

# EMTHANJENI MUNICIPALITY



## MTREF DRAFT BUDGET

**2015/2016 FINANCIAL YEAR**

**EMTHANJENI MUNICIPALITY**  
**(NC073)**

**SCHEDULE A**

**DRAFT BUDGET AND**  
**SUPPORTING DOCUMENTATION**  
**OF A MUNICIPALITY**

**2015-16 MTREF**

**DRAFT BUDGET OF**  
**EMTHANJENI**  
**MUNICIPALITY**

**2015/16 TO 2017/18**  
**MEDIUM TERM REVENUE AND EXPENDITURE**  
**FORECASTS**

**Copies of this document can be viewed:**

**In the foyers of all municipal buildings**  
**All public libraries within the municipality**  
**At [www.emthanjeni.co.za](http://www.emthanjeni.co.za)**





# Table of Contents

<b>PART 1 – ANNUAL BUDGET</b>	<b>2</b>
1.1 MAYOR’S BUDGET’S SPEECH.....	2
1.2 COUNCIL RESOLUTIONS .....	3
1.3 EXECUTIVE BUDGET SUMMARY .....	18
1.4 OPERATING REVENUE FRAMEWORK .....	36
1.5 OPERATING EXPENDITURE FRAMEWORK .....	46
1.6 CAPITAL EXPENDITURE .....	50
1.7 ANNUAL BUDGET TABLES .....	51
<b>PART 2 – SUPPORTING DOCUMENTATION.....</b>	<b>66</b>
1.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	66
1.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	69
1.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	77
1.4 OVERVIEW OF BUDGET RELATED-POLICIES.....	83
1.5 OVERVIEW OF BUDGET ASSUMPTIONS .....	85
1.6 OVERVIEW OF BUDGET FUNDING .....	88
1.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	101
1.8 COUNCILLOR AND EMPLOYEE BENEFITS.....	103
1.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW .....	106
1.10 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS.....	112
1.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS .....	112
1.12 CAPITAL EXPENDITURE DETAILS .....	112
1.13 LEGISLATION COMPLIANCE STATUS.....	116
1.14 OTHER SUPPORTING DOCUMENTS.....	117
1.15 MUNICIPAL MANAGER’S QUALITY CERTIFICATE .....	ERROR! BOOKMARK NOT DEFINED.

## List of Tables

Table 1 Consolidated Overview of the 2014/15 MTREF .....	Error! Bookmark not defined.
Table 2 Summary of revenue classified by main revenue source.....	Error! Bookmark not defined.
Table 3 Operating Transfers and Grant Receipts .....	38
Table 4 Comparison of proposed rates to levied for the 2014/15 financial year .....	40
Table 5 Proposed Water Tariffs .....	41
Table 6 Comparison between current water charges and increases (Domestic) .....	41
Table 7 Comparison between current electricity charges and increases (Domestic).....	42
Table 8 Comparison between current sanitation charges and increases .....	43
Table 9 Comparison between current waste removal fees and increases .....	44
Table 10 MBRR Table SA14 – Household bills.....	45
Table 11 Summary of operating expenditure by standard classification Item .....	46
Table 12 Operational repairs and maintenance .....	48
Table 13 Repairs and maintenance per asset class.....	49
Table 14 2014/15 Medium-term capital budget per vote .....	50
Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	53

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote) .....	54
Table 17 Surplus/(Deficit) calculations for the trading services .....	55
Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) .....	<b>Error!</b>
<b>Bookmark not defined.</b>	
Table 19 MBRR Table A6 - Budgeted Financial Position .....	60
Table 20 MBRR Table A7 - Budgeted Cash Flow Statement .....	61
Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation .....	62
Table 22 MBRR Table A9 - Asset Management.....	63
Table 23 MBRR Table A10 - Basic Service Delivery Measurement .....	65
Table 24 IDP Strategic Objectives .....	70
Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue .....	73
Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure .....	74
Table 27 MBRR Table SA8 - Performance indicators and benchmarks...	<b>Error! Bookmark not defined.</b>
Table 28 Credit rating outlook .....	85
Table 29 Breakdown of the operating revenue over the medium-term	<b>Error! Bookmark not defined.</b>
Table 30 Proposed tariff increases over the medium-term.....	89
Table 31 MBRR SA15 – Detail Investment Information .....	90
Table 32 MBRR SA16 – Investment particulars by maturity .....	91
Table 33 Sources of capital revenue over the MTREF .....	<b>Error! Bookmark not defined.</b>
Table 34 MBRR Table SA 17 - Detail of borrowings .....	93
Table 35 MBRR Table SA 18 - Capital transfers and grant receipts .....	94
Table 36 MBRR Table A7 - Budget cash flow statement.....	95
Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation .....	<b>Error!</b>
<b>Bookmark not defined.</b>	
Table 39 MBRR SA19 - Expenditure on transfers and grant programmes.....	101
Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds .....	102
Table 41 MBRR SA22 - Summary of councillor and staff benefits .....	103
Table 42 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers) .....	104
Table 43 MBRR SA24 – Summary of personnel numbers .....	105
Table 44 MBRR SA25 - Budgeted monthly revenue and expenditure .....	106
Table 45 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	107
Table 46 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	108
Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote) .....	109
Table 48 MBRR SA29 - Budgeted monthly capital expenditure (standard classification) .....	110
Table 49 MBRR SA30 - Budgeted monthly cash flow.....	111
Table 50 MBRR SA 34a - Capital expenditure on new assets by asset class .....	113
Table 51 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....	114
Table 52 MBRR SA34c - Repairs and maintenance expenditure by asset class .....	<b>Error! Bookmark not defined.</b>
Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance .....	117

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	118
Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position .....	<b>Error! Bookmark not defined.</b>
Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions .....	120

## List of Figures

Figure 1 Main operational expenditure categories for the 2014/15 financial year .....	48
Figure 2 Planning, budgeting and reporting cycle .....	77
Figure 3 Definition of performance information concepts .....	78
Figure 4 Breakdown of operating revenue over the 2014/15 MTREF .....	<b>Error! Bookmark not defined.</b>

## Annexures

Annexure 1 .....	Budget Policies
Annexure 2.....	Tariff List
Annexure 3.....	SDBIP
Annexure 4.....	A - Schedules
Annexure 5.....	IDP

## Abbreviations and Acronyms

AMR Automated Meter Reading	NKPIs National Key Performance Indicators
ASGISA Accelerated and Shared Growth Initiative	OHS Occupational Health and Safety
BPC Budget Planning Committee	OP Operational Plan
CBD Central Business District	PBO Public Benefit Organisations
CFO Chief Financial Officer	PHC Provincial Health Care
MM Municipality Manager	PMS Performance Management System
CPI Consumer Price Index	PPE Property Plant and Equipment
CRRF Capital Replacement Reserve Fund	PPP Public Private Partnership
DBSA Development Bank of South Africa	PTIS Public Transport Infrastructure System
DoRA Division of Revenue Act	RG Restructuring Grant
DWA Department of Water Affairs	RSC Regional Services Council
EE Employment Equity	SALGA South African Local Government Association
EEDSM Energy Efficiency Demand Side Management	SAPS South African Police Service
M Mayor	SDBIP Service Delivery Budget Implementation Plan
FBS Free basic services	SMME Small Micro and Medium Enterprises
GAMAP Generally Accepted Municipal Accounting Practice	
GDP Gross domestic product	
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	
MTEF Medium-term Expenditure Framework	
MTREF Medium-term Revenue and Expenditure Framework	
NERSA National Electricity Regulator South Africa	
NGO Non-Governmental organisations	



## **Part 1 – Annual Budget**

# **1.1 Mayor's Budget Speech**

**Blank in Draft**

# 1.1.1 Council Budget Resolutions

8

## SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING 2015/03/31

### 6. NUWE MOSIES / NEW MOTIONS

#### **6.1 KONSEPBEGROTING EN HERSIENE GEINTEGREERDE ONTWIKKELINGSPLAN: FINANSIËLE JAAR 2015/2016 MTUR / DRAFT BUDGET AND REVISED INTEGRATED DEVELOPMENT PLAN: FINANCIAL YEAR 2015/2016 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.

