* Tariff exclusive of VAT (Municipal Rates & Taxes are a Zero-rated (0 %) Taxable Supply)				-
				-
Sale of municipal erven per m²*				0,13
Residential Properties				-
> De Aar East*	14,33	13,75	16,12	18,13
> Nonzwakazi*	14,32	13,75	16,11	18,13
> Britstown*	14,32	13,75	16,11	18,13
> Hanover*	14,32	13,75	16,11	18,13
> Solheim / Rantsig*	52,43	50,33	58,98	66,35
Sale of municipal erven per m² for Place of Worship in:				
> De Aar *	53,43	57,70	64,91	70,11
> Britstown*	40,06	43,27	48,67	52,57
> Hanover*	34,73	37,51	42,20	45,57
Industrial Properties				
> De Aar *	53,43	57,70	64,91	70,11
> Britstown*	40,06	43,27	48,67	52,57
> Hanover*	34,73	37,51	42,20	45,57
Other Properties*	Other Properties will be sold as per SCM Policy after Council's Authorisation			
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				
Issue of Rates Clearance Certificates *	114,40	124,12	134,68	145,45
Printing of Duplicate Monthly Service accounts	1,50	2,00	1,50	2,34
Printing of Duplicate Copies of Deeds of Property from the Deeds Office	25,00	25,00	25,00	-
				-
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
Electricity (Vatable Supply)*	2016/2017	2017/2018	2018/2019	2019/2020
				-
A) Basic levies				0,12
Household *	141,00	143,65	159,45	172,21
Business *	181,22	184,63	204,94	221,33
KVA and Transnet *	142,61	145,29	161,27	174,17
Departmental *	143,02	145,71	161,74	174,68
Departmental large/Rural*	133,54	136,05	151,02	163,10
	-	-	-	-
B) Consumption levies (per unit)				0,08
				0,09
Prepaid meter* - Households				0,02
Prepaid meter * 1 kWh - 50 kWh (Free Indigents only)	0,813	0,825	0,92	0,99
Prepaid meter * 51 kWh - 350 kWh	1,07	1,09	1,21	1,31
Prepaid meter * 351 kWh - 600 kWh	1,52	1,55	1,72	1,85
Prepaid meter * 601 and more	1,79	1,82	2,02	2,19
				-
Prepaid meter* - Business				-
Prepaid meter* - Business from 1kWh	1,75	1,78	1,97	2,13
				-
Conventional meters - Households *				-
Households * 1 kWh - 50 kWh (Free Indigents only)	0,84	0,87	0,96	1,04
Households *51 kWh - 350 kWh	1,07	1,09	1,21	1,31
Households *351 kWh - 600 kWh	1,46	1,49	1,66	1,79
Households *601 kWh and more	1,57	1,60	1,77	1,91
Conventional meters - Business *				-
Business *	1,83	1,86	2,07	2,23
External consumers *	1,83	1,86	2,07	2,23
KVA *	202,16	207,96	230,84	249,30
kWh of KVA *	0,96	0,98	1,08	1,17
Streetlights *	1,83	1,86	2,07	2,23
Transnet KVA *(minimum of 700 KVA)	204,14	207,97	230,85	249,32
Transnet kWh *	0,98	3,00	3,33	3,60
Departmental : small consumers *	72,17	73,53	81,62	88,15
Departmental : large KVA *	86,88	88,52	98,25	106,11
Departmental : large kWh *	1,00	1,02	1,13	1,22
Departmental : rural small consumers *	0,76	0,77	0,86	0,93
Departmental : bulk consumers KVA *	72,17	73,53	81,62	88,14
				-
C) Consumer deposits				0,08
Households	1 774,88	1 863,62	1 994,07	2 153,60
Small and medium business	2 262,70	2 375,84	2 542,14	2 745,52
KVA Large business	10 028,82	10 530,26	11 267,38	12 168,77
KVA Demand Consumer	10 028,82	10 530,26	11 267,38	12 168,77
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
D) Service connections				-
Single phase under ground level 60 A *	6 161,98	6 470,08	6 922,98	7 476,82
Overhead connection single phase 60 A *	4 105,58	4 310,85	4 612,61	4 981,62
3 Phase *	7 595,31	7 975,08	8 533,34	9 216,00
6.6 KV or 11 KV	9 032,27	9 483,88	10 147,75	10 959,57
Change from conventional meter to prepaid *	804,00	844,20	903,30	975,56
Replacing of overhead connection *	2 282,83	2 396,97	2 564,76	2 769,94
Replacing of connection under ground *	1 940,40	2 037,42	2 180,04	2 354,45
Change from prepaid to conventional meter *	1 940,41	2 037,43	2 180,05	2 354,45
Temporary or building connection 60 A :				-
single phase *	6 203,32	6 513,48	6 969,43	7 526,98
Temporary or building connection 60A	2 282,83	2 396,97	2 564,75	2 769,94
3 Phase *	10 855,80	11 398,59	12 196,50	13 172,22
Reconnection temporary households *	204,72	214,96	230,00	248,41
Reconnection temporary business *	351,26	368,82	394,64	426,21
E) Termination				-
Terminated due to non-payment : Households	204,72	214,96	230,00	248,40
Terminated due to non-payment : Small Business KhW users	2 200,00	2 310,00	2 471,70	2 669,44
Terminated due to non-payment : Business & All KVA consumers	3 750,00	3 937,50	4 213,13	4 550,18
Illegal Consumption and Tampering of meter - households *	3 872,54	4 066,17	4 350,80	4 698,86
Illegal Consumption and Tampering with meter - business *	20 076,27	21 080,08	22 555,69	24 360,15
Illegal Consumption and Tampering with meter - KVA *	27 756,24	29 144,05	31 184,14	33 678,87
Meter testing:				-
kWh single phase meter *	508,65	534,08	571,47	617,19
kWh 3 phase meter *	2 650,00	2 782,50	2 977,28	3 215,46
Rural *	2 650,00	2 782,50	2 977,28	3 215,46
				-
F) Call out fee due to consumer faults				-
All area call out fee	53,55	56,23	60,16	64,98
After hours and Saturdays , Sundays & Public Holidays	80,33	84,34	90,25	97,46
				-
G) Special meter reading when services are terminated				-
All consumers *	88,98	93,43	99,97	107,96
				-
F) Removing of service connection				-
Requested by consumer	1 017,45	1 068,32	1 143,11	1 234,55
Overhead service connection *	444,06	466,26	498,90	538,81
Under ground *	639,48	671,45	718,46	775,93
				-
				-
Ticky box electricity*	512,97	538,62	576,33	622,43
				-
Electricity Hanover Highmass lightning*	13,38	14,05	15,03	16,23
Provision of Electricity for Stalls, functions in street/parks per day*	117,81	123,70	132,36	142,95
Prepaid Cards	10,71	11,25	12,03	13,00
				-
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-
				-
Caravan parks & parks facilities (VARIABLE SUPPLY)				9,71
				-
Day or a portion of a day - max 4 persons*	129,64	136,13	145,66	157,31
Per person for more than 4 per day*	60,13	63,13	67,55	72,96
Electricity per day*	69,62	73,10	78,21	84,47
Water per day*		150,70	160,50	172,00
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
				-
Sewerage and Refuse removal (Vatable Supply: Standard Rate)	2016/2017	2017/2018	2018/2019	2019/2020
Sewerage and Sanitation				-
Households, Churches & Church halls				-
Fixed costs *	90,71	96,52	102,31	110,50
Running costs *	59,91	63,75	67,57	72,98
Halls, Libraries, Sport clubs, Showground's,				-
Swimming pools				-
Fixed costs *	90,71	96,52	102,31	110,50
Running costs *	119,82	127,49	135,14	145,95
All Businesses				-
Fixed costs *	90,71	96,52	102,31	110,50
Running costs *	119,82	127,49	135,14	145,95
Old age homes, Creches, Hostels &				-
Schools				-
Fixed costs *	90,71	96,52	102,31	110,50
Running costs *	193,14	205,50	217,83	235,26
Hotels, guest houses & Correctional				-
Services				-
Fixed costs *	90,71	96,52	102,31	110,50
Running costs *	193,17	205,54	217,87	235,30
Hospitals				-
Fixed costs *	90,71	96,52	102,31	110,50
Running costs *	193,17	205,54	217,87	235,30
				-
Availability levy				-
Abattoirs (Industrial effluent)*	326,07	346,93	367,75	397,17
				-
Septic tanks				-
Monday to Friday - per load or a portion thereof. One free removal per month. (Excluding public holidays) *	129,59	137,88	146,15	157,84
Monday to Friday - per load or a portion thereof. Add removal				-
Public holidays excluded.*	84,61	90,02	95,43	103,06
After hours & public holidays (As above)*				-
Industrial effluent (85 % of water consumption or as determined by contract) per kiloliter*	4,07	4,33	4,59	4,96
Km to outside of urban area per km *	29,75	31,66	33,56	36,24
Renewable Energy Site per truck* Payment upfront	-	2 900,00	3 074,00	3 319,92
				-
Waste water removal				-
Waste water removal*	75,30	80,12	84,93	91,72
Water water removal per bucket*	75,30	80,12	84,93	91,72
Dry sanitation *	53,07	56,47	59,86	64,65
				-
Sewerage clearance Monday - Friday				-
during office hours *	274,30	291,85	309,36	334,11
Sewerage clearance Monday - Friday	654,59	696,49	738,28	797,34
After hours & public holidays *				-
				-
E) Sewerage connections *	2 347,80	2 498,06	2 647,95	2 859,78
				-
Refuse removal				-
Refuse removal*	93,93	99,94	105,93	114,41
Special refuse removal *	163,65	174,13	184,57	199,34
Garden and Building rubble per load*	329,16	350,23	371,24	400,94
Solar Rubble per / Kg self removal*	43,99	46,81	49,61	53,58
Solar Rubble per / Kg :Removal by the Municipality per truck*	43,99	2 850,00	3 021,00	3 262,68
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
Town halls and community halls	2016/2017	2017/2018	2018/2019	2019/2020
				-
De Aar Town hall West				-
				-
Deposit	715,00	772,20	849,42	917,37
				-
Rent*				-
07:00 to 17:59	715,97	773,25	850,57	918,62
18:00 to 23:59	1 071,05	1 156,73	1 272,41	1 374,20
(This amount is applicable if renting from 07:00 - 23:59)				-
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				-
After 23:59 per hour and 2 hours thereafter the hall will be closed				-
Kitchen per period of part thereof*	146,66	158,40	174,24	188,17
Electricity - Stoves per kWh*	6,75	7,29	8,02	8,67
Tables (per table) (if not renting anything else)*				-
Hiring of cutlery and crockery and tables*	537,46	580,46	638,50	689,58
Tariff for broken or damaged items per item* (all items below are excluded)				-
Cups*	43,42	46,89	51,58	55,71
Saucers	43,42	46,89	51,58	55,71
Dessert plates	43,42	46,89	51,58	55,71
Dinner and soup plates	43,42	46,89	51,58	55,71
Table spoons	43,42	46,89	51,58	55,71
Tea spoons	43,42	46,89	51,58	55,71
Table knives	43,42	46,89	51,58	55,71
Table forks	43,42	46,89	51,58	55,71
Dessert knives	43,42	46,89	51,58	55,71
Dessert forks	43,42	46,89	51,58	55,71
Dessert spoons	43,42	46,89	51,58	55,71
Soup spoons	43,42	46,89	51,58	55,71
Dessert bowls	43,42	46,89	51,58	55,71
Small dessert bowls	43,42	46,89	51,58	55,71
Small Plates	43,42	46,89	51,58	55,71
Trays	43,42	46,89	51,58	55,71
Coffee pots	271,14	292,83	322,11	347,88
				-
Rent of piano's*				-
Upright piono per function	119,65	129,22	142,14	153,51
Upright piono per practice	43,42	46,89	51,58	55,71
Grand piano per function	355,09	383,50	421,85	455,60
Grand piano per practice	100,35	108,38	119,22	128,76
				-
Bar				-
Rent*	100,35	108,38	119,22	128,76
Rent of Gas Patio Heater (tariff per gas patio heater)		50,00	55,00	60,00
Vacation of premisses				-
If lessee does not evacuate within time limits above of have written permission to stay until the next day at 10:00				-
, the applicable tariff is	100,35	108,38	119,22	128,76

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
				-
Stands				-
Stands (for trading)	44,00	47,52	52,27	56,45
				-
De Aar Town Hall - side hall	165,00	178,20	196,02	211,70
				-
Caretaker fee	181,50	196,02	215,62	232,87
				-
De Aar Juvenes Hall				-
Rent				-
07:00 to 18:00	404,29	436,64	480,30	518,73
18:00 to 23:59	537,46	580,46	638,50	689,58
				-
Deposit	711,65	768,58	845,43	913,07
				-
Caretaker fee	330,00	356,40	392,04	423,40
				-
Community hall East & Nonzwakazi				-
Rent	181,40	195,91	215,50	232,74
Church services	181,40	195,91	215,50	232,74
Meetings	359,91	388,70	427,57	461,78
Film shows & concerts	446,75	482,49	530,74	573,20
Disco	181,40	195,91	215,50	232,74
Weddings	181,40	195,91	215,50	232,74
Social functions	181,40	195,91	215,50	232,74
				-
Deposit	370,70	400,36	440,39	475,62
				-
Caretaker fee	181,50	196,02	215,62	232,87
				-
Vacation of premises				-
As applicable for De Aar town hall				-
				-
Hanover town hall				-
Rent				-
07:00 to 18:00	536,49	579,41	637,35	688,34
18:00 to 23.59	892,54	963,94	1 060,34	1 145,16
				-
Deposit	884,40	955,15	1 050,67	1 134,72
Deposit only cover crockery and cutlery & rent, if applicable.				-
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				-
				-
				-
Vacation of premisses				-
If lessee does not evacuate within time limits above of have written permission to stay until the next day at 10:00				-
, the applicable tariff is	100,35	108,38	119,22	128,76
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
Hanover Community Hall Kwezi				-
Rent	181,40	195,91	211,59	228,51
Church services	181,40	195,91	211,59	228,51
Meetings	359,91	388,70	419,80	453,38
Film shows & concerts	446,75	482,49	521,09	562,78
Disco	181,40	195,91	211,59	228,51
Weddings	181,40	195,91	211,59	228,51
Social functions	181,40	195,91	211,59	228,51
Vacation of premisses				-
Same as above for Hanover Town Hall				-
Britstown town hall				-
Rent				-
07:00 to 18:00	536,49	579,41	625,76	675,83
18:00 to 23:59	803,77	868,07	937,52	1 012,52
After 23:59 per hour and 2 hours thereafter				-
the hall will be closed	715,97	773,25	835,11	901,91
Braai area at Town Hall	186,23	201,13	217,22	234,60
Vacation of premisses				-
If lessee does not evacuate within time limits above of have written permission to stay until the next day at 10:00 , the applicable tariff is	100,35	108,38	117,05	126,42
Deposit				-
Kitchen per period of part thereof	119,90	129,49	139,85	151,04
Electricity - Stoves per kWh	6,75	7,29	7,88	8,51
*Tariffs do not include VAT				-
Vacation of premisses				-
If lessee does not evacuate within time limits above of have written permission to stay until the next day at 10:00 , the applicable tariff is	100,35	108,38	117,05	126,42
Community Halls in Jansenville & Mziwabantu				-
Rent				-
Church services	181,40	195,91	211,59	228,51
Meetings	181,40	195,91	211,59	228,51
Film shows and concerts	270,17	291,78	315,13	340,34
Disco	270,17	291,78	315,13	340,34
Weddings	181,40	195,91	211,59	228,51
Social functions	181,40	195,91	211,59	228,51
Vacation of premisses				-
If lessee does not evacuate within time limits above of have written permission to stay until the next day at 10:00 , the applicable tariff is	100,35	108,38	117,05	126,42
Multipurpose centre				-
Rent Multipurpose centre	481,80	520,34	561,97	606,93
Deposit	579,91	626,30	676,41	730,52
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
				-
Sportgrounds	2016/2017	2017/2018	2018/2019	2019/2020
				-
De Aar West				-
Athletics				-
Rent : Affiliated (Changerooms included)	1 100,00	1 188,00	1 283,04	1 385,68
(Marking, layout of lanes and toilet paper excluded)				-
Practising on secondary fields on sport grounds: Tariff per annum		1500.00	1 550,00	1 620,00
Rent : Not Affiliated	2 235,71	2 414,56	2 607,73	2 816,35
(Marking, layout of lanes and toilet paper excluded)				-
Rent : Chreche	500,79	540,85	584,12	630,85
Deposit changerrooms and pavilion hall	908,60	981,29	1 059,79	1 144,57
Rent changerrooms	34,84	37,62	40,63	43,88
Rent pavilion hall	330,00	356,40	384,91	415,70
Floodlights	253,77	274,07	296,00	319,68
Caretaker fee	348,34	376,20	406,30	438,80
				-
Rugby				-
Rent Field "A"(affiliated changerrooms included)	220,00	237,60	256,61	277,14
Rent Field "B"(affiliated changerrooms included)	162,11	175,08	189,08	204,21
Rent Field "A"(not affiliated)	500,79	540,85	584,12	630,85
Rent Field "B"(not affiliated)	291,40	314,71	339,89	367,08
Deposit changerrooms and pavilion hall				-
Affiliated	682,00	736,56	795,48	859,12
Not Affiliated	1 178,16	1 272,41	1 374,20	1 484,14
Rent changerrooms	348,34	376,20	406,30	438,80
Rent pavilion hall	330,00	356,40	384,91	415,70
Floodlights	253,77	274,07	296,00	319,68
Caretaker fee	348,34	376,20	406,30	438,80
				-
Cricket				-
Rent Field "A"	500,79	540,85	584,12	630,85
Rent Field "B"	291,40	314,71	339,89	367,08
Deposit changerrooms and pavilion hall	1 860,10	2 008,91	2 169,62	2 343,19
Rent changerrooms	348,34	376,20	406,30	438,80
Rent pavilion hall	330,00	356,40	384,91	415,70
Floodlights	253,77	274,07	296,00	319,68
Caretaker fee	348,34	376,20	406,30	438,80
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
Social functions				-
Deposit changerooms and pavilion hall	737,20	796,17	875,79	945,85
Rent changerooms	330,00	356,40	392,04	423,40
Rent pavilion hall	699,56	755,52	831,07	897,56
Floodlights	235,44	254,28	279,71	302,08
Caretaker fee	348,34	376,20	413,82	446,93
				-
Annual fees (Affiliation fees)				-
De Aar Rugby Klub	1 836,23	1 983,13	2 181,44	2 355,96
Primary De Aar (without trompoppies)	9 075,97	9 802,05	10 782,25	11 644,83
High school De Aar	14 131,14	15 261,63	16 787,79	18 130,82
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				-
				-
Merino Park	291,40	314,71	346,18	373,88
				-
Rent sportsgrounds (not affiliated)	181,40	195,91	215,50	232,74
Rent sportsgrounds (affiliated)	82,98	89,62	98,58	106,47
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				-
				-
Nonzwakazi				-
Rent sportsgrounds (not affiliated)	181,40	195,91	215,50	232,74
Rent sportsgrounds (affiliated)	82,99	89,63	98,59	106,48
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				-
				-
Proteaville & Mziwabantu				-
Rent sportsgrounds (not affiliated)	181,40	195,91	215,50	232,74
Rent sportsgrounds (affiliated)	82,98	89,62	98,58	106,47
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				-
				-
Kwezi				-
Rent sportsgrounds (not affiliated)	181,40	195,91	215,50	232,74
Rent sportsgrounds (affiliated)	82,98	89,62	98,58	106,47
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				-
				-
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
				-
Swimming pools*	2016/2017	2017/2018	2018/2019	2019/2020
				-
Public swimming pool				-
A) Admission fees daily per visit				-
Adults	17,60	19,01	20,91	22,58
Children	124,30	134,24	147,67	159,48
B) Seasonal admission fees (1/10 - 30/3)*				-
Adults	288,51	311,59	342,75	370,17
Children	181,40	195,91	215,50	232,74
C) Rent of swimming pool				-
Schools 10:00 - 13:00 (Mondays - Fridays)	359,91	388,70	427,57	461,78
(Saturdays)	643,60	695,09	764,60	825,76
Provincial level	1 071,05	1 156,73	1 272,41	1 374,20
Functions : Schools & Private after 18:00				-
D) Deposit	521,40	563,11	619,42	668,98
E) Flood lights*	235,44	254,28	279,71	302,08
F) Caretaker fee*	235,44	254,28	279,71	302,08
				-
Oasis swimming pool				-
A) Admission fees daily per visit				-
Adults	14,30	15,44	16,99	18,35
Children	11,00	11,88	13,07	14,11
B) Seasonal admission fees (1/10 - 30/3)*				-
Adults	253,77	274,07	301,48	325,60
Children	146,66	158,40	174,24	188,17
C) Rent of swimming pool*				-
Schools 10:00 - 13:00 (Mondays - Fridays)	181,40	195,91	215,50	232,74
(Saturdays)	269,21	290,75	319,83	345,41
Provincial level	270,17	291,78	320,96	346,64
Functions : Schools & Private after	446,75	482,49	530,74	573,20
D) Deposit	377,30	407,48	448,23	484,09
E) Flood lights*	253,77	274,07	301,48	325,60
F) Caretaker fee*	235,44	254,28	279,71	302,08
				-
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				-
				-
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-
				-
Airdome*	2016/2017	2017/2018	2018/2019	-
				-
One engine Aircraft	101,32	109,43	120,37	130,00
Two engine Aircraft	111,93	120,88	132,97	143,60
Three and more engine Aircraft	165,00	178,20	196,02	211,70
Annual airstrip hiring - local	1 419,41	1 532,96	1 686,26	1 821,16
				-
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
				-
Water	2016/2017	2017/2018	2018/2019	2019/2020
				-
Basic levy per service connection				-
Households *	60,83	64,73	64,73	69,90
Businesses*	310,75	330,64	330,64	357,09
Defence Force*	310,75	330,64	330,64	357,09
Industrial *	310,75	330,64	330,64	357,09
Schools *	310,75	330,64	330,64	357,09
Flats *	310,75	330,64	330,64	357,09
Old age homes *	310,75	330,64	330,64	357,09
Churches *	57,88	61,58	61,58	66,51
Municipal activities *	14,69	15,63	15,63	16,88
Government offices *	310,75	330,64	330,64	357,09
Hospitals *	310,75	330,64	330,64	357,09
S A P D *	310,75	330,64	330,64	357,09
Correctional Services *	310,75	330,64	330,64	357,09
Transnet *	310,75	330,64	330,64	357,09
Clinics *	310,75	330,64	330,64	357,09
				-
Consumptions - Ordinary Households				0,06
1 - 6 kl * (Tariff per kiloliter)	4,48	4,75	5,03	5,34
7 - 15 kl * (Tariff per kiloliter)	8,11	8,60	9,11	9,66
16 - 30 kl * (Tariff per kiloliter)	9,21	9,76	10,35	10,97
31 - 45 kl * (Tariff per kiloliter)	10,74	11,38	12,06	12,79
46 - 65 kl * (Tariff per kiloliter)	11,28	11,96	12,67	13,43
66 kl and more * (Tariff per kiloliter)	12,41	13,15	13,94	14,78
	-	-	-	-
Consumptions - Indigent Households Only				-
1 - 8 kl * (Tariff per kiloliter)				5,34
9 - 15 kl * (Tariff per kiloliter)	8,11	8,60	9,11	9,66
16 - 30 kl * (Tariff per kiloliter)	9,21	9,76	10,35	10,97
31 - 45 kl * (Tariff per kiloliter)	10,74	11,38	12,06	12,79
46 - 65 kl * (Tariff per kiloliter)	11,28	11,96	12,67	13,43
66 kl and more * (Tariff per kiloliter)	12,41	13,15	13,94	14,78
NB: Indigent Houeholds received 8kl of water free per month	-	-	-	-
	-	-	-	-
Consumptions - All Other Customers incuding Government, Business, Schools	-	-	-	-
1 - 6 kl * (Tariff per kiloliter)	4,48	4,75	5,04	5,34
7 - 15 kl * (Tariff per kiloliter)	8,11	8,60	9,11	9,66
16 - 30 kl (Tariff per kiloliter)	9,21	9,76	10,35	10,97
31 - 45 kl * (Tariff per kiloliter)	10,74	11,38	12,06	12,79
46 - 65 kl * (Tariff per kiloliter)	11,28	11,96	12,67	13,43
66 kl and more * (Tariff per kiloliter)	12,41	13,15	13,94	14,78
	-	-	-	-
	-	-	-	-
Consumptions - Muncipal activities	-	-	-	-
From 1 kl onwards * (Tariff per kiloliter)	2,96	3,13	3,32	3,52
	-	-	-	-
Consumer deposit	-	-	-	-
Household	638,12	676,41	716,99	760,01
Business	1 292,14	1 369,67	1 451,85	1 538,96
Industrial	1 683,28	1 784,28	1 891,33	2 004,81
Government Department	Determined by CFO : Actual cost be the basis			
				-
Testing of meter *	241,75	256,26	271,64	287,93
				-
				-

Emthanjeni Municipality
FINAL
TARIFFS for 2017/2018 MTEF PERIOD

SERVICES	BUDGET YEARS			
	2016/2017	2017/2018	2018/2019	2019/2020
Service connections				-
20 mm / 15 mm water meter *	1 947,98	2 064,86	2 188,75	2 320,08
25 mm / 20 mm water meter *	2 385,00	2 528,10	2 679,79	2 840,57
Larger than abovementioned *				-
Special meter readings as requested by consumer				0,07
Read of meter *	151,56	160,65	170,29	180,51
Special meter readings by termination of service *				-
service *	103,21	109,40	115,97	122,93
Residential Communal water *	59,53	63,10	66,89	70,90
				-
				-
Machinery & Plant equipment	2016/2017	2017/2018	2018/2019	2019/2020
				-
Hiring of machinery and plant equipment (Excluding Show Grounds)				-
				-
Selling of red soil*		Actual Cost as determined by relevant Director		-
				-
				-
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
Libraries				-
Photocopies - per page or part thereof	1,50	2,00	2,12	2,25
				-
Rent				-
Rent of Library Hall (De Aar West, De Aar East, Nonzwakazi, Britstown and Hanover)*	226,69	240,29	254,71	269,99
				-
Deposit				-
Deposit of Library Hall (De Aar West, De Aar East, Nonzwakazi, Britstown and Hanover)	226,69	240,29	254,71	269,99
				-
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-
				-
Guest Houses*	600,00	636,00	674,16	714,61
Application for Guest House	600,00	650,00	700,00	714,61
				-
* Tariff exclusive of VAT (14% VAT must still be added to the amount)				-

EMTHANJENI LOCAL MUNICIPALITY



**ANNEXURE 3:
SDBIP**

Space Access Opportunity[®]

2017/18

**TOP LAYER
SERVICE DELIVERY BUDGET
IMPLEMENTATION PLAN**

**EMTHANJENI
MUNICIPALITY**



Municipal Finance Management Act:

Section 53(1)(c)(ii) - Approval by the Mayor

The Top Layer Service Delivery Budget Implementation Plan, indicating how the budget and the strategic objectives of Council will be implemented, is herewith submitted in terms of Section 53(1)(c)(ii) of the Municipal Finance Management Act (MFMA), MFMA Circular No. 13 and the Budgeting and Reporting Regulation for the necessary approval.

Print Name ISAAC VISSER

Municipal Manager of Emthanjeni Municipality

Signature 

Date 12.06.2017

Approval

The Top Layer Service Delivery Budget Implementation Plan is herewith approved in terms of Section 53(1)(c)(ii) of the Municipal Finance Management Act (MFMA).

Print Name SIPHO I. SITHONGA

Mayor of Emthanjeni Municipality

Signature 

Date 13.06.2017

Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
1	Municipal Manager	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.	Develop Risk based audit plan (RBAP) for 2018/19 and submit to the audit committee for approval by 30 June 2018	RBAP for 2017/18 submitted	All	Municipal Manager	Number	1	0	0	0	1
2	Municipal Manager	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	Review the PMS framework to include individual performance and submit to council by 30 September 2017	Reviewed PMS Framework submitted to council by 30 September 2017	All	Municipal Manager	Number	1	1	0	0	0
3	Municipal Manager	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.	Complete a Customer Survey and submit a report with recommendations to Council by 30 June 2018	Survey completed and report submitted to council by 30 June 2018	All	Municipal Manager	Number	1	0	0	0	1
4	Infrastructure Services	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.	Create temporary jobs - FTE's in terms of EPWP by 30 June 2018 (Person days / FTE (290 days))	Number of FTE's created	All	Director: Infrastructure Services	Number	47	0	0	0	47
5	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of the water maintenance budget spent by 30 June 2018 ((Actual expenditure divided by the approved budget)x100)	% of approved water maintenance budget spent	All	Director: Infrastructure Services	Percentage	90	5	25	60	90

Mayor: 

Date: 13/06/17

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Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
6	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	Limit % water unaccounted for quarterly to 19.5% [(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / (Number of Kiloliters Water Purchased or Purified) × 100]	% water unaccounted for	All	Director: Infrastructure Services	Percentage	19.5	24	22	21	19.5
7	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	Achieve a 95% water quality quarterly as per SANS 241 requirements for all water sampling points	% water quality level	All	Director: Infrastructure Services	Percentage	95	95	95	95	95
8	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of the waste water maintenance budget spent by 30 June 2018 ((Actual expenditure divided by the approved budget)×100)	% of approved waste water maintenance budget spent	All	Director: Infrastructure Services	Percentage	90	5	25	60	90
9	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of the roads and stormwater maintenance budget spent by 30 June 2018 ((Actual expenditure divided by the approved budget)×100)	% of approved roads and stormwater maintenance budget spent	All	Director: Infrastructure Services	Percentage	90	5	25	60	90
10	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	Limit % electricity unaccounted for to 18% by 30 June 2018 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased] × 100]	% of electricity unaccounted for	All	Director: Infrastructure Services	Percentage	18	22	21	20	18

Mayor: 

Date: 13/06/17

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Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
11	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of the recreational and swimming pool maintenance budget spent by 30 June 2018 ((Actual expenditure divided by the approved budget)x100)	% of approved recreational areas and swimming pool maintenance budget spent	All	Director: Infrastructure Services	Percentage	90	5	25	60	90
12	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of the electricity maintenance budget spent by 30 June 2018 ((Actual expenditure divided by the approved budget)x100)	% of approved electricity maintenance budget spent	All	Director: Infrastructure Services	Percentage	90	5	25	60	90
13	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	Develop a borehole maintenance plan by 30 June 2018	Plan developed by 30 June 2018	All	Director: Infrastructure Services	Number	1	0	0	0	1
14	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	Investigate the options for alternative water sources and submit report with options to council by 30 June 2018	Report with options submitted to council by 30 June 2018	All	Director: Infrastructure Services	Number	1	0	0	0	1
15	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the upgrading of Stormwater drainage ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	1;5	Director: Infrastructure Services	Percentage	90	0	0	0	90
16	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the paving of streets ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90

Mayor: Date: 13/06/2017

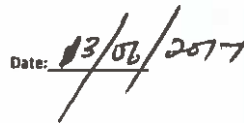
31

Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
17	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for general maintenance to transformers of the municipality ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90
18	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the resealing of existing tar roads ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90
19	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the development of additional Boreholes, De Aar ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	1;5	Director: Infrastructure Services	Percentage	90	0	0	0	90
20	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the installation of prepaid electricity meters ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90
21	Infrastructure Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	90% of approved budget spent by 30 June 2018 for capital additions and repairs to municipal buildings/office ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90

Mayor:



Date:



Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
22	Infrastructure Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	90% of approved budget spent by 30 June 2018 for the ward development programme ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90
23	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the provision of sufficient street lights for dark areas ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90
24	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 to install 5 high mast & 80 streets lights ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	7	Director: Infrastructure Services	Percentage	90	0	0	0	90
25	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 to increase notified maxi sum Removal(NMD) Bulk electricity Supply by 4,2 MVA ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90
26	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the new Water Reservoir (Britstown) ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	7	Director: Infrastructure Services	Percentage	90	0	0	0	90

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Ref	Directorate	IDD Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
27	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the upgrading of De Aar Waste Water Treatment Works Phase 2 ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	5	Director: Infrastructure Services	Percentage	90	0	0	0	90
28	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the upgrading and improvement of municipal parks ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90
29	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	90% of approved budget spent by 30 June 2018 for the maintenance of Commonage ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Infrastructure Services	Percentage	90	0	0	0	90
30	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	The number of people from employment equity target groups employed (newly appointed) in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2018	Number of people employed (newly appointed)	All	Director: Corporate Services	Number	0	0	0	0	0
31	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	0.7% of the personnel budget spent on training as per the approved Skills Development Plan by 30 June 2018 [(Actual total training expenditure/total personnel budget)x100]	% of the personnel budget spent on training	All	Director: Corporate Services	Percentage	0.7	0	0	0	0.7

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Ref	Directorate	IDD Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
32	Community Services	Provision of access to all basic services rendered to residents within the available resources.	Review the Human Settlement Plan and submit to Council by 30 June 2018	Human Settlement Plan reviewed and submitted to Council	All	Director: Community Services	Number	1	0	0	0	1
33	Community Services	Provision of access to all basic services rendered to residents within the available resources.	90% of the maintenance budget of waste management spent by 30 June 2018 ((Actual expenditure divided by the approved budget)x100)	% of the budget spent ((Actual expenditure divided by the approved budget)x100)	All	Director: Community Services	Percentage	90	0	0	0	90
34	Community Services	Provision of access to all basic services rendered to residents within the available resources.	Submit the application for funding of housing projects to the Provincial Department of Housing by 30 September 2017	Housing application submitted	All	Director: Community Services	Number	1	1	0	0	0
35	Corporate Services	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.	Conduct a study on the options for small town development and submit a report with recommendations to Council by 30 June 2018	Report with options submitted to Council by 30 June 2018	All	Director: Corporate Services	Number	1	0	0	0	1
36	Corporate Services	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.	Compile a Youth development strategy and submit to council by 30 June 2018	Youth Development Strategy submitted to Council by 30 June 2018	All	Director: Corporate Services	Number	1	0	0	0	1
37	Corporate Services	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.	Hold a session with suppliers, renewable energy companies and NGOs by 30 June 2018, to discuss the possible funding contributions to establishment a training academy which will assist with skills development in the region	Number of session held by 30 June 2018	All	Director: Corporate Services	Number	1	0	0	0	1