Die Konsepbegrotingsdokumente vir 2015/16 word hiermee aan die Raad voorgelê.

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

Die Hersiene GOP vir 2015/16 word hiermee aan die Raad voorgelê.

*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.*

*The Draft Budget documents for 2015/16 are hereby submitted to Council.*

*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.*

*The Revised IDP for 2015/16 is hereby submitted to Council.*

##### **2. Regsimplikasies / Legal Implications**

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

Die Konsepbegroting en Hersiene GOP vir 2015/16 moet vir 21 dae geadverteer word vir openbare kommentaar in die plaaslike koerant, op die munisipale webtuiste, by biblioteke en die munisipale kantore.

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

**SPEIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING**  
**2015/03/31**

*The Draft Budget and Revised IDP for 2015/16 must be advertised for 21 days for public comment in the local newspaper, on the municipal website, at libraries and the municipal offices.*

**3. Finansiële Implikasies / Financial Implications**

Alle uitgawes aangegaan vanaf 1 Julie 2015 sal in ooreenstemming wees met die goedgekeurde begroting soos bepaal in die WMFB.

*All expenditure incurred from 1 July 2015 will be in accordance with the approved budget as set out in the MFMA.*

**4. Voorgestelde Aanbeveling / Proposed Recommendation**

Dat die Raad kennis neem van:

1. Kommentaar van die Burgemeester oor -

1.1 Die Konsepbegroting vir Totale Inkomste vir 2015/2016 wat R264 637 373 bedra.

1.2 Die Konsepbegroting vir Totale Kapitaal- en Bedryfsuitgawes vir 2015/2016 wat R288 194 146 bedra, asook aanduidende totale bedrae vir die tydperk van die Mediumtermynuitgaweraamwerk:

1.2.1 Konsepbegroting vir Bedryfsuitgawes wat R220 349 955 bedra.

1.2.2 Konsepbegroting vir Kapitale Uitgawes wat R67 844 191 bedra.

1.2.3 Aanwendingsbegrotingsposte volgens die regering se finansiële statistiek-funksies.

1.3 Verhoging van tariewe soos per tariefskedule

(i) Eiendomsbelasting

(ii) Elektrisiteit

(iii) Water



10  
**SPEZIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING**  
**2015/03/31**

- (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, Finansiële Dienste, Gemeenskapsdienste en Infrastruktuurdienste soos uiteengesit in elk van die Sleutelprestasiemetingsaanwysers wat gekoppel is aan die Sleutelprestasie-areas.
- 1.5 'n Opsomming van die Hersiene Geïntegreerde Ontwikkelingsplan vir 2015/2016 wat gekoppel is aan die begroting soos uiteengesit in die Kapitaalbegroting en Bedryfsbegroting.

2. Ander begrotingsverwante dokumente

- (a) Konsepbegrotingsbeleid
- (b) die Hersiene Konsepeidomsbelastingsbeleid
- (c) die Hersiene Konsepkredietbeheer- en Skuldinvorderingsbeleid
- (d) die Konsepklientediensbeleid
- (e) die Hersiene Konsepbehoefthigheidsbeleid, tesame met die begroting vir gesubsideerde gratis dienste soos water, elektrisiteit, vullisverwydering en riolering
- (f) die Hersiene Konseptariefbeleid vir water, elektrisiteit en ander munisipale dienste
- (g) die Konsepbeleggingsbeleid en Beleggingskedule
- (h) Hersiene Konsepbeleid: Voorsieningskanaalbestuur
- (i) Hersiene Konsepbeleid: Reis- en Verblyf
- (j) Konsepbatebestuursbeleid
- (k) ander sake soos voorgeskryf word in Artikel 17 (1)(a-e)
  - Tabel van toekennings en subsidies ingevolge die Wet op Verdeling van Inkomste
  - Voorgestelde vergoedingsuitgawes per tabel vir-
- (a) (i) Raadslede
  - (ii) Burgemeester
  - (iii) Speaker
  - (iv) Lede van die Uitvoerende Komitee
  - (v) Ander gewone Raadslede
- (b) (i) Munisipale Bestuurder
  - (ii) Hoof- Finansiële Beampte
  - (iii) Direkteur: Korporatiewe Dienste
  - (iv) Direkteur: Gemeenskapsdienste
  - (v) Direkteur: Infrastruktuurdienste

11  
**SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING**  
**2015/03/31**

(vi) Ander Artikel 56-bestuurders

*That the Council take note of:*

*1. The Mayor's comments on -*

- 1.1 The Draft Total Revenue Budget for 2015/2016 amounting to R264 637 373.*
  - 1.2 The Draft Total Capital and Operating Budget for 2015/2016 amounting to R288 194 146 and also indicative total amounts for Medium Term Expenditure Framework:*
    - 1.2.1 Draft Operating Budget amounting to R220 349 955*
    - 1.2.2 Draft Capital Budget amounting to R67 844 191*
    - 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 Service Delivery and Budget Implementation Plan (SDBIP) for each directorate i.e Municipal Manager, Corporate, Financial Services, Community Services and Infrastructure Services as set out in each of the key performance measurement indicators which are aligned to the Key Performance Areas.*
  - 1.5 A Summary of the Revised Integrated Development Plan for 2015/2016, which is linked to the budget as outlined in the Capital Budget and Operating Budget.*
- 2. Other budget-related documents:*
- (a) Draft Budget Policy*
  - (b) the Revised Draft Property Rates Policy*
  - (c) the Revised Draft Credit Control and Debt Collection Policy*
  - (d) the Draft Customer Care Policy*
  - (e) the Revised Draft Indigent Policy, together with the budget for subsidized free basic services such as water, electricity, refuse and sewerage*
  - (f) the Revised Draft Tariff Policy for water, electricity and other municipal services*
  - (g) the Draft Investment Policy and Schedule of Investments*
  - (h) Revised Draft SCM Policy*
  - (i) Revised Draft Subsistence and Travel Policy*

12  
**SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING**  
**2015/03/31**

*(j) Draft Asset Management Policy*

*(k) other matters as prescribed in Section 17(1)(a-e)*

- *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 Beamppte / 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**

Die Raad moet kennis neem van die Konsepbegroting, Begrotingsbeleide soos hierbo genoem en die Hersiene Geïntegreerde Ontwikkelingsplan vir 2015/2016.

*Council must take note of the Draft Budget, Budget Policies set out above and the Revised Integrated Development Plan for 2015/2016.*



13  
**SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING**  
**2015/03/31**

**6. Aanhangsels / Attachments**

1. Konsepbegroting vir Inkomste en Uitgawe vir 2015/2016 volgens funksionele klassifikasie (Opsommingsverslag) word aangeheg as **SRV 1 tot SRV 10.**
  2. Skedule van Beraamde Tariewe word aangeheg as **SRV 11 tot SRV 25.**
  3. Hersiene Geïntegreerde Ontwikkelingsplan vir 2015/2016 (Opsomming) word aangeheg as **SRV 26 tot SRV 81.**
  4. Konsepbegrotingsbeleid word aangeheg as **SRV 82 tot SRV 89.**
  5. Hersiene Konsepeïendomsbelastingsbeleid word aangeheg as **SRV 90 tot SRV 123.**
  6. Hersiene Konsepkredietbeheer- en Skuldinvorderingsbeleid word aangeheg as **SRV 124 tot SRV 133.**
  7. Konsepklientediensbeleid word aangeheg as **SRV 134 tot SRV 151.**
  8. Hersiene Konsepbehoeftebeleid en begroting vir gratis basiese dienste word aangeheg as **SRV 152 tot SRV 162.**
  9. Hersiene Konseptariefbeleid word aangeheg as **SRV 163 tot SRV 177.**
  10. Konsepbeleggingsbeleid en beleggingskedule word aangeheg as **SRV 178 tot SRV 197.**
  11. Hersiene Konsepbeleid: Voorsieningskanaalbestuur word aangeheg as **SRV 198 tot SRV 265.**
  12. Hersiene Konsepbeleid: Reis- en Verblyf word aangeheg as **SRV 266 tot SRV 274.**
  13. Konsep Batebestuursbeleid word aangeheg as **SRV 275 tot SRV 323.**
  14. MFBW Omsendskrywe no. 75 word aangeheg as **SRV 324 tot SRV 346.**
  15. NERSA Guideline on municipal electricity price increase for 2015/16 word aangeheg as **SRV 347 tot SRV 354.**
  16. *Executive Summary Draft Budget is attached as **SRV 355 to SRV 367.***
- 
1. *The Operating Draft Income and Expenditure for 2015/2016 by Classification (Summary Report) is attached as **SRV 1 to SRV 10.***
  2. *Schedule of Estimated Tariffs is attached as **SRV 11 to SRV 25.***
  3. *Revised Integrated Development Plan for 2015/2016 (Summary) is attached as **SRV 26 to SRV 81.***
  4. *Draft Budget Policy is attached as **SRV 82 to SRV 89.***
  5. *Revised Draft Property Rates Policy is attached as **SRV 90 to SRV 123.***
  6. *Revised Draft Credit Control and Debt Collection Policy is attached as **SRV 124 to SRV 133.***
  7. *Draft Customer Care Policy is attached as **SRV 134 to SRV 151.***
  8. *Revised Draft Indigent Policy and budget for free basic services is attached as **SRV 152 to SRV 162.***
  9. *Revised Draft Tariff Policy is attached as **SRV 163 to SRV 177.***
  10. *Draft Investment Policy and schedule of investments is attached as **SRV 178 to SRV 197.***
  11. *Revised Supply Chain Management Policy is attached as **SRV 198 to SRV 265.***
  12. *Revised Draft Subsistence and Travel Policy is attached as **SRV 266 to***

14  
**SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING**  
2015/03/31

**SRV 274.**

- 13. Draft Asset Management Policy is attached as **SRV 275 to SRV 323.**
- 14. MFMA Circular No. 75 are attached as **SRV 324 to SRV 346.**
- 15. NERSA Guideline on municipal electricity price increase for 2015/16 is attached as **SRV 347 to SRV 354.**
- 16. Executive Summary Draft Budget is attached as **SRV 355 to SRV 367.**

**7. Besluit van die Raad / Resolution of Council**

**A. Dat die Raad kennis neem van:**

**1. Kommentaar van die Burgemeester oor -**

**1.1 Die Konsepbegroting vir Totale Inkomste vir 2015/2016 wat R264 637 373 bedra.**

**1.2 Die Konsepbegroting vir Totale Kapitaal- en Bedryfsuitgawes vir 2015/2016 wat R288 194 146 bedra, asook aanduidende totale bedrae vir die tydperk van die Mediumtermynuitgaweraamwerk:**

**1.2.1 Konsepbegroting vir Bedryfsuitgawes wat R220 349 955 bedra.**

**1.2.2 Konsepbegroting vir Kapitale Uitgawes wat R67 844 191 bedra.**

**1.2.3 Aanwendingsbegrotingsposte volgens die regering se Finansiële statistiekfunksies.**

**1.3 Verhoging van tariewe soos per tariefskema**

**(i) Eiendomsbelasting**

**(ii) Elektrisiteit**

**(iii) Water**

**(iv) Vullisverwydering**

**(v) Riolerings / Sanitasie**

**(vi) Sekondêre Tariewe**

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

**1.5 'n Opsomming van die Hersiene Geïntegreerde Ontwikkelingsplan vir 2015/2016 wat gekoppel is aan die begroting soos uiteengesit in die Kapitaalbegroting en Bedryfsbegroting.**

**2. Ander begrotingsverwante dokumente**

- (l) Konsepbegrotingsbeleid
- (m) die Hersiene Konsepeïendomsbelastingsbeleid
- (n) die Hersiene Konsepkredietbeheer- en Skuldinvorderingsbeleid
- (o) die Konsepklientediensbeleid
- (p) die Hersiene Konsepbehoefthigheidsbeleid, tesame met die begroting vir gesubsideerde gratis dienste soos water, elektrisiteit, vullisverwydering en riolering
- (q) die Hersiene Konseptariefbeleid vir water, elektrisiteit en ander munisipale dienste
- (r) die Konsepbeleggingsbeleid en Beleggingskedule
- (s) Hersiene Konsepbeleid: Voorsieningskanaalbestuur
- (t) Hersiene Konsepbeleid: Reis- en Verblyf
- (u) Konsepbatebestuursbeleid
  
- (v) ander sake soos voorgeskryf word in Artikel 17 (1)(a-e)
  - 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 Beampte
  - (iii) Direkteur: Korporatiewe Dienste
  - (iv) Direkteur: Gemeenskapsdienste
  - (v) Direkteur: Infrastruktuurdienste
  - (vi) Ander Artikel 56-bestuurders
  
- B. Dat die kilometertarief van SARS wat vanaf 1 April 2015 geld in die Reis- en Verblyfbeleid aangebring word.
  
- C. Dat die beleide binne die volgende twee maande in 'n werkwinkel behandel moet word.
  
- D. Dat 'n gesamentlike voorstel oor die onbekostigbaarheid van gelde gehef deur die Ouditeur-generaal voorberei word vir bespreking met die Ouditeur-generaal.



16  
SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING  
2015/03/31

**E. Dat kwyt skelding van eiendomsbelasting op die Skougronde oorweeg word op grond van die bydrae van die Skougronde tot toerisme in Emthanjeni.**

**A. That the Council takes note of:**

**1. The Mayor's comments on -**

**1.1 The Draft Total Revenue Budget for 2015/2016 amounting to R264 637 373.**

**1.2 The Draft Total Capital and Operating Budget for 2015/2016 amounting to R288 194 146 and also indicative total amounts for Medium Term Expenditure Framework:**

**1.2.1 Draft Operating Budget amounting to R220 349 955**

**1.2.2 Draft Capital Budget amounting to R67 844 191**

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

**1.3 A Summary of the Revised Integrated Development Plan for 2015/2016, which is linked to the budget as outlined in the Capital Budget and Operating Budget.**

**2. Other budget-related documents:**

**(a) Draft Budget Policy**

**(b) the Revised Draft Property Rates Policy**

**(c) the Revised Draft Credit Control and Debt Collection Policy**

**(d) the Draft Customer Care Policy**

**(e) the Revised Draft Indigent Policy, together with the budget for subsidized free basic services such as water, electricity, refuse and sewerage**

**(f) the Revised Draft Tariff Policy for water, electricity and other municipal services**

**(g) the Draft Investment Policy and Schedule of Investments**

17  
SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING  
2015/03/31

- (h) Revised Draft SCM Policy*
- (i) Revised Draft Subsistence and Travel Policy*
- (j) Draft Asset Management Policy*

- (k) other matters as prescribed in Section 17(1)(a-e)*
  - *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*

- B. That the kilometer tariff of SARS applicable from 1 April 2015 be inserted in the Subsistence and Travel Policy.*
  - C. That the policies be workshopped within the next two months.*
  - D. That a joint proposal on the unaffordable fees charged by the Auditor General be prepared for discussion with the Auditor General.*
  - E. That exemption of the Showgrounds from property rates be considered in view of the contribution of the Show grounds to tourism in Emthanjeni.*
-



18  
**SPEZIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING**  
2015/03/31

**6.2 HERNUWING VAN OORTROKKE BANKFASILITEITE / RENEWAL OF BANK OVERDRAFT (5/19/1)**

**1. Agtergrond / Background**

Die oortrokke fasiliteit in die bank verval en moet hernu word. Aansoekvorms is van die bank ontvang en slegs 'n Raadsbesluit waarby die oortrekking gemagtig word, word afgewag ten einde die ooreenkoms met die bank te sluit. Die ooreenkoms is geldig vir 'n tydperk van 12 maande wat op 30 Junie 2015 hernu moet word.

ABSA Bank het ook verskeie wentelkredietfasiliteite aan Emthanjeni Munisipaliteit toegestaan, wat ook op 30 Junie 2015 hernu moet word.

*The bank overdraft facility will expire and must be renewed. Application forms have been received from the bank and only a Council resolution authorizing the overdraft is awaited in order to conclude the agreement with bank. The agreement is valid for a period of 12 months to be renewed on 30 June 2015.*

*ABSA Bank also provided various revolving credit facilities to Emthanjeni Municipality which must also be renewed on 30 June 2015.*

**2. Regsimplikasies / Legal Implications**

Aangesien die MFBW, Wet 56 van 2003, vereis dat plaaslike owerhede teen 30 Junie 2015, nie meer 'n oortrokke banksaldo mag hê nie, moet 'n fasiliteit met ABSA onderhandel word vir die finansiële jaar 1 Julie 2015 tot 30 Junie 2016.