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Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
38	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	Develop a maintenance plan for municipal buildings by 30 June 2018 and submit to the Portfolio Committee	Maintenance plan developed and submitted	All	Director: Corporate Services	Number	1	0	0	0	1
39	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Establishment a sport and recreation forum in the municipal area by 30 June 2018	Forum established by 30 June 2018	All	Director: Community Services	Number	1	0	0	0	1
40	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Complete an assessment of current parks to determine the need and submit report with findings to Council by 30 September 2017	Assessment report submitted to Council by 30 September 2017	All	Director: Community Services	Number	1	1	0	0	0
41	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Develop an maintenance plan for parks by 30 June 2018	Maintenance plan developed by 30 June 2018	All	Director: Community Services	Number	1	0	0	0	1
42	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Establishment a municipal animal pound with assistance of other stakeholders by 30 June 2018	Municipal pound established by 30 June 2018	All	Director: Community Services	Number	1	0	0	0	1

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Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
43	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Sign a MOU with the Department of Defense by 30 June 2018 for support with fire brigade services	MOU signed by 30 June 2018	All	Director: Community Services	Number	1	0	0	0	1
44	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Develop a business plan to obtain funding to acquire additional fire fighting equipment and submit to COGHSTA by 31 December 2017	Business plan developed and submitted by 31 December 2017	All	Director: Community Services	Number	1	0	1	0	0
45	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Review the disaster management plan that includes contingency plans and submit to Council by 30 June 2018	Disaster management plan reviewed and submitted to Council by 30 June 2018	All	Director: Community Services	Number	1	0	0	0	1
46	Community Services	Provision of access to all basic services rendered to residents within the available resources.	Assess all landfill sites to determine compliance and submit a report to Council by 30 June 2018	Assessment report submitted to Council by 30 June 2018	All	Director: Community Services	Number	1	0	0	0	1
47	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	Arrange a training sessions for all supervisors on general management by 30 June 2018	Number of training sessions held	All	Director: Corporate Services	Number	1	0	0	0	1

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Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
48	Corporate Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Implement the electronic Complaint Management System by 30 June 2018	Complaint management system implemented by 30 June 2018	All	Director: Corporate Services	Number	1	0	0	0	1
49	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	Review the EEP and submit to the Portfolio Committee by 30 June 2018	EEP reviewed and submitted to the Portfolio Committee	All	Director: Corporate Services	Number	1	0	0	0	1
50	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	Limit vacancy rate to 15% of budgeted posts by 30 June 2018 ((Number of funded posts vacant divided by budgeted funded posts)x100)	{{(Number of funded posts vacant divided by budgeted funded posts)x100}	All	Director: Corporate Services	Percentage	15	0	15	0	15
51	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2018	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2018	All	Director: Financial Services	Number	8000	8000	8000	8000	8000
52	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2018	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2018	All	Director: Financial Services	Number	7000	7000	7000	7000	7000

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Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
53	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, Irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2018	Number of residential properties which are billed for sewerage as at 30 June 2018	All	Director: Financial Services	Number	8000	8000	8000	8000	8000
54	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2018	Number of residential properties which are billed for refuse removal as at 30 June 2018	All	Director: Financial Services	Number	8000	8000	8000	8000	8000
55	Financial Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Provide free basic services to indigent households as at 30 June 2018	Number of indigent households receiving free basic services as at 30 June 2018	All	Director: Financial Services	Number	2800	2800	2800	2800	2800
56	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2018 ((Actual amount spent on projects / Total amount budgeted for capital projects) X 100)	% of capital budget spent by 30 June 2018	All	Director: Financial Services	Percentage	70	0	0	0	70
57	Financial Services	Maintaining a financially sustainable and viable Municipality	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 ((Total operating revenue-operating grants received)/debt service payments due within the year))	Debt coverage	All	Director: Financial Services	Number	2.5	0	0	0	2.5

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Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
58	Financial Services	Maintaining a financially sustainable and viable Municipality	Financial viability measured in terms of the outstanding service debtors as at 30 June 2018 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors	All	Director: Financial Services	Percentage	90	0	0	0	90
59	Financial Services	Maintaining a financially sustainable and viable Municipality	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 (Available cash+ Investments)/ Monthly fixed operating expenditure)	Number of months it takes to cover fix operating expenditure with available cash	All	Director: Financial Services	Number	0.6	0	0	0	0.6
60	Financial Services	Maintaining a financially sustainable and viable Municipality	Submit the annual financial statements to the Auditor-General by 31 August 2017	Statements submitted to the AG by 31 August 2017	All	Director: Financial Services	Number	1	1	0	0	0
61	Financial Services	Maintaining a financially sustainable and viable Municipality	Achievement of a payment percentage of above 70% quarterly ((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	Payment % achieved	All	Director: Financial Services	Percentage	70	70	70	70	70
62	Financial Services	Maintaining a financially sustainable and viable Municipality	Prepare and submit the adjustments budget to Council by the 28 February 2018	Adjustments budget submitted by 28 February 2018	All	Director: Financial Services	Number	1	0	0	1	0
63	Financial Services	Maintaining a financially sustainable and viable Municipality	Prepare and submit the draft budget to Council by 31 March 2018	Draft budget submitted by 31 March 2018	All	Director: Financial Services	Number	1	0	0	1	0
64	Financial Services	Maintaining a financially sustainable and viable Municipality	Prepare and submit the final budget to Council by 31 May 2018	Final budget submitted by 31 May 2018	All	Director: Financial Services	Number	1	0	0	0	1

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Ref	Directorate	IDO Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
65	Financial Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	70% of approved budget spent by 30 June 2018 for the replacement of computer equipment ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Financial Services	Percentage	70	0	0	0	70
66	Financial Services	Maintaining a financially sustainable and viable Municipality	70% of approved budget spent by 30 June 2018 for the Municipal Standard Chart of Accounts (MSCDA) Compliance process ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Financial Services	Percentage	70	0	0	0	70
67	Financial Services	Maintaining a financially sustainable and viable Municipality	70% of approved budget spent by 30 June 2018 for the Grap Compliance process ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Financial Services	Percentage	70	0	0	0	70

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Directorate	Project Description	Funding Source	Planned start date	Planned completion date	Ward	2017/2018												2017/2018		2018/2019		2019/2020	
						Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total	CAF	Other	CAF	Other	CAF
Infrastructure Services	General maintenance to transformers of the municipality	Own Funds	2017/07/01	2018/06/30	All			68	59	65			51	45	62		350	350					
Infrastructure Services	Development of additional Borholes, De Aar	RBIG	2017/07/01	2018/06/30	1.5		2,500	238	2,489				2,350		2,423		10,000	10,000		40,000		10,000	
Infrastructure Services	Resealing of existing tar roads	MIG	2017/07/01	2018/06/30	All	12	150		35	189			26	205		36	653	653					
Infrastructure Services	Capital Additions and Repairs to municipal buildings/office	Own Funds	2017/07/01	2018/06/30	All	42	23	12	66	62	23		18	78	5	81	410	410					
Corporate Services	Maintenance of Commonage	Own Funds	2017/07/01	2018/06/30	All	9	13	5	20	24	19	8	12		40		160	160					
Infrastructure Services	Paving of streets in Emthanjeni Municipality	Own Funds	2017/07/01	2018/06/30	All	1,160	68	23	156		129	29	123	180	26	72	34	2,000	2,000		2,000		2,000
Infrastructure Services	Provision of sufficient street lights for dark areas	MIG	2017/07/01	2018/06/30	All		50		150	268			96	175		161	900	900					
Infrastructure Services	Storm water drainage upgrade	MIG	2017/07/01	2018/06/30	1.5	2,205	35	2,983	35	689	768	2,750	35	378	789	439	295	11,401	11,401		300		
Infrastructure Services	Ward Development Programme	Own Funds	2017/07/01	2018/06/30	All	175	175	175	175	175	175	175	175	175	175	175	175	2,100	2,100		2,100		2,100
Infrastructure Services	Install 5 high mast & 80 street lights to improve lighting in dark areas by June	MIG	2017/07/01	2018/06/30	7									178			178	178					
Infrastructure Services	New Water Reservoir Britstown	WSIG	2017/07/01	2018/06/30	7	180	2,351		3,235	320		195	2,950	35	175	350	209	10,000	10,000				
Infrastructure Services	Increase notified main sum Removal(NM0) Bulk electricity Supply by 4,2 MVA	Own Funds	2017/07/01	2018/06/30	All	58	42		35	53	130			160	27	38	97	640	1,000				
Infrastructure Services	Prepaid Electricity Meters	Own Funds	2017/07/01	2018/06/30	All	29		53			63			35			20	200	200				
Community Services	Upgrading and improvement of municipal parks	Own Funds	2017/07/01	2018/06/30	All		5		12			7	11		2		3	40	40		50		
Infrastructure Services	Upgrading of De Aar Waste Water Treatment Works Phase 2	WSIG	2017/07/01	2018/06/30	5	248		532			326			544		350		2,000	2,000				
Community Services	Capital expenditure for Traffic Section	Own Funds	2017/07/01	2018/06/30	All		11			25				14				50	50				
Infrastructure Services	Ter of access road between N1 and N10	EPWP	2017/07/01	2018/06/30	All													0			6,000		
Infrastructure Services	New Streets Phase 2	MIG	2017/07/01	2018/06/30	1;4;6;7													0			12,000		

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Item	Jul-17			Aug-17			Sep-17			Oct-17		
	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.
Executive and council	353,187	1,219,779	118,750	353,187	1,219,779	118,750	353,187	1,219,779	118,750	353,187	1,219,779	118,750
Finance and administration	3,740,531	2,999,912	121,666	3,740,531	2,999,912	121,666	3,740,531	2,999,912	121,666	3,740,531	2,999,912	121,666
Internal audit	0	0	0	0	0	0	0	0	0	0	0	0
Community and social services	185,598	1,112,209	10,000	185,598	1,112,209	10,000	185,598	1,112,209	10,000	185,598	1,112,209	10,000
Sport and recreation	10,906	460,907	5,416	10,906	460,907	5,416	10,906	460,907	5,416	10,906	460,907	5,416
Public safety	414,070	828,926	4,750	414,070	828,926	4,750	414,070	828,926	4,750	414,070	828,926	4,750
Housing	3,632	199,608	0	3,632	199,608	0	3,632	199,608	0	3,632	199,608	0
Health		12,726	0		12,726	0		12,726	0		12,726	0
Planning and development	1,114,833	1,030,859	0	1,114,833	1,030,859	0	1,114,833	1,030,859	0	1,114,833	1,030,859	0
Road transport	39,336	1,426,096	1,262,750	39,336	1,426,096	1,262,750	39,336	1,426,096	1,262,750	39,336	1,426,096	1,262,750
Environmental protection	0	0	0	0	0	0	0	0	0	0	0	0
Energy sources	7,797,231	6,504,306	541,666	7,797,231	6,504,306	541,666	7,797,231	6,504,306	541,666	7,797,231	6,504,306	541,666
Water management	4,002,531	1,446,845	1,173,333	4,002,531	1,446,845	1,173,333	4,002,531	1,446,845	1,173,333	4,002,531	1,446,845	1,173,333
Waste water management	2,201,307	1,241,672	0	2,201,307	1,241,672	0	2,201,307	1,241,672	0	2,201,307	1,241,672	0
Waste management	1,299,814	1,451,237	1,833	1,299,814	1,451,237	1,833	1,299,814	1,451,237	1,833	1,299,814	1,451,237	1,833
Other	0	57,493	0	0	57,493	0	0	57,493	0	0	57,493	0
TOTAL	21,162,976	19,992,575	3,240,164	21,162,976	19,992,575	3,240,164	21,162,976	19,992,575	3,240,164	21,162,976	19,992,575	3,240,164

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Item	Nov-17			Dec-17			Jan-18			Feb-18		
	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.
Executive and council	353,187	1,219,779	118,750	353,187	1,219,779	118,750	353,187	1,219,779	118,750	353,187	1,219,779	118,750
Finance and administration	3,740,531	2,999,912	121,666	3,740,531	2,999,912	121,666	3,740,531	2,999,912	121,666	3,740,531	2,999,912	121,666
Internal audit	0	0	0	0	0	0	0	0	0	0	0	0
Community and social services	185,598	1,112,209	10,000	185,598	1,112,209	10,000	185,598	1,112,209	10,000	185,598	1,112,209	10,000
Sport and recreation	10,906	460,907	5,416	10,906	460,907	5,416	10,906	460,907	5,416	10,906	460,907	5,416
Public safety	414,070	828,926	4,750	414,070	828,926	4,750	414,070	828,926	4,750	414,070	828,926	4,750
Housing	3,632	199,608	0	3,632	199,608	0	3,632	199,608	0	3,632	199,608	0
Health		12,726	0		12,726	0		12,726	0		12,726	0
Planning and development	1,114,833	1,030,859	0	1,114,833	1,030,859	0	1,114,833	1,030,859	0	1,114,833	1,030,859	0
Road transport	39,336	1,426,096	1,262,750	39,336	1,426,096	1,262,750	39,336	1,426,096	1,262,750	39,336	1,426,096	1,262,750
Environmental protection	0	0	0	0	0	0	0	0	0	0	0	0
Energy sources	7,797,231	6,504,306	541,666	7,797,231	6,504,306	541,666	7,797,231	6,504,306	541,666	7,797,231	6,504,306	541,666
Water management	4,002,531	1,446,845	1,173,333	4,002,531	1,446,845	1,173,333	4,002,531	1,446,845	1,173,333	4,002,531	1,446,845	1,173,333
Waste water management	2,201,307	1,241,672	0	2,201,307	1,241,672	0	2,201,307	1,241,672	0	2,201,307	1,241,672	0
Waste management	1,299,814	1,451,237	1,833	1,299,814	1,451,237	1,833	1,299,814	1,451,237	1,833	1,299,814	1,451,237	1,833
Other	0	57,493	0	0	57,493	0	0	57,493	0	0	57,493	0
TOTAL	21,162,976	19,992,575	3,240,164	21,162,976	19,992,575	3,240,164	21,162,976	19,992,575	3,240,164	21,162,976	19,992,575	3,240,164

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Item	Mar-18			Apr-18			May-18			Jun-18		
	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.
Executive and council	353,187	1,219,779	118,750	353,187	1,219,779	118,750	353,187	1,219,779	118,750	360,196	1,219,779	618,750
Finance and administration	3,740,531	2,999,912	121,666	3,740,531	2,999,912	121,666	3,740,531	2,999,912	121,666	5,122,920	2,999,912	-78,326
Internal audit	0	0	0	0	0	0	0	0	0	0	0	0
Community and social services	185,598	1,112,209	10,000	185,598	1,112,209	10,000	185,598	1,112,209	10,000	-358,400	1,112,209	10,000
Sport and recreation	10,906	460,907	5,416	10,906	460,907	5,416	10,906	460,907	5,416	41,907	460,907	5,424
Public safety	414,070	828,926	4,750	414,070	828,926	4,750	414,070	828,926	4,750	414,070	828,926	4,750
Housing	3,632	199,608	0	3,632	199,608	0	3,632	199,608	0	3,637	199,608	0
Health		12,726	0		12,726	0		12,726	0	0	12,726	0
Planning and development	1,114,833	1,030,859	0	1,114,833	1,030,859	0	1,114,833	1,030,859	0	1,114,837	1,030,859	0
Road transport	39,336	1,426,096	1,262,750	39,336	1,426,096	1,262,750	39,336	1,426,096	1,262,750	39,344	1,426,096	1,262,750
Environmental protection	0	0	0	0	0	0	0	0	0	0	0	0
Energy sources	7,797,231	6,504,306	541,666	7,797,231	6,504,306	541,666	7,797,231	6,504,306	541,666	8,727,232	6,504,306	441,674
Water management	4,002,531	1,446,845	1,173,333	4,002,531	1,446,845	1,173,333	4,002,531	1,446,845	1,173,333	4,631,535	1,446,845	1,173,337
Waste water management	2,201,307	1,241,672	0	2,201,307	1,241,672	0	2,201,307	1,241,672	0	2,710,918	1,241,672	0
Waste management	1,299,814	1,451,237	1,833	1,299,814	1,451,237	1,833	1,299,814	1,451,237	1,833	1,948,364	1,451,237	1,837
Other	0	57,493	0	0	57,493	0	0	57,493	0	0	57,493	0
TOTAL	21,162,976	19,992,575	3,240,164	21,162,976	19,992,575	3,240,164	21,162,976	19,992,575	3,240,164	24,755,960	19,992,575	3,440,196

Mayor: 