Die betrokke banksaldo moet herstel word na 'n gunstige banksaldo op 30 Junie 2015, wat sal meebring dat ons nie meer 'n oortrokke banksaldo op 30 Junie 2015 sal hê nie.

Algemene Beleggings sal, indien nodig, op 30 Junie 2015 losgemaak moet word om 'n gunstige banksaldo te bewerkstellig.

*In view of the fact that the MFMA, Act 56 of 2003, requires that local authorities may not have an overdraft balance on 30 June 2015, a facility must be negotiated with ABSA for the financial year 1 July 2015 to 30 June 2016.*

*The overdraft balance must be restored to a positive bank balance on 30 June 2015 which will result in us not having a bank overdraft on 30 June 2015.*

*General Investments will, if necessary, have to be withdrawn on 30 June 2015 to create a positive bank balance.*

19  
**SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING**  
**2015/03/31**

**3. Finansiële Implikasies / Financial Implications**

Ingevolge Artikel 45(2) van die Wet op Munisipale Finansiële Bestuur, No 56 van 2003, kan 'n oortrokke bankfasiliteit (korttermyn skuld) slegs aangegaan word indien

- (a) 'n resolusie van die Munisipale Raad, onderteken deur die Burgemeester, die skuldooreenkoms goedkeur, en
- (b) die rekenpligtige beamppte die ooreenkoms of ander dokument wat die skuld skep of erken, onderteken het.

*Section 45(2) of the Municipal Finance Management Act, No 56 of 2003, provides for a bank overdraft (short-term debt) to be incurred 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 another document which creates or acknowledges the debt.*

**4. Voorgestelde Aanbeveling / Proposed Recommendation**

1. Dat die banksaldo op 30 Junie 2015 gunstig moet wees met geen oortrokke bankbalans nie.
  2. Dat die herstel van die banksaldo van oortrokke na gunstig uit die Algemene Beleggingsrekeninge gemaak word, indien nodig.
  3. Dat 'n oortrokke fasiliteit van R1 000 000.00 met ABSA onderhandel word vir die finansiële jaar 1 Julie 2015 tot 30 Junie 2016, indien van toepassing.
  4. Dat die Raad goedkeuring verleen vir die wentelkredietgerief om die voertuigvloot aan te vul.
  5. Dat die Raad goedkeuring verleen vir die verkryging van 'n lening van R1 500 000 by 'n kommersiële bankinstelling vir die aankoop van kantoor outomatiseringstoerusting kragtens artikel 46(2) van die WMFB.
- 
1. *That the bank balance on 30 June 2015 must be positive with no overdraft.*
  2. *That conversion of the overdraft into a positive bank balance be accomplished from the General Investments Accounts, if necessary.*
  3. *That an overdraft facility of R1 000 000.00 be negotiated with ABSA for the financial year 1 July 2015 to 30 June 2016, if applicable.*
  4. *That Council approve the revolving credit facility for augmenting the vehicle fleet.*
  5. *That Council approve obtaining of a loan of R1 500 000 from a commercial bank for the acquisition of office automation equipment in accordance with section 46(2) of the MFMA.*

20  
SPESIALE RAADSVERGADERING / SPECIAL COUNCIL MEETING  
2015/03/31

**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 voorgestelde aanbeveling oorweeg word.

*That the proposed recommendation be considered.*

**6. Aanhangsels / Attachments**

Geen / None

**7. Besluit van die Raad / Resolution of Council**

1. Dat die banksaldo op 30 Junie 2015 gunstig moet wees met geen oortrokke bankbalans nie.
2. Dat die herstel van die banksaldo van oortrokke na gunstig uit die Algemene Beleggingsrekening gemaak word, indien nodig.
3. Dat 'n oortrokke fasiliteit van R2 000 000.00 met ABSA onderhandel word vir die finansiële jaar 1 Julie 2015 tot 30 Junie 2016, indien van toepassing.
4. Dat die Raad goedkeuring verleen vir die wentelkredietgerief om die voertuigvloot aan te vul.
5. Dat die Raad goedkeuring verleen vir die verkryging van 'n lening van R1 500 000 by 'n kommersiële bankinstelling vir die aankoop van kantoor outomatiseringstoerusting kragtens artikel 46(2) van die WMFB.

1. *That the bank balance on 30 June 2015 must be positive with no overdraft.*
2. *That conversion of the overdraft into a positive bank balance be accomplished from the General Investments Accounts, if necessary.*
3. *That an overdraft facility of R2 000 000.00 be negotiated with ABSA for the financial year 1 July 2015 to 30 June 2016, if applicable.*
4. *That Council approves the revolving credit facility for augmenting of the vehicle fleet.*
5. *That Council approves obtaining of a loan of R1 500 000 from a commercial bank for the acquisition of office automation equipment in accordance with section 46(2) of the MFMA.*

## **1.1.2 Executive Summary Draft Budget** **2015/2016 MTEF**

Council adopted the budget schedule at the end of August 2014 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 silicate the views, input, needs, etc. of the various communities of Emthanjeni Municipality. These will be recorded and will be taken into consideration when the Budget is aligned to the IDP.

The budget was prepared in conjunction with the MFMA circulars and other regulations. The Budget was prepared on a conservative approach as stipulated in MFMA Circulars 66, 67, 70, 71 and 72 and 76.

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

An Revised IDP will be tabled to Council during March 2015 and thereafter it will published for comments before it will be adopted by Council during the final budget meeting of 31 May 2015.

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.

**The current linkage of the IDP to the budget amount to R78 757 890.**

The total R78 757 890 are broken down as follows:

<b>1.</b>	<b>Capital Grants</b>	<b>R55 957 750</b>
1.1	Municipal Infrastructure Grant	R11 290 750
1.2	Regional Bulk Infrastructure Grant (RBIG) Water	R10 000 000
1.3	Eradication of the Bucket System	R33 167 000
1.4	Integrated National Electricity Programme (INEP)	R 1 500 000
<b>2.</b>	<b>Borrowed Capital</b>	<b>R11 545 900</b>
2.1	Procurement of Smart Meters	R3 545 900
2.2	External Loans: Commercial Banks	R6 000 000
2.3	DBSA Loan	R2 000 000

<b>3.</b>	<b>Own Capital Funding</b>	<b>R11 254 240</b>
3.1	Resealing and construction of new streets	R 4 800 000
-R2 000 000 will be withdrawn from Fixed Investments		
-R2 800 000 will be financed form surplus internal funding		
3.2	Machinery and Equipment amounts to	R1 900 000
3.3	Other smaller Capital Projects estimated to	R4 554 240.

Vehicles Acquisition tender will be finalized and adjudicated before the start of the new financial year. The repayment of these vehicles will only start during the 2015/2016 financial year. The delivery of these vehicles and equipment will be at the end of the 2014/2015 financial year. The amount of R6 000 000 as budgeted will be rolled over from 2014/2015 financial year.

## **B. OPERATING BUDGET**

### **1. Budgeted Income**

#### **1.1. Total expected Net Rates Income will be R 27 266 333**

- Rates will be levied on the market value of properties as per our municipal valuation roll.
- The Amendments MPRA played a crucial role in calculating the net revenue
- New property categories such solar renewable energy has been created will be levied for the time on 01 July 2015
- Agriculture properties will be levied according the ratio of 1:0,25 as per MPRA. Further rebates will be granted to agricultural property has been reduced from 48% to 10%.
- Vacant property is a new category and will have its own tariff.

#### **1.2 Other Levied Services budgeted income are almost R107 312 521**

- 1.2.1 -Electricity amount to R57 630 988
- 1.2.2 -Water amounts R25 852 968
- 1.2.3 -Sewerage amounts to R 14 740 825
- 1.2.4 -Refuse removal amounts to R8 848 240
- 1.2.5 -Other service charges amounts to R239 500



- 1.3 Fines will be budgeted for at gross amounts of R7 581 014**
- 1.4 Licenses and permits will be R2 099 234**
- 1.5 Rental of facilities and equipment expected income will be R651 748**
- 1.6 Interest Income will be R1 588 111**
- 1.6.1 External Investments amounts to R715 200
- 1.6.2 Interest charged on Arrear accounts amounts to R872 911
- 1.7 Operating Grants and Subsidies amount to R40 601 000**
- 1.7.1 - Equitable Share R35 929 000
- 1.7.2 -Finance Management Grant R 1 600 000
- 1.7.3 -Municipal Systems Grant R 930 000
- 1.7.4 -Library Development Fund R 1 142 000
- 1.7.5 -EPWP R 1 000 000

**1.8 Other Budgeted Revenue**

Other budgeted revenue amounts to R20 842 812 of which Prepaid Electricity is comprised of R20,01 million.

**1.9 The Total Budgeted Revenue (Income) for the 2015/2016 Financial year are R264 637 373. The total budgeted income consists out of**

- |       |                                    |              |
|-------|------------------------------------|--------------|
| 1.9.1 | Capital Grants -                   | R 56 650 000 |
| 1.9.2 | Operating Grants and Subsidies -   | R 40 601 000 |
| 1.9.3 | Borrowed Capital                   | R11 545 900  |
| 1.9.4 | Transfer from Fixed Investments -  | R 2 000 000  |
| 1.9.5 | Own generation of budgeted income- | R153 840 473 |

**There is an increase in total budgeted income of between 16 and 19 % in relation to the previous year.**

The main reasons for the increase are:

- (i) The increase in Rates Income as a result of the implementation of the Amendment MPRA.**
- (ii) The different levying of various categories of properties higher than the residential properties.**
- (iii) The rebate of 10% for Agricultural properties reduced from 48 % in previous year.**
- (iv) The general increment of service tariffs and levies.**
- (v) The huge increase in capital grant funding, as well as the transfer of funds from Investment portfolio.**
- (vi) The increase of Capital Grants.**

(vii) The acquisition of smart prepaid electricity and water which will be financed from borrowed capital.

## **2. Expenditure**

### **2.1 Salary and wages**

-The total salaries and social contributions for the year amounts to **R66 454 597**

(R62 965 013 in 2014/2015)

-Annual increase of 4.40 % has been provided as per National Treasury Budget Circular 75/2015

-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 2015-2016 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 percentage to the **Operating Budget is 32%** and to the **total capital and operating budget is +/- 23%**

### **2.2 Councillor Remuneration**

-Councillor Remuneration amounts for **R4 559 098** (R4 308 243 in 2014/2015).

-Councillor remuneration has been provided on the current Public Officers Bearers Act, dated December 2013.

-the councillor remuneration percentage to the total capital and operating budget is +/- 1.6%

*The total salaries and wages, social contributions and councillor remuneration is 26% in relation to the total capital and operating budget.*

### **2.3 Provision for Bad Debts, working capital reserve to R11 429 410** (R10 826 537 in 2014/2015)

### **2.4 Net Impairment of assets & depreciation estimated at R9 248 185** (R8 680 760 in 2014/2015)

### **2.5 Repair and maintenance total estimation are R 16 591 902** (R12 410 6038 in 2014/2015) **which is being be split between Materials and Contracted Services. An amount of R3 120 000 is included for the Operating Vehicle Leases (Full Maintenance Leases)**

### **2.6 Contracted Services costs are budgeted for R9 629 392** (R8 830 182 in 2014/2015)

- 2.7 Capital Charges for interest on loans amounts to R2 555 663 (R1 700 309 in 2014/2015) mainly due to the new vehicles fleet augmentation that will be repaid from during the 2015/2016.**
- 2.8 Bulk Purchases for Water and Electricity amounts to R53 094 484 (R 47 529 004 in 2014/2015). This increase represents mainly the Eskom's tariff increment of 12.2% as approved by NERSA per annum. The issue of the remuneration of Farmers for the mining of water whether through access or damage should have been concluded during 2014/2015 financial year, but it is still pending.**
- 2.9 Operating Grants and subsidy expenditure amounts to R16 021 951 (R15 384 128 in 2014/2015), which are mostly spent on the Indigent Households for the subsidized free basic services provide to approved Indigent Households.**
- 2.10 Capital Grants payments amounts to R78 757 890. These amounts are mainly recognized on the income side and also on the expenditure side.**
- 2.11 During 2014/2015, the R6 000 000 that was for the borrowing of vehicles will actually realized during the 205/2016 budget year. R3 120 000 has been budgeted in the Repair and Maintenance for the vehicle rental payments of FML.**
- 2.12 Capital projects that are finance from own funds amounts to R 8 340 541 (R6 141 000 in 2014/2015). As mentioned above an amount of R2 000 000 will be transfers from the Investment portfolio to further finance the construction of streets**
- 2.2 The ward projects are finance from the repair and maintenance category of R2 100 000. Each ward has an allocation of R300 000.**
- 2.3 Other expenditure amounts to R28 419 955 (R27 708 488 in 2014/2015) include some of activities that will take place amongst others:**

-Employee Wellness	R1 352 000.
-Audit Fees	R3 482 352
-Telephone	R 988 569
-Departmental Accounts (Water, Electricity, Street lighting, etc.)	R4 149 758
-Fuel and Oil	R3 363 226
-General Valuation Costs	R 650 000
-Insurance	R1 617 090
-Subsistence and Travel	R1 631 304
-SALGA Membership	R 671 527
-Electrical Rural Pump Costs for Water provision	R1 363 713
-Postage	R 337 424
-Stationery and Printing	R 808 919
-Skills Development and Training	R 828 467



The major types have been decrease in relation to the previous year. A marginal increment was allocated at those expenditure types who increased.

***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.***

The Budgeted Expenditure for 2015/2016 are **R299 107 845** which comprise of Operating Budget of **R220 349 955** and the Capital budget of **R78 757 890**. This represents a total increase of +-16% in the relation to the previous year's Budget.

## **C. Tariff Increments**

**Tariffs expected increases for the 2015/2016 financial year are set out below. These are**

### **1. Rates and taxes**

- Residential and Agricultural properties will increased by 5%
- Other categories will increased see an exponential increments
- The General Valuation Roll will be continued up and till June 2016. Properties where values increase or decrease will not see huge tariff increases
- Agriculture properties will be levied according (residential properties) in the ratio 1:0,25 and must apply for the rebate of 10% before the end of August 2014.
- 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 R4 750 to qualify for a 50% rates rebate*
  - (ii) *an amount of R5 350 to qualify for a 45% rates rebate*
  - (iii) *amount of R6 000 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 12.2%
- Conventional and Prepaid electricity tariffs will be increase (see tariff schedule)
- 1-50 kWh increase by 12.2 %
- 51-350 kWh increase by 12.2%
- 351 and more kWh units increase by 12.2%

## **3. Water**

- Basic fee will increase by 5%.
- Water consumption will be increased by 5,2% 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 45kl.

## **4. Sewerage and sanitation**

- Tariffs increased by 6%

## **5. Refuse removal**

- Tariffs increased by 6%

## **6. All other secondary tariffs.**

- Tariffs increased by 9%

## **D. Indigent households**

A total of almost 3000 indigent households are expected to receive subsidized services every month. The subsidizes services include

### **1. Rates**

**R 0**

(the first R28 000 of municipal valuation s exempted from paying Rates and taxes)

### **2. 50 kWh of electricity**

**R46.17**

<b>3.</b>	<b>Water</b>	<b>R82.75</b>
	<input type="checkbox"/> <b>Basic fee</b>	<b>R65.42</b>
	<input type="checkbox"/> <b>Consumption: 6000 liters (6kl) of water</b>	<b>R0</b>
	<input type="checkbox"/> <b>Consumption: 8000 liters (8kl) of water</b>	<b>R17.33</b>

*(Policy makes provision that Indigent Households will receive 8kl of water. Their accounts will be credited with the 2kl of water(8 kl – 6 kl)*

<b>4.</b>	<b>Monthly sewerage</b>	<b>R161.24</b>
<b>5.</b>	<b>Monthly refuse removal</b>	<b>R100.55</b>

**Total monthly subsidized services to Indigent Households                      R390.71**

*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 2015/2016 financial year. The process needs to be completed by end of June 2015 in order to update our records and registers annually. Auditors are auditing the application process very intensively.***

## **E.                      KEY BUDGET ISSUES**

The MFMA and MFMA Circulars 13, 28, 51, 58, 59,66, 67, 70, 74 and 75

***states it clearly that Municipal Budgets must be realistic.***

### **1.                      INCOME**

**Income are being categorised under the following main sources:**

#### **1.1                      RATES AND TAXES**

Rates and taxes account for

- between 11% and 15% of the total operating revenue in relation to the 2014/2015 Budget.
- The Municipal Property Rates Amendments Act will be effective from 01 July 2015. The AMPRA played an crucial and also a very important role when determining the rates revenue, municipal rates tariffs and the categorisation of property categorisations.
- A conservative approach was taken in the increment of rates tariffs.