Date: 06/13/2017

Item	TOTAL		
	Revenue	Operational Exp.	Capital Exp.
Executive and council	4,245,253	14,637,348	1,925,000
Finance and administration	46,268,761	35,998,944	1,260,000
Internal audit	0	0	0
Community and social services	1,683,178	13,346,508	120,000
Sport and recreation	161,873	5,530,884	65,000
Public safety	4,968,840	9,947,112	57,000
Housing	43,589	2,395,296	0
Health	0	152,712	0
Planning and development	13,378,000	12,370,308	0
Road transport	472,040	17,113,152	15,153,000
Environmental protection	0	0	0
Energy sources	94,496,773	78,051,672	6,400,000
Water management	48,659,376	17,362,140	14,080,000
Waste water management	26,924,695	14,900,064	0
Waste management	16,246,318	17,414,844	22,000
Other	0	689,916	0
TOTAL:	257,548,696	239,910,900	39,042,000

Mayor: Date: 13/06/2017

Emthanjeni Municipality

Revenue by Source for the 2017/18 financial year

Source	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Property rates	2,218,346	2,218,346	2,218,346	2,218,346	2,218,346	2,218,346	2,218,346	2,218,346	2,218,346	2,218,346	2,218,346	3,360,734	27,762,540
Service charges - electricity revenue	4,872,171	4,872,171	4,872,171	4,872,171	4,872,171	4,872,171	4,872,171	4,872,171	4,872,171	4,872,171	4,872,171	5,372,179	58,966,060
Service charges - water revenue	2,478,804	2,478,804	2,478,804	2,478,804	2,478,804	2,478,804	2,478,804	2,478,804	2,478,804	2,478,804	2,478,804	3,078,814	30,345,658
Service charges - sanitation revenue	1,538,199	1,538,199	1,538,199	1,538,199	1,538,199	1,538,199	1,538,199	1,538,199	1,538,199	1,538,199	1,538,199	2,018,205	18,938,394
Service charges - refuse revenue	891,741	891,741	891,741	891,741	891,741	891,741	891,741	891,741	891,741	891,741	891,741	1,491,742	11,300,893
Service charges - other	10,414	10,414	10,414	10,414	10,414	10,414	10,414	10,414	10,414	10,414	10,414	10,420	124,974
Rental of facilities and equipment	61,006	61,006	61,006	61,006	61,006	61,006	61,006	61,006	61,006	61,006	61,006	118,009	789,075
Interest earned - external investments	60,916	60,916	60,916	60,916	60,916	60,916	60,916	60,916	60,916	60,916	60,916	260,924	931,000
Interest earned - outstanding debtors	90,212	90,212	90,212	90,212	90,212	90,212	90,212	90,212	90,212	90,212	90,212	266,757	1,259,089
Dividends received	0	0	0	0	0	0	0	0	0	0	0	0	0
Fines, penalties and forfeits	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	3,720,000
Licences and permits	164,199	164,199	164,199	164,199	164,199	164,199	164,199	164,199	164,199	164,199	164,199	164,199	1,970,388
Agency services	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers and subsidies	3,454,583	3,454,583	3,454,583	3,454,583	3,454,583	3,454,583	3,454,583	3,454,583	3,454,583	3,454,583	3,454,583	2,760,587	40,761,000
Other revenue	2,299,052	2,299,052	2,299,052	2,299,052	2,299,052	2,299,052	2,299,052	2,299,052	2,299,052	2,299,052	2,299,052	2,830,053	28,119,623
Gains on disposal of PPE	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,337	268,000
TOTAL	R 18,471,976	R 18,471,976	R 18,471,976	R 18,471,976	R 18,471,976	R 18,471,976	R 18,471,976	R 18,471,976	R 18,471,976	R 18,471,976	R 18,471,976	R 22,064,960	R 225,256,696

Mayor: 

Date: 13/06/2017

EMTHANJENI LOCAL MUNICIPALITY

ANNEXURE 4: A-SCHEDULES

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NC073 Emthanjeni - 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										
Governance and administration		-	-	-	-	-	-	50 514	52 808	56 039
Executive and council		-	-	-	-	-	-	4 245	4 458	4 770
Finance and administration		-	-	-	-	-	-	46 269	48 351	51 268
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	6 857	7 710	8 099
Community and social services		-	-	-	-	-	-	1 683	2 334	2 453
Sport and recreation		-	-	-	-	-	-	162	137	144
Public safety		-	-	-	-	-	-	4 969	5 192	5 452
Housing		-	-	-	-	-	-	44	47	50
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	13 850	13 238	13 739
Planning and development		-	-	-	-	-	-	13 378	12 744	13 221
Road transport		-	-	-	-	-	-	472	494	518
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	186 327	203 748	186 580
Energy sources		-	-	-	-	-	-	94 497	93 840	97 571
Water management		-	-	-	-	-	-	48 659	65 660	42 221
Waste water management		-	-	-	-	-	-	26 925	27 796	29 389
Waste management		-	-	-	-	-	-	16 246	16 452	17 399
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	257 549	277 504	264 457
Expenditure - Functional										
Governance and administration		-	-	-	-	-	-	50 913	53 643	55 135
Executive and council		-	-	-	-	-	-	14 865	15 520	19 640
Finance and administration		-	-	-	-	-	-	36 049	38 123	35 495
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	30 369	32 976	35 057
Community and social services		-	-	-	-	-	-	12 954	13 816	14 676
Sport and recreation		-	-	-	-	-	-	5 220	5 889	6 273
Public safety		-	-	-	-	-	-	9 647	10 554	11 209
Housing		-	-	-	-	-	-	2 396	2 557	2 731
Health		-	-	-	-	-	-	153	160	168
Economic and environmental services		-	-	-	-	-	-	29 560	29 963	32 074
Planning and development		-	-	-	-	-	-	12 896	11 861	12 892
Road transport		-	-	-	-	-	-	16 664	18 102	19 181
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	119 817	134 426	141 732
Energy sources		-	-	-	-	-	-	76 082	82 062	86 432
Water management		-	-	-	-	-	-	15 250	18 236	19 194
Waste water management		-	-	-	-	-	-	15 605	15 701	16 584
Waste management		-	-	-	-	-	-	12 880	18 427	19 522
Other	4	-	-	-	-	-	-	690	732	778
Total Expenditure - Functional	3	-	-	-	-	-	-	231 349	251 740	264 775
Surplus/(Deficit) for the year		-	-	-	-	-	-	26 199	25 765	(318)

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

NC073 Emthanjeni - 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 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	4 245	4 458	4 770
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	46 269	48 351	51 268
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	13 378	12 744	13 221
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	1 683	2 334	2 453
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	4 969	5 192	5 452
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	162	137	144
Vote 8 - ROAD TRANSPORT		-	-	-	-	-	-	472	494	518
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	44	47	50
Vote 11 - WASTE MANAGEMENT		-	-	-	-	-	-	16 246	16 452	17 399
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	26 925	27 796	29 389
Vote 13 - ELECTRICITY		-	-	-	-	-	-	94 497	93 840	97 571
Vote 14 - WATER		-	-	-	-	-	-	48 659	65 660	42 221
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	-	-	257 549	277 504	264 457
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	14 865	15 520	19 640
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	36 049	38 123	35 495
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	12 896	11 861	12 892
Vote 4 - HEALTH		-	-	-	-	-	-	153	160	168
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	12 954	13 816	14 676
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	9 647	10 554	11 209
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	5 220	5 889	6 273
Vote 8 - ROAD TRANSPORT		-	-	-	-	-	-	16 664	18 102	19 181
Vote 9 - OTHER		-	-	-	-	-	-	690	732	778
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	2 396	2 557	2 731
Vote 11 - WASTE MANAGEMENT		-	-	-	-	-	-	12 880	18 427	19 522
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	15 605	15 701	16 584
Vote 13 - ELECTRICITY		-	-	-	-	-	-	76 082	82 062	86 432
Vote 14 - WATER		-	-	-	-	-	-	15 250	18 236	19 194
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	231 349	251 740	264 775
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	26 199	25 765	(318)

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

NC073 Emthanjeni - 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	-	-	-	-	-	-	-	27 763	27 818	29 265
Service charges - electricity revenue	2	-	-	-	-	-	-	-	58 966	61 272	64 459
Service charges - water revenue	2	-	-	-	-	-	-	-	30 346	31 084	32 576
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	18 938	19 289	20 292
Service charges - refuse revenue	2	-	-	-	-	-	-	-	11 301	11 215	11 798
Service charges - other									125	132	139
Rental of facilities and equipment									789	779	817
Interest earned - external investments									931	764	804
Interest earned - outstanding debtors									1 259	1 132	1 190
Dividends received									-	-	-
Fines, penalties and forfeits									3 720	3 888	4 083
Licences and permits									1 970	2 060	2 162
Agency services									-	-	-
Transfers and subsidies									40 761	44 109	47 146
Other revenue	2	-	-	-	-	-	-	-	28 120	28 941	30 429
Gains on disposal of PPE									268	278	320
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	225 257	232 760	245 479
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	76 930	80 423	86 053
Remuneration of councillors									5 275	5 668	6 065
Debt impairment	3								7 578	9 463	10 670
Depreciation & asset impairment	2	-	-	-	-	-	-	-	9 056	9 463	9 936
Finance charges									2 055	6 042	9 805
Bulk purchases	2	-	-	-	-	-	-	-	60 434	63 876	67 198
Other materials	8								19 397	19 551	20 416
Contracted services									9 819	9 785	5 477
Transfers and subsidies									-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	40 805	47 469	49 155
Loss on disposal of PPE									-	-	-
Total Expenditure		-	-	-	-	-	-	-	231 349	251 740	264 775
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									(6 093)	(18 979)	(19 296)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	32 292	44 744	18 978
Transfers and subsidies - capital (in-kind - all)									-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-	26 199	25 765	(318)
Taxation											
Surplus/(Deficit) after taxation		-	-	-	-	-	-	-	26 199	25 765	(318)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	-	-	-	-	-	-	26 199	25 765	(318)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	-	-	-	-	-	-	26 199	25 765	(318)

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)

NC073 Emthanjeni - 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 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 8 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 14 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	1 925	1 489	1 561
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	1 260	1 526	1 599
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	120	125	131
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	57	60	62
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	-	65	68	71
Vote 8 - ROAD TRANSPORT		-	-	-	-	-	-	-	15 153	15 734	16 354
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT		-	-	-	-	-	-	-	22	23	24
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		-	-	-	-	-	-	-	6 400	2 523	1 548
Vote 14 - WATER		-	-	-	-	-	-	-	14 080	84	88
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	39 082	21 631	21 438
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	39 082	21 631	21 438
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	3 185	3 015	3 160
Executive and council		-	-	-	-	-	-	-	1 925	1 489	1 561
Finance and administration		-	-	-	-	-	-	-	1 260	1 526	1 599
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	242	253	265
Community and social services		-	-	-	-	-	-	-	120	125	131
Sport and recreation		-	-	-	-	-	-	-	65	68	71
Public safety		-	-	-	-	-	-	-	57	60	62
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	15 153	15 734	16 354
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	15 153	15 734	16 354
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	20 502	2 629	1 659
Energy sources		-	-	-	-	-	-	-	6 400	2 523	1 548
Water management		-	-	-	-	-	-	-	14 080	84	88
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	22	23	24
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	39 082	21 631	21 438
Funded by:											
National Government		-	-	-	-	-	-	-	32 292	14 744	14 221
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	32 292	14 744	14 221
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	6 790	6 887	7 217
Total Capital Funding	7	-	-	-	-	-	-	-	39 082	21 631	21 438

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
- Capital expenditure by functional classification must reconcile to the appropriations by vote
- Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
- Must reconcile to Budgeted Financial Performance (revenue and expenditure)
- Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17
- Total Capital Funding must balance with Total Capital Expenditure
- Include any capitalised interest (MFMA section 46) as part of relevant capital budget

NC073 Emthanjeni - 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
R thousand											
ASSETS											
Current assets											
Cash									358	351	344
Call investment deposits	1	-	-	-	-	-	-	-	9 784	9 093	8 638
Consumer debtors	1	-	-	-	-	-	-	-	23 509	24 214	24 940
Other debtors									11 615	11 964	12 322
Current portion of long-term receivables									-	-	-
Inventory	2								66 211	66 873	64 867
Total current assets		-	-	-	-	-	-	-	111 476	112 494	111 112
Non current assets											
Long-term receivables									-	-	-
Investments									29	29	29
Investment property									5 018	5 018	5 018
Investment in Associate									-	-	-
Property, plant and equipment	3	-	-	-	-	-	-	-	947 605	957 181	966 853
Agricultural									-	-	-
Biological									-	-	-
Intangible									382	386	390
Other non-current assets									56	59	60
Total non current assets		-	-	-	-	-	-	-	953 090	962 673	972 350
TOTAL ASSETS		-	-	-	-	-	-	-	1 064 567	1 075 167	1 083 462
LIABILITIES											
Current liabilities											
Bank overdraft	1								8 969	9 480	10 766
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits									2 431	2 592	2 754
Trade and other payables	4	-	-	-	-	-	-	-	19 127	19 510	19 900
Provisions									3 631	3 592	3 554
Total current liabilities		-	-	-	-	-	-	-	34 159	35 174	36 974
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	36 792	37 528	38 279
Total non current liabilities		-	-	-	-	-	-	-	36 792	37 528	38 279
TOTAL LIABILITIES		-	-	-	-	-	-	-	70 951	72 702	75 252
NET ASSETS	5	-	-	-	-	-	-	-	993 615	1 002 465	1 008 209
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	-	-	-	-	-	-	-	993 615	1 002 465	1 008 209
Reserves		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	993 615	1 002 465	1 008 209

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

NC073 Emthanjeni - 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
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									24 942	24 003	24 875
Service charges									113 321	116 842	122 800
Other revenue									33 311	33 884	35 616
Government - operating	1								40 761	44 109	47 146
Government - capital	1								32 292	44 744	18 978
Interest									1 723	1 802	1 894
Dividends									-	-	-
Payments											
Suppliers and employees									(205 542)	(219 882)	(200 794)
Finance charges									(2 055)	(6 042)	(9 805)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	-	-	38 753	39 459	40 711
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									268	278	320
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(39 082)	(40 826)	(42 867)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(38 814)	(40 548)	(42 547)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									95	92	89
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	95	92	89
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	-	-	34	(997)	(1 747)
Cash/cash equivalents at the year begin:	2								1 139	1 172	175
Cash/cash equivalents at the year end:	2								1 172	175	(1 572)

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less

NC073 Emthanjeni - 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	-	-	-	-	-	-	-	1 172	175	(1 572)
Other current investments > 90 days		-	-	-	-	-	-	-	(0)	(212)	(212)
Non current assets - Investments	1	-	-	-	-	-	-	-	29	29	29
Cash and investments available:		-	-	-	-	-	-	-	1 201	(8)	(1 755)
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	1 646	1 728	1 815
Other working capital requirements	3	-	-	-	-	-	-	-	(13 750)	(14 184)	(14 733)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	-	-	-	-	-	(12 104)	(12 456)	(12 918)
Surplus(shortfall)		-	-	-	-	-	-	-	13 305	12 448	11 163

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Non-revenue Generating		-	-	-	-	-	-	28	29	30
Investment properties		-	-	-	-	-	-	28	29	30
Operational Buildings		-	-	-	-	-	-	322	336	353
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	322	336	353
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	156	164	172
Furniture and Office Equipment		-	-	-	-	-	-	16	16	17
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	2 171	2 271	2 385
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4									
Roads Infrastructure		-	-	-	-	-	-	4 682	17 637	18 352
Storm water Infrastructure		-	-	-	-	-	-	12 292	-	-
Electrical Infrastructure		-	-	-	-	-	-	7 130	3 181	2 239
Water Supply Infrastructure		-	-	-	-	-	-	15 251	1 307	1 372
Sanitation Infrastructure		-	-	-	-	-	-	754	788	827
Solid Waste Infrastructure		-	-	-	-	-	-	312	326	342
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	40 420	23 238	23 133
Community Facilities		-	-	-	-	-	-	1 757	1 833	1 925
Sport and Recreation Facilities		-	-	-	-	-	-	25	26	27
Community Assets		-	-	-	-	-	-	1 782	1 859	1 952
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	28	29	30
Investment properties		-	-	-	-	-	-	28	29	30
Operational Buildings		-	-	-	-	-	-	642	670	703
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	642	670	703
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	680	711	745
Intangible Assets		-	-	-	-	-	-	680	711	745
Computer Equipment		-	-	-	-	-	-	1 986	1 940	2 033
Furniture and Office Equipment		-	-	-	-	-	-	81	197	207
Machinery and Equipment		-	-	-	-	-	-	148	177	186
Transport Assets		-	-	-	-	-	-	2 171	2 271	2 385
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	-	-	-	-	-	47 938	31 094	31 374
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure								331 921	348 517	365 943
Storm water Infrastructure										
Electrical Infrastructure								59 827	62 819	65 960
Water Supply Infrastructure								119 769	125 758	132 046
Sanitation Infrastructure								136 171	118 566	99 740
Solid Waste Infrastructure								4 088	4 292	4 507
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		-	-	-	-	-	-	651 776	659 952	668 196
Community Facilities								219 049	219 049	219 049
Sport and Recreation Facilities										
Community Assets		-	-	-	-	-	-	219 049	219 049	219 049
Heritage Assets		-	-	-	-	-	-	6 959	6 959	6 959
Revenue Generating										
Non-revenue Generating										
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings								5 018	5 018	5 018
Housing										
Other Assets		-	-	-	-	-	-	5 018	5 018	5 018
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights										
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	70 203	71 607	73 039
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	-	-	-	953 005	962 585	972 261
EXPENDITURE OTHER ITEMS										
Depreciation	7	-	-	-	-	-	-	-	-	-
Repairs and Maintenance by Asset Class	3	-	-	-	-	-	-	19 397	19 551	20 416
Roads Infrastructure		-	-	-	-	-	-	369	383	400
Storm water Infrastructure		-	-	-	-	-	-	336	349	365

Electrical Infrastructure	-	-	-	-	-	-	1 732	1 801	1 880
Water Supply Infrastructure	-	-	-	-	-	-	1 380	1 435	1 498
Sanitation Infrastructure	-	-	-	-	-	-	74	77	81
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	3 891	4 045	4 223
Community Facilities	-	-	-	-	-	-	2 150	2 235	2 334
Sport and Recreation Facilities	-	-	-	-	-	-	134	139	145
Community Assets	-	-	-	-	-	-	2 284	2 374	2 479
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	2 100	2 183	2 280
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	2 100	2 183	2 280
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	1 708	1 775	1 855
Intangible Assets	-	-	-	-	-	-	1 708	1 775	1 855
Computer Equipment	-	-	-	-	-	-	699	728	760
Furniture and Office Equipment	-	-	-	-	-	-	999	1 038	1 084
Machinery and Equipment	-	-	-	-	-	-	1 079	1 121	1 171
Transport Assets	-	-	-	-	-	-	6 637	6 286	6 564
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	-	-	-	-	-	-	19 397	19 551	20 416
Renewal and upgrading of Existing Assets as % of total capex	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	32.6%	52.6%	54.7%
Renewal and upgrading of Existing Assets as % of deprecn	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.1%
Renewal and upgrading and R&M as a % of PPE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	4.0%	4.0%

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Detail of upgrading of existing assets provided in Table SA34e
7. Detail of depreciation provided in Table SA34d

NC073 Emthanjeni - 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		8 288	8 738	9 175	11 114	11 114	11 114	11 480	11 594	11 640
Piped water inside yard (but not in dwelling)		-	450	473	695	695	695	736	743	763
Using public tap (at least min.service level)	2	21	471	495	465	465	465	452	444	430
Other water supply (at least min.service level)	4	-	450	473	341	341	341	333	320	310
<i>Minimum Service Level and Above sub-total</i>		8 309	10 109	10 614	12 615	12 615	12 615	13 001	13 101	13 143
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	8 309	10 109	10 614	12 615	12 615	12 615	13 001	13 101	13 143
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		6 838	7 288	7 652	8 847	8 847	8 847	9 377	9 507	9 590
Flush toilet (with septic tank)		1 177	1 627	1 709	2 252	2 252	2 252	2 365	2 425	2 480
Chemical toilet		243	693	727	705	705	705	663	636	625
Pit toilet (ventilated)		-	450	473	458	458	458	431	406	402
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		8 258	10 058	10 561	12 262	12 262	12 262	12 836	12 974	13 097
Bucket toilet		63	513	539	353	353	353	331	328	319
Other toilet provisions (< min.service level)		-	450	9 175	-	-	-	-	-	-
No toilet provisions		-	-	9 175	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		63	963	18 888	353	353	353	331	328	319
Total number of households	5	8 321	11 021	29 449	12 615	12 615	12 615	13 167	13 302	13 416
Energy:										
Electricity (at least min.service level)		3 318	3 768	3 957	3 838	3 838	3 838	3 990	4 005	4 290
Electricity - prepaid (min.service level)		4 993	5 443	5 715	8 115	8 115	8 115	8 206	8 290	8 350
<i>Minimum Service Level and Above sub-total</i>		8 311	9 211	9 671	11 953	11 953	11 953	12 196	12 295	12 640
Electricity (< min.service level)		11	461	484	469	469	469	435	419	400
Electricity - prepaid (< min. service level)		-	450	473	193	193	193	189	175	162
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		11	911	956	662	662	662	624	594	562
Total number of households	5	8 321	10 121	10 627	12 615	12 615	12 615	12 820	12 889	13 202
Refuse:										
Removed at least once a week		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
<i>Minimum Service Level and Above sub-total</i>		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
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	8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
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)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)								15 000	15 000	15 000
Water (kilolitres per household per month)								8	8	8
Sanitation (kilolitres per household per month)								-	-	-
Sanitation (Rand per household per month)								183	194	209
Electricity (kwh per household per month)								50	50	50
Refuse (average litres per week)								78	78	78
Revenue cost of subsidised services provided (R'000)	9									
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										
Water (in excess of 6 kilolitres per indigent household per month)								25 716	22 061	23 208
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									
								25 716	22 061	23 208

References

1. Include services provided by another entity; e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service

NCR75 Emhlanjeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Ref	Description	Current Year 2016/17							2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome 2013/14	Audited Outcome 2014/15	Audited Outcome 2015/16	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year +1 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
REVENUE ITEMS:											
Property rates											
5	Total Property Rates								53 479	49 879	52 472
	less Revenue Forgone (waiver/reliefs, reductions and rebates and impermissible values in excess of section 17 of MFSA)								25 716	22 981	23 258
	Net Property Rates								27 763	27 898	29 214
Service charges - electricity revenue											
6	Total Service charges - electricity revenue								55 966	61 272	64 459
	less Revenue Forgone (in excess of 50 kwh per indigent household per month)										
	less Cost of Free Basis Services (50 kwh per indigent household per month)										
	Net Service charges - electricity revenue								55 966	61 272	64 459
Service charges - water revenue											
6	Total Service charges - water revenue								30 346	31 084	32 576
	less Revenue Forgone (in excess of 6 kilolitres per indigent household per month)										
	less Cost of Free Basis Services (6 kilolitres per indigent household per month)										
	Net Service charges - water revenue								30 346	31 084	32 576
Service charges - sanitation revenue											
6	Total Service charges - sanitation revenue								19 938	19 289	20 292
	less Revenue Forgone (in excess of free sanitation service to indigent household)										
	less Cost of Free Basis Services (free sanitation service to indigent household)										
	Net Service charges - sanitation revenue								19 938	19 289	20 292
Service charges - refuse revenue											
6	Total refuse removal revenue								11 301	11 215	11 798
	Total landfill revenue										
	less Revenue Forgone (in excess of one removal a week to indigent household)										
	less Cost of Free Basis Services (removed once a week to indigent household)										
	Net Service charges - refuse revenue								11 301	11 215	11 798
Other Revenue by source											
	Prepaid Electricity Sales								26 858	27 853	29 187
	Cemetery Fees								523	444	465
	Sundry Income								204	214	225
	Insurance Claims/Recoveries								62	66	68
	Connection fees								30	32	35
	Special meter readings								19	20	21
	Practical courses fees								80	83	86
	Valuation certificates								69	69	71
	Tender Documents								228	207	217
	Planning Application										
	Other										
3	Total Other Revenue								28 130	28 941	30 429
EXPENDITURE ITEMS:											
Employee related costs											
2	Basic Salaries and Wages								58 222	60 524	64 789
	Prisons and JCF Contributions								10 438	11 023	11 689
	Medical Aid Contributions								1 916	2 068	2 213
	Chattels								1 424	1 598	1 770
	Performance Bonus								1 927	2 062	2 206
	Motor Vehicle Allowance								488	522	568
	Capitalise Allowance								754	673	720
	Housing Allowances								1 163	1 285	1 363
	Other benefits and allowances								578	619	662
	Pensions in lieu of leave										
	Long service awards										
	Post-retirement benefit obligations										
4	sub-total								76 938	80 423	86 653
	Less: Employee costs capitalised to PPE										
1	Total Employee related costs								76 938	80 423	86 653
Contributions recognised - capital											
Liability contributions by contract											
Total Contributions recognised - capital											
Depreciation & asset impairment											
10	Depreciation of Property, Plant & Equipment								64 879	67 798	71 188
	Lease amortisation										
	Capital asset impairment										
	Depreciation resulting from revaluation of PPE								55 823	58 326	61 252
1	Total Depreciation & asset impairment								9 056	9 463	9 936
Bulk purchases											
1	Electricity Bulk Purchases								57 982	60 891	64 037
	Water Bulk Purchases								2 443	2 985	3 140
1	Total bulk purchases								60 425	63 876	67 177
Transfers and grants											
1	Cash transfers and grants										
	Non-cash transfers and grants										
1	Total transfers and grants										
Contracted services											
	Professional Consultancy Fees								2 271	2 385	2 528
	Prepaid Electricity Commission								2 648	1 940	2 041
	Security Services								2 790	2 835	2 916
	Traffic Violation Systems								2 280	2 625	2 762
Allocations to organs of state:											
1	Electricity								9 919	9 785	10 477
	Water										
	Sanitation										
	Other										
1	Total allocated services								9 919	9 785	10 477
Other Expenditure By Type											
3	Collection costs								730	1 411	1 481
	Contributions to 'other' provisions								688	682	728
	Consultant fees										
	Audit fees								2 622	2 759	2 891
	General expenses								10 568	10 191	10 441
	Departmental Service Accounts								4 185	4 394	4 614
	External Leases and Subscriptions								383	402	423
	Fuel and Oil								3 162	3 477	3 668
	General Valuation Roll expenses								420	441	464
	Insurance								1 624	1 769	1 794
	SAGFA Membership Fees								730	787	835
	Telephone expenses								597	1 047	1 102
	Printing and Stationery								882	926	965
	Protective Clothing								602	633	666
	Publicity Costs								300	366	384
	Tourism Strategy								36	38	39
	Subsistence and Travel								1 400	1 467	1 544
	Skills Development Training								440	462	486
	Electricity Costs for Rural Water pumps								2 248	2 368	2 478
	Employee Welfare expenses								1 300	1 834	1 909
	Embalmer study assistance fund								150	136	152
	Statutory contributions workers's compensation								291	268	291
	Legal costs								345	362	380
	Brand Selection								42	47	49
	Cleaning materials								724	762	798
	Mural Repainting								190	157	165
	SPLMA Expenses								1 280	1 321	1 368
1	Total Other Expenditure								48 850	47 489	49 153
By Expenditure Item											
8	Employee related costs								9 107	10 496	9 448
	Other materials								19 281	9 063	19 968
	Contracted Services										
	Other Expenditure										
8	Total Repairs and Maintenance Expenditure								19 287	19 551	20 416
check											
									19 287	19 551	20 416

References:

1. Must reconcile with Budgeted Financial Performance (Revenue and Expenditure)
2. Must reconcile to supporting documentation on staff salaries
3. Insert other categories where revenue or expenditure is of a material nature (list separate items until 'General expenses' is not > 10% of Total Expenditure)
4. Expenditure to meet any unfunded obligations
5. The sub-total must agree with the total on SA2, but excluding councillor and board member items
6. Include a note for each revenue item that is affected by 'Revenue Forgone'
7. Special consideration may have to be given to including 'boosted earnings' or 'joint ventures' budgets where circumstances require this (inserts separately under relevant notes)

NC073 Emthanjeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - FINANCE AND ADMINISTRATION	Vote 3 - PLANNING AND DEVELOPMENT	Vote 4 - HEALTH	Vote 5 - COMMUNITY AND SOCIAL SERVICES	Vote 6 - PUBLIC SAFETY	Vote 7 - SPORT AND RECREATION	Vote 8 - ROAD TRANSPORT	Vote 9 - OTHER	Vote 10 - HOUSING SERVICES	Vote 11 - WASTE MANAGEMENT	Vote 12 - WASTE WATER MANAGEMENT	Vote 13 - ELECTRICITY	Vote 14 - WATER	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates			26 620														26 620
Service charges - electricity revenue														58 466			58 466
Service charges - water revenue															29 746		29 746
Service charges - sanitation revenue																	18 458
Service charges - refuse revenue												10 701	18 458				10 701
Service charges - other			7			76					42						125
Rental of facilities and equipment		557				134			36		5						732
Interest earned - external investments			731														731
Interest earned - outstanding debtors			151									1	118	260	290		1 083
Dividends received																	-
Fines, penalties and forfeits							3 440							280			3 720
Licences and permits							1 520				450						1 970
Agency services																	-
Other revenue		263	88			442	9	95	17				34	26 567	74		27 589
Transfers and subsidies		3 150	17 289	1 086		1 575						4 779	7 664	1 992	3 921		41 455
Gains on disposal of PPE		269															269
Total Revenue (excluding capital transfers and contributions)		4 238	44 886	1 086	-	2 227	4 969	131	472	-	44	15 598	26 416	87 567	34 030	-	221 664
Expenditure By Type																	
Employee related costs		3 410	17 332	6 339		8 448	5 650	4 199	8 017	432	2 140	7 398	4 433	6 241	1 123		75 162
Remuneration of councillors		5 297															5 297
Debt impairment			2 456									841	1 097	3 610	1 674		9 678
Depreciation & asset impairment		15	1 022	26	132	1 564			3 909		58	248	667	556	859		9 056
Finance charges		288	182				94		473			1 603	838	1 102	1 174		5 755
Bulk purchases														57 992	2 843		60 834
Other materials		290	2 033	2 131		688	734	527	1 612	63	37	798	5 765	2 510	1 622		18 807
Contracted services			4 850	36			2 500							1 933			9 319
Transfers and subsidies																	-
Other expenditure		5 338	8 124	3 839	21	2 647	969	805	3 102	195	161	6 527	2 099	4 109	8 068		46 003
Loss on disposal of PPE																	-
Total Expenditure		14 637	35 999	12 370	153	13 347	9 947	5 531	17 113	690	2 395	17 415	14 900	78 052	17 362	-	239 911
Surplus/(Deficit)		(10 399)	8 887	(11 284)	(153)	(11 119)	(4 978)	(5 400)	(16 641)	(690)	(2 352)	(1 817)	11 516	9 515	16 668	-	(18 247)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				12 292										6 000	14 000		32 292
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		(10 399)	8 887	1 008	(153)	(11 119)	(4 978)	(5 400)	(16 641)	(690)	(2 352)	(1 817)	11 516	15 515	30 668	-	14 045

References
1. Departmental columns to be based on municipal organisation structure

NC073 Emthanjeni - 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
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)									332	362	344
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance									6 338	6 908	6 563
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area									3 340	3 641	3 459
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water, sanitation and refuse manage demand and maintain existing infrastructure									77 939	84 954	80 706
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure									34 147	37 221	35 360
Provision of access to all basic services rendered to residents within available resources	To provide a quality electricity supply, manage demand and maintain existing infrastructure									74 126	76 882	73 037
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality									11 314	12 332	11 716
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality									6 836	7 452	7 079
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality									26 540	28 929	27 483
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective									938	1 023	971
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA									26	29	27
Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation									3 532	3 850	3 657
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices									75	81	77
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area									-	-	-
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities									-	-	-
Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	To improve and facilitate rural development in the municipal area									2 893	3 154	2 996
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area									9 170	10 688	10 981
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	-	-	-	-	-	-	257 549	277 504	264 457

References

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

NC073 Emthanjeni - 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	
R thousand													
Promote representative governance through the sustainable utilisation of available resources in consultation with the Promote representative governance through the sustainable utilisation of available resources in consultation with the Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To continuously review the accountable and transparent governance processes as per the To be an executive council by leading and consulting our community and do on-going oversight of our service delivery To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the									4 879	5 118	5 379	
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water, sanitation and refuse manage demand and maintain existing infrastructure									8 469	8 884	9 337	
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure									4 963	5 206	5 472	
Provision of access to all basic services rendered to residents within available resources	To provide a quality electricity supply, manage demand and maintain existing infrastructure									80 287	86 909	91 341	
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality									13 630	14 297	15 027	
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality									51 219	58 974	61 982	
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality									2 739	2 873	3 020	
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective									10 762	11 289	11 865	
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA									4 565	4 789	5 033	
Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required									1 630	1 710	1 797	
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices									2 076	2 178	2 289	
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the									8 303	9 759	10 257	
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities									3 995	4 190	4 404	
Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	To improve and facilitate rural development in the municipal area									8 301	8 707	9 151	
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety									8 176	8 577	9 014	
Allocations to other priorities													
Total Expenditure				1	-	-	-	-	-	-	231 349	251 740	264 775

References

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

NC073 Emthanjeni - 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
R thousand												
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water manage demand and maintain existing infrastructure	A								5 601	3 114	3 086
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure	B								7 537	4 190	4 153
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality sanitation manage demand and maintain existing infrastructure	C								6 450	3 586	3 554
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality	D								-	-	-
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality	E								2 311	1 285	1 273
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or Municipal Transformation and Institutional Development	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety	F								332	185	183
	To upgrade and maintain municipal buildings and offices	G								830	462	457
Provision of access to all basic services rendered to residents within available resources	To provide all communities sustainable electricity and to manage electricity increased demand within the current	H								16 021	8 809	8 732
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	I								-	-	-
Promote representative governance through the sustainable utilisation of available resources in consultation with the	To continuously review the accountable and transparent governance processes as per the	J								-	-	-
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	-	-	-	-	-	-	39 082	21 631	21 438