- Category of Properties will be levied separately and differently as per rates policy
- Agriculture properties will be levied as per MRPA ratio of 1:0,25. Agriculture property owners can apply for the 10% rebate before the end of September 2014.
- Pensionable rebates are also available to property owners.

## **1.2. ELECTRICITY**

- Electricity is the biggest source of revenue for Municipality.
- Surplusses from the sale of electricity are being absorbed by the non income generated services.
- With eskom's annual tariff increment , the impact on electricity Consumption have to be taken into consideration.
- Any new developments that started, will contribute to a increase in demand of electricity.
- An total average increment of between 12.2% for the various block tariffs have been applied by Nersa.

## **1.3 WATER**

- Historical data on consumption formed the trend when expected revenue was calculated.
- All consumers of water will be levied from the first kilolitre of water consumed.
- Provision needs to be made for new water connections i.e. households, new developments.
- Any new developments that started, will contribute to a increase in demand of water.
- Weather patterns influence the consumption water immensely.

## **1.4 SEWERAGES AND REFUSE**

- -Historical data will be adjusted accordingly to determine the revenue for the fixed cost services.
- -New Developments, building of new houses will increase the revenue source

## **1.5 FINES**

- Traffic fines are expected to increase over the next few years due to the collection efforts initiated by Council especially due to the challenges that were faced during the 2015/2016 financial year.

## **1.6 OPERATING GRANTS AND SUBSIDIES**

- -Almost 21 – 24 % of total operating income represent grants and subsidies received from National and Provincial Government.
- -A lot can be said about the allocations that we received but no amount of money will be ever enough for the challenges experienced by the Municipality.

## **1.7 CAPITAL GRANTS AND SUBSIDIES**

- Mainly the capital infrastructural projects are being financed from grants received.
- These projects that are being executed are limited from the income sourcing provided by MIG allocations to Budget.
- Regional Bulk Water Infrastructure will be intensified during the 2015/2016 financial year and trust that it would realised.
- The Eradication of Bucket System will also be prioritised during the financial year.
- Challenges are experienced with the proper alignment of sectoral departments budget to our Municipal Budget.

## **1.8 OTHER INCOME**

- Other income represent also a substantial amount of the total operating income due to the fact that Prepaid Electricity is part of this revenue .

- The appointment of Service Providers for the Debt Collection and Revenue Enhancement will also be intensified and will improve the revenue streams and cash position of Emthanjeni Municipality.

## **2.**        **EXPENDITURE**

### **2.1**        **EMPLOYEE COSTS**

- -This category includes salaries and wages, aswell as social employee contributions.
- This can almost be seen as “fixed costs” as salaries need be paid every month.
- This represents will be the biggest expenditure category of the budget.

### **2.2**        **COUNCILLOR REMUNERATION**

- As determined by the upper limits Gazette promulgated by Minister of COGTA

### **2.3**        **REPAIR AND MAINTENANCE / OTHER MATERIALS**

- This is the category that needs to be adequately provided for.
- Assets are old, and almost at the end of their usefull lives.
- New developments that are construction needs also to be maintained.
- A huge challenge that our Municipality experiencing is with new constructions, very liitle monies are received for the Repair and Maintenance of these new constructed infrastructure developments.
- Roads, Buildings, Equipment and Vehicle fleet need desperate attention.

### **2.4.**        **BULK PURCHASES**

#### **2.4.1**        **ELECTRICITY**

- NERSA' s approval of ESKOM's annual electricity tariff impacts heavily on the current resources and payment levels.

- Historical Data in terms of the purchasing of electricity will determine the provision of bulk purchases that takes the annual increases in consideration..
- Eskom tariff is influencing our annual electricity tariff to the core or bone.

(v) **2.4.2 WATER PURCHASES**

- Mainly weather conditions during summer season will determine that demand of water that needs to be mine ( ground bore hole water). Due to the current wet season, the consumption levels of water is being affected.
- Interest rates links need to be considered especially with the Reserve Bank's policy

on Macro Economic Strategy..

**2.6. PROVISION FOR BAD DEBTS**

- Social Economic Conditions within the Municipality needs to be taken into consideration.
- -Indigent Households needs to be determined and Indigent Household Register and the re-application process can start in the earnest after the Draft Budget has been tabled.
- Payment ratio or the collection of income cannot be emphasized enough.
- Promised development that takes slow to kick-off impacts negatively on the payment percentages and payment levels of debtors.



## **2.7. DEPRECIATION**

- The municipality needs to provide for this expense in terms of the approved Assets Policy where method of depreciation is outline, where applicable.

## **2.8. GENERAL COSTS**

- -Fiscal discipline needs to be adhered to by all.
- -Fuel increases are affecting the whole world. The instability in the Middle East and North Africa are some of the macro economic factors that causes a decline in the growth of world economics and also here in South Africa.
- The labour chaos that were experienced in the Mining Sector, is affecting us negatively around the country.
- The weaker Rand and global economic slow down impacts negatively on all operations of the municipality and the country as a whole.

☐☐-Telephone Charges ☐ better internal control Mechand needs to enforced.

- -Limitation or strict control over the increment of other line items as this releginary is a huge challenge for us.
- The increase in membership fee of SALGA
- The increase fee of security services and employee wellness programme.
- The audit fees increase annually outside the macro economic parameters.
- -General price increases will also contribute to linkes in general costs.
- -Subsistence and Travel must only be undertaken when enough funds are available on the budget.

## **2.9. CAPITAL PROJECTS**

- Capital Projects that are finance from own source remains a challenge due to availability of funds, lack of proper planning, lack of proper costing to the projects.
- Too dependent on National and Provincial Government on funding for the execution of IDP projects.

- Regional Bulk Water Infrastructure will be intensified during the 2014/2015 financial year
- Amounts will be borrowed from Commercial Banks to augment the fleet.
- No real commitment from sector departments to align the Capital to our Capital programme.

## **E. ASSUMPTIONS**

- National Treasury direction or guidelines on budget increases that must be in line with the macro economic strategy as reflected in the MFMA Budgetary Circular 76.
- 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 12.2% . The average increment will be as from 01 July 2015 which , will not only have a direct impact on the sale and procurement of electricity but to price hikes in general.
- Salary increment negotiations have been not yet been finalised for the new three year cycle. Salary increase for the next Financial Year is estimated at 4.40% as guided by the MFMA circular 76.
- Apart from the normal salary increments, Medical Aid Employers contributions increments will be between 5% and 12 %. This places a heavier financial burden on the revenue sources and impacts on the tariif calculation as a whole.
- General increases in purchasing or Cost price of normal items increase on average between 8-15 % as in relation to the same period last year.
- 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.

**1. REVENUE****1.1. RATES AND TAXES**

- Tariffs will increase and decrease depending the on valuation of the property.
- Conservative an increment of 5 % for properties are being anticipated, but the main levy driver will be the valuation of properties.

**1.2. ELECTRICITY**

- Electricity Tariffs will increase on a total average between 12.2% for the block of 0-350 kWh and 12.2% for a consumption of 351 and more kWh as from 01 July 2015 for prepaid and convetional electricity meters.

**1.3. WATER**

- Water will increase by 5.2 %.
- All Economic active households will be levied from the first kilolitre of water.
- Only Indigent Households will be getting the first 8000 liters of water free as it is included their Free Basic Services Basket.