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure
2. Goal code must be used on Table SA36

Entity 3 - (name of entity)										
<i>audit committee for approval by end June</i>										
And so on for the rest of the Entities										

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s87(5)(d))
2. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

NC073 Emthanjeni - 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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	2.4%	3.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	3.2%	4.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	1.3%	1.2%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	-	-	3.3	3.2	3.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	-	-	3.3	3.2	3.0
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	-	-	0.3	0.3	0.2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	93.8%	93.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	93.8%	93.4%	93.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.6%	15.5%	15.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1631.4%	11117.4%	-1266.1%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)				5580000	5580000	5580000	5580000	5635800	5720337	5748938.685
	Total Cost of Losses (Rand '000)				4 900	4 900	4 900	4 900	4949000	5023235	5048351.175
	% Volume (units purchased and generated less units sold)/units purchased and generated				12	12	12	12	12120	12301.8	12363.309
Water Distribution Losses (2)	Total Volume Losses (kℓ)				528	528	528	528	533280	541279.2	543985.596
	Total Cost of Losses (Rand '000)				441490	441490	441490	441490	445904.9	452593.4735	454856.4409
	% Volume (units purchased and generated less units sold)/units purchased and generated				15	15	15	15	15150	15377.25	15454.13625
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	34.2%	34.6%	35.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	35.7%	38.0%	39.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%	8.4%	8.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.9%	6.7%	8.0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	-	-	-	-	-	-	-	102.4	99.6	104.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.7%	23.9%	23.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	-	-	0.1	0.0	(0.1)

References

- Consumer debtors > 12 months old are excluded from current assets
- Only include if services provided by the municipality

Detail on the provision of municipal services for A10

Total municipal services		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
8	10	Household service targets (000)								
		Water:								
		8 288	8 738	9 175	11 114	11 114	11 114	11 480	11 594	11 640
		–	450	473	695	695	695	736	743	763
		21	471	495	465	465	465	452	444	430
		–	450	473	341	341	341	333	320	310
		8 309	10 109	10 614	12 615	12 615	12 615	13 001	13 101	13 143
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		8 309	10 109	10 614	12 615	12 615	12 615	13 001	13 101	13 143
		Sanitation/sewerage:								
		6 838	7 288	7 652	8 847	8 847	8 847	9 377	9 507	9 590
		1 177	1 627	1 709	2 252	2 252	2 252	2 365	2 425	2 480
		243	693	727	705	705	705	663	636	625
		–	450	473	458	458	458	431	406	402
		–	–	–	–	–	–	–	–	–
		8 258	10 058	10 561	12 262	12 262	12 262	12 836	12 974	13 097
		63	513	539	353	353	353	331	328	319
		–	450	9 175	–	–	–	–	–	–
		–	–	9 175	–	–	–	–	–	–
		63	963	18 888	353	353	353	331	328	319
		8 321	11 621	29 449	12 615	12 615	12 615	13 167	13 302	13 416
		Energy:								
		3 318	3 768	3 957	3 838	3 838	3 838	3 990	4 005	4 290
		4 993	5 443	5 715	8 115	8 115	8 115	8 206	8 290	8 350
		8 311	9 211	9 671	11 953	11 953	11 953	12 196	12 295	12 640
		11	461	484	469	469	469	435	419	400
		–	450	473	193	193	193	189	175	162
		–	–	–	–	–	–	–	–	–
		11	911	956	662	662	662	624	594	562
		8 321	10 121	10 627	12 615	12 615	12 615	12 820	12 889	13 202
		Refuse:								
		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210

Municipal in-house services		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
8	10	Household service targets (000)								
		Water:								
		8 288	8 738	9 175	11 114	11 114	11 114	11 480	11 594	11 640
		–	450	473	695	695	695	736	743	763
		21	471	495	465	465	465	452	444	430
		–	450	473	341	341	341	333	320	310
		8 309	10 109	10 614	12 615	12 615	12 615	13 001	13 101	13 143
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		8 309	10 109	10 614	12 615	12 615	12 615	13 001	13 101	13 143
		Sanitation/sewerage:								
		6 838	7 288	7 652	8 847	8 847	8 847	9 377	9 507	9 590
		1 177	1 627	1 709	2 252	2 252	2 252	2 365	2 425	2 480
		243	693	727	705	705	705	663	636	625
		–	450	473	458	458	458	431	406	402
		–	–	–	–	–	–	–	–	–
		8 258	10 058	10 561	12 262	12 262	12 262	12 836	12 974	13 097
		63	513	539	353	353	353	331	328	319
		–	450	9 175	–	–	–	–	–	–
		–	–	9 175	–	–	–	–	–	–
		63	963	18 888	353	353	353	331	328	319
		8 321	11 621	29 449	12 615	12 615	12 615	13 167	13 302	13 416
		Energy:								
		3 318	3 768	3 957	3 838	3 838	3 838	3 990	4 005	4 290
		4 993	5 443	5 715	8 115	8 115	8 115	8 206	8 290	8 350
		8 311	9 211	9 671	11 953	11 953	11 953	12 196	12 295	12 640
		11	461	484	469	469	469	435	419	400
		–	450	473	193	193	193	189	175	162
		–	–	–	–	–	–	–	–	–
		11	911	956	662	662	662	624	594	562
		8 321	10 121	10 627	12 615	12 615	12 615	12 820	12 889	13 202
		Refuse:								
		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210
		8 321	10 121	10 627	12 615	12 615	12 615	13 624	13 909	14 210

		Number of HH receiving this type of FBS																		
		Informal settlements (R'000)																		
		Number of HH receiving this type of FBS																		
		Informal settlements targeted for upgrading (R'000)																		
		Number of HH receiving this type of FBS																		
		Living in informal backyard rental agreement (R'000)																		
		Number of HH receiving this type of FBS																		
		Other (R'000)																		
		Number of HH receiving this type of FBS																		
		Total cost of FBS - Electricity for informal settlements																		
Water	Ref.	Location of households for each type of FBS																		
		Formal settlements - (6 kilolitre per indigent household per month R'000)																		
List type of FBS service		Number of HH receiving this type of FBS																		
		Informal settlements (R'000)																		
		Number of HH receiving this type of FBS																		
		Informal settlements targeted for upgrading (R'000)																		
		Number of HH receiving this type of FBS																		
		Living in informal backyard rental agreement (R'000)																		
		Number of HH receiving this type of FBS																		
		Other (R'000)																		
		Number of HH receiving this type of FBS																		
		Total cost of FBS - Water for informal settlements																		
Sanitation	Ref.	Location of households for each type of FBS																		
		Formal settlements - (free sanitation service to indigent households)																		
List type of FBS service		Number of HH receiving this type of FBS																		
		Informal settlements (R'000)																		
		Number of HH receiving this type of FBS																		
		Informal settlements targeted for upgrading (R'000)																		
		Number of HH receiving this type of FBS																		
		Living in informal backyard rental agreement (R'000)																		
		Number of HH receiving this type of FBS																		
		Other (R'000)																		
		Number of HH receiving this type of FBS																		
		Total cost of FBS - Sanitation for informal settlements																		
Refuse Removal	Ref.	Location of households for each type of FBS																		
		Formal settlements - (removed once a week to indigent households)																		
List type of FBS service		Number of HH receiving this type of FBS																		
		Informal settlements (R'000)																		
		Number of HH receiving this type of FBS																		
		Informal settlements targeted for upgrading (R'000)																		
		Number of HH receiving this type of FBS																		
		Living in informal backyard rental agreement (R'000)																		
		Number of HH receiving this type of FBS																		
		Other (R'000)																		
		Number of HH receiving this type of FBS																		
		Total cost of FBS - Refuse Removal for informal settlements																		

Notes:

1. Monthly household income threshold. Should include all sources of income.
2. Show the poverty analysis the municipality uses to determine its indigents policy and the provision of services
3. Include total of all housing units within the municipality
4. Number of subsidised dwellings to be constructed by the municipality under agency agreement with province
5. Provide estimate based on building approval information. Include any non-subsidised dwellings constructed by the municipality
6. Insert actual or estimated % increases assumed as a basis for budget calculations
7. Insert actual or estimated % collection rate assumed as a basis for budget calculations for each revenue group
8. Stand distance <= 200m from dwelling
9. Stand distance > 200m from dwelling

NC073 Emthanjeni 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	-	-	-	-	-	-	-	1 172	175	(1 572)
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	-	-	-	-	13 305	12 448	11 163
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	-	-	0.1	0.0	(0.1)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	-	-	-	-	-	-	26 199	25 765	(318)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(3.7%)	(0.9%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	93.6%	93.1%	92.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	6.3%	6.7%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	188.7%	200.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	1.3%	1.2%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.1%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.9%	31.8%	33.7%

References

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

NC073 Emthanjeni - Supporting Table SA11 Property rates summary

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
Valuation:	1									
Date of valuation:										
Financial year valuation used								2017		
Municipal by-laws s6 in place? (Y/N)	2							Yes		
Municipal/assistant valuer appointed? (Y/N)								Yes		
Municipal partnership s38 used? (Y/N)										
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)										
Implementation time of new valuation roll (mths)										
No. of properties	5							10 533		
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
Total valuation reductions:		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
Rating:										
Residential rate used to determine rate for other categories? (Y/N)										
Differential rates used? (Y/N)	5									
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)										
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R'000)	6									
Rate revenue expected to collect (R'000)	6									
Expected cash collection rate (%)										
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)										
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
Total rebates, exemptns, reductns, discs (R'000)		-	-	-	-	-	-	-	-	-

References

- All numbers to be expressed as whole numbers except FTEs and Rates in the Rand
- To give effect to rates policy
- Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff
- Required to implement new system (FTE)
- Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12
- Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)
- Included in rate revenue budget
- In favour of the rate-payer

NC073 Emthanjeni - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.	
Current Year 2016/17																		
Valuation:																		
No. of properties																		
No. of sectional title property values																		
No. of unreasonably difficult properties s7(2)																		
No. of supplementary valuations																		
Supplementary valuation (Rm)																		
No. of valuation roll amendments																		
No. of objections by rate-payers																		
No. of appeals by rate-payers																		
No. of appeals by rate-payers finalised																		
No. of successful objections	5																	
No. of successful objections > 10%	5																	
Estimated no. of properties not valued																		
Years since last valuation (select)																		
Frequency of valuation (select)																		
Method of valuation used (select)																		
Base of valuation (select)																		
Phasing-in properties s21 (number)																		
Combination of rating types used? (Y/N)																		
Flat rate used? (Y/N)																		
Is balance rated by uniform rate/variable rate?																		
Valuation reductions:																		
Valuation reductions-public infrastructure (Rm)																		
Valuation reductions-nature reserves/park (Rm)																		
Valuation reductions-mineral rights (Rm)																		
Valuation reductions-R15,000 threshold (Rm)																		
Valuation reductions-public worship (Rm)																		
Valuation reductions-other (Rm)	2																	
Total valuation reductions:																		
Total value used for rating (Rm)	6																	
Total land value (Rm)	6																	
Total value of improvements (Rm)	6																	
Total market value (Rm)	6																	
Rating:																		
Average rate	3																	
Rate revenue budget (R '000)																		
Rate revenue expected to collect (R'000)																		
Expected cash collection rate (%)	4																	
Special rating areas (R'000)																		
Rebates, exemptions - indigent (R'000)																		
Rebates, exemptions - pensioners (R'000)																		
Rebates, exemptions - bona fide farm. (R'000)																		
Rebates, exemptions - other (R'000)																		
Phase-in reductions/discounts (R'000)																		
Total rebates, exemptns, reductns, discs (R'000)																		

References

1. Land & Assistance Act, Restitution of Land Rights, Communal Property Associations
2. Include value of additional reductions is 'free' value greater than MPRA minimum.
3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum
4. Include arrears collections
5. In favour of the rate-payer
6. Provide relevant information for historical comparisons.

NC073 Emthanjeni - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.	
Budget Year 2017/18																		
Valuation:																		
No. of properties																		
No. of sectional title property values																		
No. of unreasonably difficult properties s7(2)																		
No. of supplementary valuations																		
Supplementary valuation (Rm)																		
No. of valuation roll amendments																		
No. of objections by rate-payers																		
No. of appeals by rate-payers																		
No. of appeals by rate-payers finalised																		
No. of successful objections	5																	
No. of successful objections > 10%	5																	
Estimated no. of properties not valued																		
Years since last valuation (select)																		
Frequency of valuation (select)																		
Method of valuation used (select)																		
Base of valuation (select)																		
Phasing-in properties s21 (number)																		
Combination of rating types used? (Y/N)																		
Flat rate used? (Y/N)																		
Is balance rated by uniform rate/variable rate?																		
Valuation reductions:																		
Valuation reductions-public infrastructure (Rm)																		
Valuation reductions-nature reserves/park (Rm)																		
Valuation reductions-mineral rights (Rm)																		
Valuation reductions-R15,000 threshold (Rm)																		
Valuation reductions-public worship (Rm)																		
Valuation reductions-other (Rm)	2																	
Total valuation reductions:																		
Total value used for rating (Rm)	6																	
Total land value (Rm)	6																	
Total value of improvements (Rm)	6																	
Total market value (Rm)	6																	
Rating:																		
Average rate	3																	
Rate revenue budget (R '000)																		
Rate revenue expected to collect (R'000)																		
Expected cash collection rate (%)	4																	
Special rating areas (R'000)																		
Rebates, exemptions - indigent (R'000)																		
Rebates, exemptions - pensioners (R'000)																		
Rebates, exemptions - bona fide farm. (R'000)																		
Rebates, exemptions - other (R'000)																		
Phase-in reductions/discounts (R'000)																		
Total rebates, exemptns, reductns, discs (R'000)																		

References

1. Land & Assistance Act, Restitution of Land Rights, Communal Property Associations
2. Include value of additional reductions is 'free' value greater than MPRA minimum.
3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum
4. Include arrears collections
5. In favour of the rate-payer
6. Provide relevant information for historical comparisons.

NC073 Emthanjeni - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Property rates (rate in the Rand)	1								
Residential properties						0.0095	0.1007	0.0100	
Residential properties - vacant land						0.0173	0.0345	0.0300	
Formal/informal settlements									
Small holdings									
Farm properties - used						-	-	-	
Farm properties - not used									
Industrial properties						0.0200	0.0212	0.0200	
Business and commercial properties						0.0160	0.0170	0.0200	
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties						0.0180	0.0190	0.0200	
Municipal properties									
Public service infrastructure						-	-	-	
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates (Rands)									
Residential properties									
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000	
General residential rebate									
Indigent rebate or exemption						15 000	15 000	15 000	
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Basic charge/ fixed fee (Rands/month)						65	65	70	
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/kl)									
Water usage - life line tariff	1 - 6 kilo liters					5	5	5	
Water usage - Block 1 (c/kl)	7 - 15 kilo liters					9	9	10	
Water usage - Block 2 (c/kl)	16 - 30 kiloliters					10	10	11	
Water usage - Block 3 (c/kl)	31 - 45 kiloliters					11	12	13	
Water usage - Block 4 (c/kl)	46 - 65 kiloliters					12	13	13	
Water usage - Block 4 (c/kl)	66 kiloliters and more					13	14	15	
Other	2								
Waste water tariffs									
Domestic									
Basic charge/ fixed fee (Rands/month)						183	194	209	
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/kl)									
Volumetric charge - Block 1 (c/kl)	(fill in structure)								
Volumetric charge - Block 2 (c/kl)	(fill in structure)								
Volumetric charge - Block 3 (c/kl)	(fill in structure)								

Volumetric charge - Block 4 (c/kl)								
Other	2	(fill in structure)						
Electricity tariffs								
Domestic								
Basic charge/ fixed fee (Rands/month)					166	185	199	
Service point - vacant land (Rands/month)								
FBE		(how is this targeted?)						
Life-line tariff - meter		(describe structure)						
Life-line tariff - prepaid		(describe structure)						
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid(c/kwh)								
Meter - IBT Block 1 (c/kwh)		1kwh - 50 kwh			1	1	1	
Meter - IBT Block 2 (c/kwh)		51kwh - 350kwh			1	1	2	
Meter - IBT Block 3 (c/kwh)		351 kwh - 600kwh			2	2	2	
Meter - IBT Block 4 (c/kwh)		601 kwh and more			2	2	2	
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)						
Prepaid - IBT Block 1 (c/kwh)		1kwh - 50 kwh			1	1	1	
Prepaid - IBT Block 2 (c/kwh)		51kwh - 350kwh			1	1	2	
Prepaid - IBT Block 3 (c/kwh)		351 kwh - 600kwh			2	2	2	
Prepaid - IBT Block 4 (c/kwh)		601 kwh and more			2	2	3	
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)						
Other	2							
Waste management tariffs								
Domestic								
Street cleaning charge								
Basic charge/ fixed fee					114	121	130	
80l bin - once a week								
250l bin - once a week								

References

1. If properties are not rated or zero rated this must be indicated as such
2. Please provide detailed descriptions on Sheet SA13b

NC073 Emthanjeni - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2013/14	2014/15	2015/16	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
							Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Exemptions, reductions and rebates (Rands)									
<i>R15 000 threshold rebate</i>							15 000	15 000	15 000
<i>Indigent rebate or exemption</i>							15 000	15 000	15 000
Water tariffs									
<i>Basic charge/fixed fee (Rands/month)</i>							65	65	70
<i>Water usage - flat rate tariff (c/kl)</i>		1 - 6 kilo liters					5	5	5
<i>Water usage - life line tariff</i>		7 - 15 kilo liters					9	9	10
<i>Water usage - Block 1 (c/kl)</i>		16 - 30 kiloliters					10	10	11
<i>Water usage - Block 2 (c/kl)</i>		31 - 45 kiloliters					11	12	13
<i>Water usage - Block 3 (c/kl)</i>		46 - 65 kiloliters					12	13	13
<i>Water usage - Block 4 (c/kl)</i>		66 kiloliters and more					13	14	15
Waste water tariffs									
<i>Basic charge/fixed fee (Rands/month)</i>							183	194	209
Electricity tariffs									
<i>Basic charge/fixed fee (Rands/month)</i>							166	185	199
<i>Meter - IBT Block 1 (c/kwh)</i>		1kwh - 50 kwh					1	1	1
<i>Meter - IBT Block 2 (c/kwh)</i>		51kwh - 350kwh					1	1	2
<i>Meter - IBT Block 3 (c/kwh)</i>		351 kwh - 600kwh					2	2	2
<i>Meter - IBT Block 4 (c/kwh)</i>		601 kwh and more					2	2	2
<i>Meter - IBT Block 5 (c/kwh)</i>		(fill in thresholds)							
<i>Prepaid - IBT Block 1 (c/kwh)</i>		1kwh - 50 kwh					1	1	1
<i>Prepaid - IBT Block 2 (c/kwh)</i>		51kwh - 350kwh					1	1	2
<i>Prepaid - IBT Block 3 (c/kwh)</i>		351 kwh - 600kwh					2	2	2
<i>Prepaid - IBT Block 4 (c/kwh)</i>		601 kwh and more					2	2	3

NC073 Emthanjeni - Supporting Table SA14 Household bills

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 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates									542.29	574.83	609.32
Electricity: Basic levy									145.94	184.67	199.44
Electricity: Consumption									1 381.26	1 464.14	1 551.98
Water: Basic levy									64.73	64.73	69.90
Water: Consumption									224.72	238.20	252.50
Sanitation									182.71	193.66	209.17
Refuse removal									113.93	120.76	130.43
Other											
sub-total		-	-	-	-	-	-	-	2 655.58	2 840.99	3 022.73
VAT on Services									371.78	397.74	423.18
Total large household bill:		-	-	-	-	-	-	-	3 027.36	3 238.72	3 445.92
% increase/-decrease									-	7.0%	6.4%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates									383.96	407.00	431.42
Electricity: Basic levy									145.94	184.67	199.44
Electricity: Consumption									920.95	976.21	1 034.78
Water: Basic levy									64.73	64.73	69.90
Water: Consumption									175.78	186.33	197.51
Sanitation									182.71	193.66	209.17
Refuse removal									113.93	120.76	130.43
Other											
sub-total		-	-	-	-	-	-	-	1 988.00	2 133.35	2 272.64
VAT on Services									278.32	298.67	318.17
Total small household bill:		-	-	-	-	-	-	-	2 266.32	2 432.02	2 590.81
% increase/-decrease									-	7.3%	6.5%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates								#DIV/0!	225.63	239.17	253.52
Electricity: Basic levy								#DIV/0!	145.94	184.67	199.44
Electricity: Consumption								#DIV/0!	62.39	66.13	70.10
Water: Basic levy								#DIV/0!	64.73	64.73	69.90
Water: Consumption								#DIV/0!	160.26	169.88	180.07
Sanitation								#DIV/0!	182.71	193.66	209.17
Refuse removal								#DIV/0!	113.93	120.76	130.43
Other											
sub-total		-	-	-	-	-	-	-	955.59	1 039.00	1 112.63
VAT on Services								#NAME?	133.78	145.46	155.77
Total small household bill:		-	-	-	-	-	-	-	1 089.37	1 184.45	1 268.39
% increase/-decrease									-	8.7%	7.1%

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)

NC073 Emthanjeni - Supporting Table SA15 Investment particulars by type

Investment type	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										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank								9 600	9 121	8 667
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	9 600	9 121	8 667
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:		-	-	-	-	-	-	9 600	9 121	8 667

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

NC073 Emthanjeni - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment
		1 Yrs/Months							
Parent municipality									
Municipality sub-total									
Entities									
Entities sub-total									
TOTAL INVESTMENTS AND INTEREST	1								

References

1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)
2. List investments in expiry date order

NC073 Emthanjeni - Supporting Table SA17 Borrowing

Borrowing - Categorized by type	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										
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)								-	-	-
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-
Unspent Borrowing - Categorized by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)

NC073 Emthanjeni - 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									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	39 880	42 458	45 410
Local Government Equitable Share								37 094	40 758	43 710
Finance Management								1 700	1 700	1 700
EPWP Incentive								1 086		
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	881	1 651	1 736
Health subsidy										
Housing								881	1 651	1 736
Sport and Recreation										
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	40 761	44 109	47 146
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	32 292	44 744	18 978
Municipal Infrastructure Grant (MIG)								12 292	12 744	13 221
Regional Bulk Infrastructure								14 000	30 000	4 757
Integrated National Electrification Programme								6 000	2 000	1 000
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	32 292	44 744	18 978
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	73 053	88 853	66 124

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)
3. Replacement of RSC levies
4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
5. Total transfers and grants must reconcile to Budgeted Cash Flows
6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

NC073 Emthanjeni - 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:		-	-	-	-	-	-	39 880	42 458	45 410
Local Government Equitable Share								37 094	40 758	43 710
Finance Management								1 700	1 700	1 700
EPWP Incentive								1 086	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	881	1 651	1 736
Health subsidy										
Housing										
Sport and Recreation								881	1 651	1 736
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		-	-	-	-	-	-	40 761	44 109	47 146
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	32 292	44 744	18 978
Municipal Infrastructure Grant (MIG)								12 292	12 744	13 221
Regional Bulk Infrastructure								14 000	30 000	4 757
Integrated National Electrification Programme								6 000	2 000	1 000
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	32 292	44 744	18 978
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	73 053	88 853	66 124

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

NC073 Emthanjeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

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
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts								39 880	42 458	45 410
Conditions met - transferred to revenue		-	-	-	-	-	-	39 880	42 458	45 410
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								881	1 651	1 736
Conditions met - transferred to revenue		-	-	-	-	-	-	881	1 651	1 736
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	40 761	44 109	47 146
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts								32 292	21 631	21 438
Conditions met - transferred to revenue		-	-	-	-	-	-	32 292	21 631	21 438
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	32 292	21 631	21 438
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	73 053	65 739	68 585
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance
2. CTBM = conditions to be met
3. National Treasury database will require this reconciliation for each transfer/grant

NC073 Emthanjeni - Supporting Table SA21 Transfers and grants made by the municipality

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 Transfers to other municipalities <i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms <i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State <i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations <i>Insert description</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals <i>Insert description</i>											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other municipalities <i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms <i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State <i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations <i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals <i>Insert description</i>	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-

References

1. Insert description listed by municipal name and demarcation code of recipient
2. Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service)
3. Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided)
4. Insert description of each other organisation (e.g. charity)
5. Insert description of each other organisation (e.g. the aged, child-headed households)
6. All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

NC073 Emthanjani - 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)	1									
Basic Salaries and Wages								3 623	3 985	4 384
Pension and UIF Contributions								-	-	-
Medical Aid Contributions								-	-	-
Motor Vehicle Allowance								1 208	1 328	1 461
Cellphone Allowance								414	456	501
Housing Allowances								-	-	-
Other benefits and allowances								52	57	63
Sub Total - Councillors								5 297	5 827	6 410
% increase	4								10.0%	10.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages								4 052	4 457	4 902
Pension and UIF Contributions								673	741	815
Medical Aid Contributions								115	127	139
Overtime								-	-	-
Performance Bonus								-	-	-
Motor Vehicle Allowance	3							770	847	931
Cellphone Allowance	3							382	420	462
Housing Allowances	3							-	-	-
Other benefits and allowances	3							62	68	75
Payments in lieu of leave								-	-	-
Long service awards								-	-	-
Post-retirement benefit obligations	6							-	-	-
Sub Total - Senior Managers of Municipality								6 053	6 658	7 324
% increase	4								10.0%	10.0%
Other Municipal Staff										
Basic Salaries and Wages								54 607	58 122	63 934
Pension and UIF Contributions								9 228	10 151	11 166
Medical Aid Contributions								1 865	2 052	2 257
Overtime								1 334	1 467	1 614
Performance Bonus								-	-	-
Motor Vehicle Allowance	3							1 150	1 265	1 392
Cellphone Allowance	3							317	322	326
Housing Allowances	3							1 178	1 328	1 494
Other benefits and allowances	3							1 141	1 255	1 381
Payments in lieu of leave								-	-	-
Long service awards								-	-	-
Post-retirement benefit obligations	6							57	57	58
Sub Total - Other Municipal Staff								70 877	76 020	83 622
% increase	4								7.3%	10.0%
Total Parent Municipality								82 228	88 505	97 355
Board Members of Entities									7.6%	10.0%
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										
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									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities										
% increase	4									
Other Staff 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									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities										
% increase	4									
Total Municipal Entities										
TOTAL SALARY, ALLOWANCES & BENEFITS								82 228	88 505	97 355
% increase	4								7.6%	10.0%
TOTAL MANAGERS AND STAFF	5,7							76 930	82 678	90 946

References:

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved
2. s57 of the Systems Act
3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance
4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D
5. Must agree to the sub-total appearing on Table A1 (Employee costs)
6. Includes pension payments and employer contributions to medical aid
7. Correct as at 30 June

Column Definitions:

- A, B and C. Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited
- D. The original budget approved by council for the budget year.
- E. The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.
- G. The amount to be appropriated for the budget year.
- H and I. The indicative projection

NC073 Emthanjeni - 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)		14	2	12	14	2	12	14	2	12
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	5		5	5		5	5		5
Other Managers	7	7	6	1	7	6	1	7	6	1
Professionals		6	6	-	6	6	-	6	6	-
Finance		4	4	-	4	4	-	4	4	-
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		1	1	-	1	1	-	1	1	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		1	1	-	1	1	-	1	1	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Technicians		33	31	2	33	31	2	33	31	2
Finance		5	3	2	5	3	2	5	3	2
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Roads		3	3	-	3	3	-	3	3	-
Electricity		6	6	-	6	6	-	6	6	-
Water		2	2	-	2	2	-	2	2	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		17	17	-	17	17	-	17	17	-
Clerks (Clerical and administrative)		138	136	2	138	136	2	138	136	2
Service and sales workers		-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		45	45	-	45	45	-	45	45	-
Plant and Machine Operators		40	40	-	40	40	-	40	40	-
Elementary Occupations		170	160	10	170	160	10	170	169	10
TOTAL PERSONNEL NUMBERS	9	458	426	32	458	426	32	458	435	32
% increase									2.1%	
Total municipal employees headcount	6, 10	359	340	19	359	340	19	352	332	20
Finance personnel headcount	8, 10	44	37	7	44	37	7	45	39	6
Human Resources personnel headcount	8, 10	3	3	-	3	3	-	3	3	-

References

1. Positions must be funded and aligned to the municipality's current organisational structure
2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
3. s57 of the Systems Act
4. Include only in Consolidated Statements
5. Include municipal entity employees in Consolidated Statements
6. Include headcount (number fo persons, Not FTE) of managers and staff only (exclude councillors)
7. Managers who provide the direction of a critical technical function
8. Total number of employees working on these functions

NC073 Emthanjeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

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 Source																
Property rates		2 218	2 218	2 218	2 218	2 218	2 218	2 218	2 218	2 218	2 218	2 218	3 361	27 763	27 818	29 265
Service charges - electricity revenue		4 872	4 872	4 872	4 872	4 872	4 872	4 872	4 872	4 872	4 872	4 872	5 372	58 966	61 272	64 459
Service charges - water revenue		2 479	2 479	2 479	2 479	2 479	2 479	2 479	2 479	2 479	2 479	2 479	3 079	30 346	31 084	32 576
Service charges - sanitation revenue		1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	1 538	2 018	18 938	19 289	20 292
Service charges - refuse revenue		892	892	892	892	892	892	892	892	892	892	892	1 492	11 301	11 215	11 798
Service charges - other		10	10	10	10	10	10	10	10	10	10	10	10	125	132	139
Rental of facilities and equipment		61	61	61	61	61	61	61	61	61	61	61	118	789	779	817
Interest earned - external investments		61	61	61	61	61	61	61	61	61	61	61	261	931	764	804
Interest earned - outstanding debtors		90	90	90	90	90	90	90	90	90	90	90	267	1 259	1 132	1 190
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		310	310	310	310	310	310	310	310	310	310	310	310	3 720	3 888	4 083
Licences and permits		164	164	164	164	164	164	164	164	164	164	164	164	1 970	2 060	2 162
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	2 761	40 761	44 109	47 146
Other revenue		2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 299	2 830	28 120	28 941	30 429
Gains on disposal of PPE		22	22	22	22	22	22	22	22	22	22	22	22	268	278	320
Total Revenue (excluding capital transfers and contributions)		18 472	18 472	18 472	18 472	18 472	18 472	18 472	18 472	18 472	18 472	18 472	22 065	225 257	232 760	245 479
Expenditure By Type																
Employee related costs		6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	8 032	76 930	80 423	86 053
Remuneration of councillors		441	441	441	441	441	441	441	441	441	441	441	419	5 275	5 668	6 065
Debt impairment		807	807	807	807	807	807	807	807	807	807	807	(1 293)	7 578	9 463	10 670
Depreciation & asset impairment		755	755	755	755	755	755	755	755	755	755	755	755	9 056	9 463	9 936
Finance charges		480	480	480	480	480	480	480	480	480	480	480	(3 220)	2 055	6 042	9 805
Bulk purchases		5 070	5 070	5 070	5 070	5 070	5 070	5 070	5 070	5 070	5 070	5 070	4 670	60 434	63 876	67 198
Other materials		1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	2 157	19 397	19 551	20 416
Contracted services		777	777	777	777	777	777	777	777	777	777	777	1 277	9 819	9 785	5 477
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	(1 365)	40 805	47 469	49 155
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	11 431	231 349	251 740	264 775
Surplus/(Deficit)																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	10 634	(6 093)	(18 979)	(19 296)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	32 292	44 744	18 978
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	42 926	26 199	25 765	(318)
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	(1 521)	42 926	26 199	25 765	(318)

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NC073 Emthanjeni - Supporting Table SA26 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 - EXECUTIVE AND COUNCIL		353	353	353	353	353	353	353	353	353	353	353	360	4 245	4 458	4 770
Vote 2 - FINANCE AND ADMINISTRATION		3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	5 123	46 269	48 351	51 268
Vote 3 - PLANNING AND DEVELOPMENT		1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	13 378	12 744	13 221
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		186	186	186	186	186	186	186	186	186	186	186	(358)	1 683	2 334	2 453
Vote 6 - PUBLIC SAFETY		414	414	414	414	414	414	414	414	414	414	414	414	4 969	5 192	5 452
Vote 7 - SPORT AND RECREATION		11	11	11	11	11	11	11	11	11	11	11	42	162	137	144
Vote 8 - ROAD TRANSPORT		39	39	39	39	39	39	39	39	39	39	39	39	472	494	518
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		4	4	4	4	4	4	4	4	4	4	4	4	44	47	50
Vote 11 - WASTE MANAGEMENT		1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 948	16 246	16 452	17 399
Vote 12 - WASTE WATER MANAGEMENT		2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 710	26 925	27 796	29 389
Vote 13 - ELECTRICITY		7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	8 727	94 497	93 840	97 571
Vote 14 - WATER		4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 632	48 659	65 660	42 221
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	24 756	257 549	277 504	264 457
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 447	14 865	15 520	19 640
Vote 2 - FINANCE AND ADMINISTRATION		3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 050	36 049	38 123	35 495
Vote 3 - PLANNING AND DEVELOPMENT		1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 557	12 896	11 861	12 892
Vote 4 - HEALTH		13	13	13	13	13	13	13	13	13	13	13	13	153	160	168
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	719	12 954	13 816	14 676
Vote 6 - PUBLIC SAFETY		829	829	829	829	829	829	829	829	829	829	829	529	9 647	10 554	11 209
Vote 7 - SPORT AND RECREATION		461	461	461	461	461	461	461	461	461	461	461	150	5 220	5 889	6 273
Vote 8 - ROAD TRANSPORT		1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	977	16 664	18 102	19 181
Vote 9 - OTHER		57	57	57	57	57	57	57	57	57	57	57	58	690	732	778
Vote 10 - HOUSING SERVICES		200	200	200	200	200	200	200	200	200	200	200	200	2 396	2 557	2 731
Vote 11 - WASTE MANAGEMENT		1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	(3 084)	12 880	18 427	19 522
Vote 12 - WASTE WATER MANAGEMENT		1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 947	15 605	15 701	16 584
Vote 13 - ELECTRICITY		6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	4 534	76 082	82 062	86 432
Vote 14 - WATER		1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	(666)	15 250	18 236	19 194
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	11 431	231 349	251 740	264 775
Surplus/(Deficit) before assoc.		1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	13 325	26 199	25 765	(318)
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	13 325	26 199	25 765	(318)

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NC073 Emthanjeni - Supporting Table SA27 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
Revenue - Functional																
Governance and administration		4 094	4 094	4 094	4 094	4 094	4 094	4 094	4 094	4 094	4 094	4 094	5 483	50 514	52 808	56 039
Executive and council		353	353	353	353	353	353	353	353	353	353	353	360	4 245	4 458	4 770
Finance and administration		3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	3 741	5 123	46 269	48 351	51 268
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		614	614	614	614	614	614	614	614	614	614	614	101	6 857	7 710	8 099
Community and social services		186	186	186	186	186	186	186	186	186	186	186	(358)	1 683	2 334	2 453
Sport and recreation		11	11	11	11	11	11	11	11	11	11	11	42	162	137	144
Public safety		414	414	414	414	414	414	414	414	414	414	414	414	4 969	5 192	5 452
Housing		4	4	4	4	4	4	4	4	4	4	4	4	44	47	50
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	13 850	13 238	13 739
Planning and development		1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	1 115	13 378	12 744	13 221
Road transport		39	39	39	39	39	39	39	39	39	39	39	39	472	494	518
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		15 301	15 301	15 301	15 301	15 301	15 301	15 301	15 301	15 301	15 301	15 301	18 017	186 327	203 748	186 580
Energy sources		7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	7 797	8 727	94 497	93 840	97 571
Water management		4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 003	4 632	48 659	65 660	42 221
Waste water management		2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 201	2 710	26 925	27 796	29 389
Waste management		1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 948	16 246	16 452	17 399
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	21 163	24 756	257 549	277 504	264 457
Expenditure - Functional																
Governance and administration		4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 220	4 497	50 913	53 643	55 135
Executive and council		1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 447	14 865	15 520	19 640
Finance and administration		3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 050	36 049	38 123	35 495
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		2 614	2 614	2 614	2 614	2 614	2 614	2 614	2 614	2 614	2 614	2 614	1 611	30 369	32 976	35 057
Community and social services		1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	1 112	719	12 954	13 816	14 676
Sport and recreation		461	461	461	461	461	461	461	461	461	461	461	150	5 220	5 889	6 273
Public safety		829	829	829	829	829	829	829	829	829	829	829	529	9 647	10 554	11 209
Housing		200	200	200	200	200	200	200	200	200	200	200	200	2 396	2 557	2 731
Health		13	13	13	13	13	13	13	13	13	13	13	13	153	160	168
Economic and environmental services		2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 534	29 560	29 963	32 074
Planning and development		1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 031	1 557	12 896	11 861	12 892
Road transport		1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	1 426	977	16 664	18 102	19 181
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		10 644	10 644	10 644	10 644	10 644	10 644	10 644	10 644	10 644	10 644	10 644	2 732	119 817	134 426	141 732
Energy sources		6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	6 504	4 534	76 082	82 062	86 432
Water management		1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	1 447	(666)	15 250	18 236	19 194
Waste water management		1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 947	15 605	15 701	16 584
Waste management		1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	1 451	(3 084)	12 880	18 427	19 522
Other		57	57	57	57	57	57	57	57	57	57	57	58	690	732	778
Total Expenditure - Functional		19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	19 993	11 431	231 349	251 740	264 775
Surplus/(Deficit) before assoc.		1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	13 325	26 199	25 765	(318)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	13 325	26 199	25 765	(318)

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NC073 Emthanjeni - Supporting Table SA28 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
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - WATER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		119	119	119	119	119	119	119	119	119	119	119	619	1 925	1 489	1 561
Vote 2 - FINANCE AND ADMINISTRATION		122	122	122	122	122	122	122	122	122	122	122	(78)	1 260	1 526	1 599
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		10	10	10	10	10	10	10	10	10	10	10	10	120	125	131
Vote 6 - PUBLIC SAFETY		5	5	5	5	5	5	5	5	5	5	5	5	57	60	62
Vote 7 - SPORT AND RECREATION		5	5	5	5	5	5	5	5	5	5	5	5	65	68	71
Vote 8 - ROAD TRANSPORT		1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	15 153	15 734	16 354
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT		2	2	2	2	2	2	2	2	2	2	2	2	22	23	24
Vote 12 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		542	542	542	542	542	542	542	542	542	542	542	442	6 400	2 523	1 548
Vote 14 - WATER		1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	14 080	84	88
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 440	39 082	21 631	21 438
Total Capital Expenditure	2	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 440	39 082	21 631	21 438

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates
2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

NC073 Emthanjeni - Supporting Table SA29 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		240	240	240	240	240	240	240	240	240	240	240	540	3 185	3 015	3 160
Executive and council		119	119	119	119	119	119	119	119	119	119	119	619	1 925	1 489	1 561
Finance and administration		122	122	122	122	122	122	122	122	122	122	122	(78)	1 260	1 526	1 599
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		20	20	20	20	20	20	20	20	20	20	20	20	242	253	265
Community and social services		10	10	10	10	10	10	10	10	10	10	10	10	120	125	131
Sport and recreation		5	5	5	5	5	5	5	5	5	5	5	5	65	68	71
Public safety		5	5	5	5	5	5	5	5	5	5	5	5	57	60	62
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	15 153	15 734	16 354
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	15 153	15 734	16 354
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 717	1 617	20 502	2 629	1 659
Energy sources		542	542	542	542	542	542	542	542	542	542	542	442	6 400	2 523	1 548
Water management		1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	1 173	14 080	84	88
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		2	2	2	2	2	2	2	2	2	2	2	2	22	23	24
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 440	39 082	21 631	21 438
Funded by:																
National Government		2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 292	14 744	14 221
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 292	14 744	14 221
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		549	549	549	549	549	549	549	549	549	549	549	749	6 790	6 887	7 217
Total Capital Funding		3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 440	39 082	21 631	21 438

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

check

NC073 Emthanjeni - Supporting Table SA30 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
R thousand															
Cash Receipts By Source													1		
Property rates	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	3 126	24 942	24 003	24 875
Service charges - electricity revenue	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	4 629	5 029	55 943	58 209	61 236
Service charges - water revenue	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 855	28 758	29 530	30 947
Service charges - sanitation revenue	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 461	1 761	17 835	18 325	19 277
Service charges - refuse revenue	847	847	847	847	847	847	847	847	847	847	847	1 347	10 666	10 654	11 208
Service charges - other	10	10	10	10	10	10	10	10	10	10	10	10	119	125	132
Rental of facilities and equipment	58	58	58	58	58	58	58	58	58	58	58	58	695	740	776
Interest earned - external investments	58	58	58	58	58	58	58	58	58	58	58	58	694	726	763
Interest earned - outstanding debtors	86	86	86	86	86	86	86	86	86	86	86	86	1 028	1 076	1 131
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	295	295	295	295	295	295	295	295	295	295	295	295	3 534	3 694	3 879
Licences and permits	156	156	156	156	156	156	156	156	156	156	156	156	1 872	1 957	2 054
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	2 761	40 761	44 109	47 146
Other revenue	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	2 184	3 184	27 209	27 494	28 907
Cash Receipts by Source	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	17 576	20 725	214 058	220 639	232 332
Other Cash Flows by Source															
Transfer receipts - capital	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	2 691	32 292	44 744	18 978
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	22	22	22	22	22	22	22	22	22	22	22	22	268	278	320
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	8	8	8	8	8	8	8	8	8	8	8	8	95	92	89
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	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	20 297	23 446	246 712	265 753	251 719
Cash Payments by Type															
Employee related costs	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	6 263	8 032	76 930	80 423	86 053
Remuneration of councillors	441	441	441	441	441	441	441	441	441	441	441	419	5 275	5 668	6 065
Finance charges	480	480	480	480	480	480	480	480	480	480	480	(3 220)	2 055	6 042	9 805
Bulk purchases - Electricity	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	4 833	57 992	60 891	64 057
Bulk purchases - Water & Sewer	237	237	237	237	237	237	237	237	237	237	237	(163)	2 443	2 985	3 140
Other materials	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	1 567	2 157	19 397	19 551	20 416
Contracted services	777	777	777	777	777	777	777	777	777	777	777	1 277	9 819	9 785	5 477
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	2 474	6 474	33 686	40 580	15 586
Cash Payments by Type	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	17 072	19 808	207 596	225 924	210 599
Other Cash Flows/Payments by Type															
Capital assets	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 240	3 440	39 082	40 826	42 867
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	20 312	23 248	246 678	266 750	253 466
NET INCREASE/(DECREASE) IN CASH HELD	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	198	34	(997)	(1 747)

Cash/cash equivalents at the month/year begin:	1 139	1 124	1 109	1 094	1 079	1 064	1 049	1 034	1 019	1 005	990	975	1 139	1 172	175
Cash/cash equivalents at the month/year end:	1 124	1 109	1 094	1 079	1 064	1 049	1 034	1 019	1 005	990	975	1 172	1 172	175	(1 572)

References

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTREF it is now directly linked to A7.

NC073 Emthanjeni - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand

References

1. Total agreement period from commencement until end
2. Annual value

NC073 Emthanjeni - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
		Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand	1,3													
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
Revenue Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

References

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column
2. List all contracts with future financial obligations beyond the three years covered by the MTREF (MFMA s33)
3. For municipalities with approved total revenue not exceeding R250 m - all contracts with an annual cost greater than R500 000. For municipalities with approved total revenue greater than R250 m - all contracts with an annual cost greater than R1million. For municipalities with approved total revenue greater than R500 m - all contracts with an annual cost greater than R5 million

Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
<i>Water Rights</i>										
<i>Effluent Licenses</i>										
<i>Solid Waste Licenses</i>										
<i>Computer Software and Applications</i>										
<i>Load Settlement Software Applications</i>										
<i>Unspecified</i>										
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment										
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	-	-	-	-	-	-	32 292	14 744	14 221

References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capital expenditure.

check balance	-	-	-	-	-	-	-	47 937 599	-7 988 347	9 743 812
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NC073 Emthanjeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

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
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	3 402	3 555	3 726
Roads Infrastructure		-	-	-	-	-	-	2 800	2 926	3 066
Roads								2 800	2 926	3 066
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	500	523	548
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares								500	523	548
Water Supply Infrastructure		-	-	-	-	-	-	80	84	88
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution								80	84	88
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	22	23	24
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares								22	23	24
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		-	-	-	-	-	-	145	152	159
Community Facilities		-	-	-	-	-	-	120	125	131

Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	-	-	6 590	6 887	7 217
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.7%	22.1%	23.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

References

1. Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capital

check balance		-	-	-	-	-	-	47 937 599	-7 988 347	9 743 812
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Expenditure in Budgeted Capital Expenditure

Solid Waste Licenses								1 708	1 775	1 855
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment								699	728	760
Computer Equipment								699	728	760
Furniture and Office Equipment								999	1 038	1 084
Furniture and Office Equipment								999	1 038	1 084
Machinery and Equipment								1 079	1 121	1 171
Machinery and Equipment								1 079	1 121	1 171
Transport Assets								6 637	6 286	6 564
Transport Assets								6 637	6 286	6 564
Libraries								-	-	-
Libraries								-	-	-
Zoo's, Marine and Non-biological Animals								-	-	-
Zoo's, Marine and Non-biological Animals								-	-	-
Total Repairs and Maintenance Expenditure	1							19 397	19 551	20 416
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	2.1%
R&M as % Operating Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.5%	8.1%

References

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1

check balance								19 397	153	865
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Biological or Cultivated Assets										
Intangible Assets										
Servitudes	-	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-	-
<i>Water Rights</i>										
<i>Effluent Licenses</i>										
<i>Solid Waste Licenses</i>										
<i>Computer Software and Applications</i>										
<i>Load Settlement Software Applications</i>										
<i>Unspecified</i>										
Computer Equipment	-	-	-	-	-	-	-	-	-	-
Computer Equipment										
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment										
Transport Assets	-	-	-	-	-	-	-	-	-	-
Transport Assets										
Libraries	-	-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	-	-	-	-	-	-	-	-	-

References

1. Depreciation based on write down values. Not including Depreciation resulting from revaluation.

Check	-	-	-	-	-	-	-	-	(9 056)	(9 463)
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NC073 Emthanjeni - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

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
R thousand	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	4 726	4 939	5 186
Roads Infrastructure		-	-	-	-	-	-	1 882	1 967	2 065
Roads								1 882	1 967	2 065
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	630	658	691
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors								630	658	691
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	1 171	1 224	1 285
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution								1 171	1 224	1 285
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	-	-	-	-	754	788	827
Pump Station										
Reticulation								754	788	827
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	290	303	318
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares								290	303	318
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		-	-	-	-	-	-	1 637	1 708	1 793
Community Facilities		-	-	-	-	-	-	1 637	1 708	1 793

Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	1	-	-	-	-	-	-	9 056	9 463	9 936
Upgrading of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.9%	30.4%	31.7%
Upgrading of Existing Assets as % of deprechn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

References

1. Total Capital Expenditure on upgrading of existing assets (SA34e) plus Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital exp

check balance	-	-	-	-	-	-	-	47 937 599	-7 988 347	9 743 812
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anditure in Budgeted Capital Expenditure

NC073 Emthanjeni - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
R thousand								
Capital expenditure	1							
Vote 1 - EXECUTIVE AND COUNCIL		1 925	1 489	1 561				
Vote 2 - FINANCE AND ADMINISTRATION		1 260	1 526	1 599				
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-				
Vote 4 - HEALTH		-	-	-				
Vote 5 - COMMUNITY AND SOCIAL SERVICES		120	125	131				
Vote 6 - PUBLIC SAFETY		57	60	62				
Vote 7 - SPORT AND RECREATION		65	68	71				
Vote 8 - ROAD TRANSPORT		15 153	15 734	16 354				
Vote 9 - OTHER		-	-	-				
Vote 10 - HOUSING SERVICES		-	-	-				
Vote 11 - WASTE MANAGEMENT		22	23	24				
Vote 12 - WASTE WATER MANAGEMENT		-	-	-				
Vote 13 - ELECTRICITY		6 400	2 523	1 548				
Vote 14 - WATER		14 080	84	88				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		39 082	21 631	21 438	-	-	-	-
Future operational costs by vote	2							
Vote 1 - EXECUTIVE AND COUNCIL								
Vote 2 - FINANCE AND ADMINISTRATION								
Vote 3 - PLANNING AND DEVELOPMENT								
Vote 4 - HEALTH								
Vote 5 - COMMUNITY AND SOCIAL SERVICES								
Vote 6 - PUBLIC SAFETY								
Vote 7 - SPORT AND RECREATION								
Vote 8 - ROAD TRANSPORT								
Vote 9 - OTHER								
Vote 10 - HOUSING SERVICES								
Vote 11 - WASTE MANAGEMENT								
Vote 12 - WASTE WATER MANAGEMENT								
Vote 13 - ELECTRICITY								
Vote 14 - WATER								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
#REF!								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		39 082	21 631	21 438	-	-	-	-

References

1. Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))
2. Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))
3. Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)

NC073 Emthanjeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Ref 4	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Parent Capital expenditure	1											-	-	-		
Entities:																
<i>List all capital projects grouped by Entity</i>																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure																
Total Capital expenditure																
										-	-	-	-	-		
										-	-	-	-	-		

References
 1. Must reconcile with Budgeted Capital Expenditure
 2. As per Table SA6
 3. As per Table SA34
 4. Projects that fall above the threshold values applicable to the municipality as identified in regulation 13 of the Municipal Budget and Reporting Regulations must be listed individually. Other projects by programme by Vote
 5. Correct to seconds. Provide a logical starting point on networked infrastructure.
 6. Distinguish projects approved in terms of MFMA section 19(1)(b) and MRRR Regulation 13

Check -

NC073 Emthanjeni - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
								Year				
R thousand												
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Entities: <i>List all capital projects grouped by Municipal Entity</i>												
Entity Name <i>Project name</i>												

References

1. List all projects with planned completion dates in current year that have been re-budgeted in the MTREF
2. Refer MFMA s30
3. As per Table SA34
4. Correct to seconds. Provide a logical starting point on networked infrastructure.

NC073 Emthanjani - Supporting Table SA38 Consolidated detailed operational projects

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

References

1. Must reconcile with Budgeted Operating Expenditure
2. As per Table SA5
4. Projects that fall above the threshold values applicable to the municipality as identified in regulation 13 of the Municipal Budget and Reporting Regulations must be listed individually. Other projects by programme by Vote
5. Correct to seconds. Provide a logical starting point on networked infrastructure.
6. Distinguish projects approved in terms of MFMA section 19(1)(b) and MRRR Regulation 13

Check

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