#### **1.4. SEWERAGE AND REFUSE REMOVAL**

- Both Tariffs wil increase by 6.0 %.

#### **1.5. SECONDARY TARIFFS**

- Secondary Tariffs will increase by  $\pm 8$  % for the 2014/2015 financial year.

***The total budgeted average increment for all revenue sources will between 5-8 %, except for electricky where levy can increase more than the average increment.***

## **2. EXPENDITURE**

### **2.1 EMPLOYEE COSTS: SALARIES AND WAGES**

- Salaries and wages has been provided at an increment of 4.40%

### **2.2 EMPLOYEE COSTS: SOCIAL CONTRIBUTIONS**

- A provision of an average increment of 4.40 % will provided

### **2.3 REPAIR AND MAINTENANCE**

- A provision of an average increment of 7 % will provided. However Repair and Maintenance expenditure increased by almost 16% in relation to last year. This show Council's commitment to the maintenance of all assets.

### **2.4 BULK PURCHASES**

- Electricity purchases will increase on a weighed average of 12.2 % from 01 July 2015 and water will increase on average of 5, 2 %.

### **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 8% will provided.

### **2.7 PROVISION FOR BAD DEBTS**

- A provision of an average increment of 9% has been provided on all budgeted levied revenue.

## **H. BUDGET ANALYSIS**

- The overall increases during the 2015/2016 and 2016/2017 financial years reflects an annual increment of  $\pm 10\%$  and in 2017/2018 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  $\pm 8\%$  tariff increment 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 maintaing 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.

## **I. BUDGET RELATED POLICIES**

Council will adopt the following policies that will be tabled to Council on 31 March 2015 during the Budget Meeting. The policies are

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

## **J.**      **CONCLUSION**

The 2015/2016 budget is a 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 Council commitment to create a 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 also income driven and. Emthanjeni Municipality are committed towards sustainability and improvement of service delivery for all its residents. The various initiatives that Council will be undertaken will segment and concrete their mandate to improve the lives of all residents by focusing on the poor and create conducive environment for local economic development.

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. The budget is prepared under the auspices that this realistic 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 2014/15 MTREF (classified by main revenue source): Table 1 Summary of revenue classified by main revenue source**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	14 337	17 220	21 035	23 785	23 785	23 785	23 785	27 266	29 039	30 926
Property rates - penalties & collection charges		223	103	150	-	-	-	-	-	-	-
Service charges - electricity revenue	2	45 757	48 279	56 488	53 614	50 114	50 114	50 114	57 631	66 276	78 205
Service charges - water revenue	2	15 574	16 439	18 746	24 575	23 775	23 775	23 775	25 853	27 404	29 048
Service charges - sanitation revenue	2	8 797	9 421	10 302	13 906	13 906	13 906	13 906	14 741	15 625	16 563
Service charges - refuse revenue	2	4 947	5 323	5 705	8 347	8 347	8 347	8 347	8 848	9 379	10 036
Service charges - other		466	428	415	69	222	222	222	240	257	276
Rental of facilities and equipment		587	947	722	755	603	603	603	652	701	751
Interest earned - external investments		585	1 595	1 030	940	940	940	940	715	769	823
Interest earned - outstanding debtors		1 116	494	625	819	819	819	819	873	933	996
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		6 703	12 611	19 521	6 624	6 624	6 624	6 624	7 581	8 322	8 844
Licences and permits		1 107	1 201	1 305	1 874	1 874	1 874	1 874	2 099	2 309	2 517
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		34 533	43 510	45 752	39 633	39 633	39 633	39 633	40 601	38 831	38 640
Other revenue	2	5 563	6 148	3 223	25 131	19 131	19 131	19 131	20 843	23 900	28 102
Gains on disposal of PPE		3	319	164	120	120	120	120	130	139	149
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>140 300</b>	<b>164 039</b>	<b>185 183</b>	<b>200 193</b>	<b>189 893</b>	<b>189 893</b>	<b>189 893</b>	<b>208 072</b>	<b>223 884</b>	<b>245 876</b>



**Table 2 Percentage growth in revenue by main revenue source**

Description	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2015/16	%	Budget Year +1 2016/17	%	Budget Year +2 2017/18	%
<b>Revenue By Source</b>								
Property rates	23 785		27 266		29 039		30 926	
Property rates - penalties & collection charges	–		–		–		–	
Service charges - electricity revenue	50 114		57 631		66 276		78 205	
Service charges - water revenue	23 775		25 853		27 404		29 048	
Service charges - sanitation revenue	13 906		14 741		15 625		16 563	
Service charges - refuse revenue	8 347		8 848		9 379		10 036	
Service charges – other	222		240		257		276	
Rental of facilities and equipment	603		652		701		751	
Interest earned - external investments	940		715		769		823	
Interest earned - outstanding debtors	819		873		933		996	
Dividends received	–		–		–		–	
Fines	6 624		7 581		8 322		8 844	
Licences and permits	1 874		2 099		2 309		2 517	
Agency services	–		–		–		–	
Transfers recognised - operational	39 633		40 601		38 831		38 640	
Other revenue	19 131		20 843		23 900		28 102	
Gains on disposal of PPE	120		130		139		149	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>189 893</b>		<b>208 072</b>		<b>223 884</b>		<b>245 876</b>	

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 2015/16 financial year, revenue from rates and services charges totalled R134, 579 million or 50.85 %. This increases to R147, 980 million, and R165, 054 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 10.72 per cent in 2015/16, to 9.06 per cent in 2016/17 and to 10.34 % in 2017/18. 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. 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.

Property Rates is the second largest revenue source totalling 10.3 per cent or R27, 266 million rand and increases to R30, 926 million by 2017/18. The third largest source is water 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, 601 million in the 2015/16 financial year and steadily decreases to R38, 640 million by 2017/18.

**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	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>	1, 2									
<b><u>Operating Transfers and Grants</u></b>										
<b>National Government:</b>		32 679	37 623	38 493	38 876	38 876	38 876	40 959	39 670	38 401
Local Government Equitable Share		30 439	34 323	34 819	35 342	35 342	35 342	35 929	35 088	34 668
Finance Management		1 450	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive		-	1 000	1 234	1 000	1 000	1 000	1 000	-	-
Energy Efficiency and Demand Management										
Integrated National Electrification Programme								1 500	2 000	1 000
<b>Provincial Government:</b>		218	1 683	4 912	757	757	757	1 142	1 161	1 239
Health subsidy		-	1 001	1 150	-	-	-	-	-	-
Housing		218	-	458	-	-	-	-	-	-
Sport and Recreation		-	682	679	757	757	757	1 142	1 161	1 239
Department of Education		-	-	235	-	-	-	-	-	-
Department of Roads		-	-	2 389	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	2 050	-	-	-	-	-	-
<i>Department of Water Affairs</i>		-	-	2 050	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	32 897	39 306	45 455	39 633	39 633	39 633	42 101	40 831	39 640

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 Rand 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.

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R13 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 48 per cent rebate will be granted on all agricultural properties as per the rates policy
- 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 rebate will be granted upon application and must the criteria as set out in the Rates Policy
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a percentage increases(decreases) from 1 July 2014 is contained below:

**Table 4 Comparison of proposed rates to be levied for the 2015/16 financial year**

<b>Category</b>	<b>Current Tariff (1 July 2014)</b>	<b>Proposed tariff (from 1 July 2015)</b>
	<b>c/R</b>	<b>c/R</b>
Residential properties	0.0121	0.0127
State owned properties	0.0159	0.017
Business & Guesthouses	0.0126	0.0134
Agricultural	0.0030	0.0032
Vacant land	0.0163	0.0326
Industrial	0.0161	0.0173
Place of Worship	0.1213	0.1274
Public Benefit Organization	0.01213	0.01274
Farm property where a portion is used for renewable energy generation purpose	-	0.04100

### **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 5 per cent from 1 July 2015.

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 5 per cent from 1 July 2015 for water is proposed. This is based on input cost assumptions of between 5 to 15 per cent increase in the cost of bulk water to the water farmers. In addition 8 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:

**Table 5 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
	Rand per kℓ	Rand per kℓ
<b>RESIDENTIAL</b>		
Basic fee: Residential	54.55	57.39
(i) 1 to 6 kℓ per 30-day period		
(ii) 7 to 15 kℓ per 30-day period	7.22	7.60
(iii) 16 to 30 kℓ per 30-day period	8.20	8.63
(iv) 31 to 45 kℓ per 30-day period	9.56	10.05
(v) 46 kℓ and more per 30-day period	10.04	10.56
<b>NON-RESIDENTIAL</b>		
Basic fee: Business	276.56	290.95
(i) 1 to 6 kℓ per 30-day period	3.99	4.20
(ii) 7 to 15 kℓ per 30-day period	7.22	7.60
(iii) 16 to 30 kℓ per 30-day period	8.20	8.63
(iv) 31 to 45 kℓ per 30-day period	9.56	10.05
(v) 46 kℓ and more per 30-day period	10.05	10.56

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

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

Monthly consumption kℓ	Current amount  Payable R	Proposed amount Payable R	Difference (Increase)  R	Percentage change
<b>Basic Fee</b>	54.55	57.28	2.73	5%
<b>6</b>				0 %
<b>15</b>	64.98	68.36	3.38	5.2%
<b>25</b>	147.07	154.72	7.65	5.2%
<b>31</b>	197.22	207.48	10.26	5.2%
<b>51</b>	388.44	408.64	20.20	5.2%
<b>100</b>	856.91	901.47	44.56	5.2%

The tariff structure of the 2015/16 financial year has changed, this introduces a new tariff for consumers that consumption is in excess of 45kilo litres of water per 30 day period. However the tariff structure is still designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R10.56 per kilolitre for consumption in excess of 45kℓ 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 14.24 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.2 per cent to offset the additional bulk purchase cost from 1 July 2015. 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 on the water charges for domestic customers:

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

<b>Monthly consumption kWh</b>	<b>Current amount Payable R</b>	<b>Proposed amount Payable R</b>	<b>Difference (Increase) R</b>	<b>Percentage change</b>
<b>100</b>	100.32	112.56	12.24	12.2%
<b>250</b>	250.81	281.41	30.60	12.2%
<b>500</b>	501.69	562.90	61.21	12.2%
<b>750</b>	760.98	853.82	92.84	12.2%
<b>1 000</b>	1014.63	1138.41	123.78	12.2%
<b>2 000</b>	2029.26	2276.83	247.57	12.2%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2015. 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 per cent for sanitation from 1 July 2015 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 R14, 741million for the 2015/16 financial year.

The following table compares the current and proposed tariffs:

**Table 8 Comparison between current sanitation charges and increases**

CATEGORY	CURRENT TARIFF 2013/14	PROPOSED TARIFF 2014/15
<b>Residential Households</b>	<b>133.43</b>	<b>141.44</b>
<b>Business</b>	<b>186.50</b>	<b>197.69</b>
<b>Government</b>	<b>251.47</b>	<b>266.56</b>

### 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 per cent increase in the waste removal tariff is proposed from 1 July 2015. Higher increases will not be viable in 2014/15 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 5 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2015:

**Table 9 Comparison between current waste removal fees and increases**

Service	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
<b>Tariff per households container per month or part of a month:</b>	<b>83.20</b>	<b>88.20</b>
<b>Tariff per Special refuse removal *</b>	<b>145.61</b>	<b>154.39</b>
<b>Building rubble*</b>	<b>291.23</b>	<b>308.77</b>



### 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 10 MBRR Table SA14 – Household bills**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		456.30	637.58	787.75	831.08	831.08	831.08	5.0%	872.63	916.26	962.07
Electricity: Basic levy		99.00	104.94	111.24	117.35	117.35	117.35	12.2%	131.67	147.73	165.75
Electricity: Consumption		881.38	977.74	1 042.67	1 119.72	1 119.72	1 119.72	12.2%	1 256.32	1 409.60	1 581.57
Water: Basic levy		46.24	49.01	51.96	54.55	54.55	54.55	5.0%	57.28	60.20	63.33
Water: Consumption		159.24	168.96	179.02	187.97	187.97	187.97	5.2%	197.74	208.22	218.64
Sanitation		112.03	118.75	125.86	133.42	133.42	133.42	6.0%	141.43	150.05	159.06
Refuse removal		69.86	74.05	78.49	83.20	83.20	83.20	6.0%	88.19	93.48	99.09
Other											
<b>sub-total</b>		<b>1 824.05</b>	<b>2 131.03</b>	<b>2 376.99</b>	<b>2 527.28</b>	<b>2 527.28</b>	<b>2 527.28</b>	<b>8.6%</b>	<b>2 745.26</b>	<b>2 985.54</b>	<b>3 249.51</b>
VAT on Services		191.49	209.08	222.49	237.47	237.47	237.47		251.72	264.30	280.16
<b>Total large household bill:</b>		<b>2 015.54</b>	<b>2 340.11</b>	<b>2 599.48</b>	<b>2 764.75</b>	<b>2 764.75</b>	<b>2 764.75</b>	<b>8.4%</b>	<b>2 996.98</b>	<b>3 249.84</b>	<b>3 529.67</b>
<b>% increase/-decrease</b>			<b>16.1%</b>	<b>11.1%</b>	<b>6.4%</b>	<b>-</b>	<b>-</b>		<b>8.4%</b>	<b>8.4%</b>	<b>8.6%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		14.44	588.72	596.08	628.87	628.87	628.87	5.0%	660.31	693.99	730.07
Electricity: Basic levy		-	104.94	111.24	117.35	117.35	117.35	12.2%	131.67	147.73	165.46
Electricity: Consumption		485.87	653.02	695.21	746.58	746.58	746.58	12.2%	837.66	939.86	1 054.52
Water: Basic levy		46.24	49.01	51.96	54.55	54.55	54.55	5.0%	57.28	60.20	63.33
Water: Consumption		132.70	132.11	140.04	147.04	147.04	147.04	5.2%	154.68	162.57	170.86
Sanitation		112.03	118.75	125.86	133.42	133.42	133.42	6.0%	141.43	149.91	158.91
Refuse removal		69.86	74.05	78.49	83.20	83.20	83.20	6.0%	88.19	93.48	99.09
Other		-	-	-	-	-	-				
<b>sub-total</b>		<b>861.14</b>	<b>1 720.60</b>	<b>1 798.87</b>	<b>1 911.01</b>	<b>1 911.01</b>	<b>1 911.01</b>	<b>8.4%</b>	<b>2 071.22</b>	<b>2 247.74</b>	<b>2 442.24</b>
VAT on Services		118.54	158.46	168.39	179.50	179.50	179.50		188.47	198.28	208.78
<b>Total small household bill:</b>		<b>979.68</b>	<b>1 879.07</b>	<b>1 967.27</b>	<b>2 090.51</b>	<b>2 090.51</b>	<b>2 090.51</b>	<b>8.1%</b>	<b>2 259.69</b>	<b>2 446.02</b>	<b>2 651.02</b>
<b>% increase/-decrease</b>			<b>91.8%</b>	<b>4.7%</b>	<b>6.3%</b>	<b>-</b>	<b>-</b>		<b>8.1%</b>	<b>8.2%</b>	<b>8.4%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates		14.05	39.09	40.25	42.46	42.46	42.46	5.0%	44.59	46.91	49.72
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		40.16	32.18	34.05	36.50	36.50	36.50	12.2%	40.95	45.87	51.83
Water: Basic levy		46.24	49.01	51.96	54.55	54.55	54.55	5.0%	57.28	60.20	63.33
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		112.03	118.75	125.86	133.42	133.42	133.42	6.0%	141.43	150.19	159.51
Refuse removal		69.86	74.05	78.49	83.20	83.20	83.20	6.0%	88.19	93.66	99.37
Other		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>		<b>282.34</b>	<b>313.08</b>	<b>330.61</b>	<b>350.13</b>	<b>350.13</b>	<b>350.13</b>	<b>6.4%</b>	<b>372.44</b>	<b>396.83</b>	<b>423.76</b>
VAT on Services		37.56	38.36	40.65	43.07	43.07	43.07	#NAME?	45.22	48.26	46.09
<b>Total small household bill:</b>		<b>319.90</b>	<b>351.43</b>	<b>371.25</b>	<b>393.21</b>	<b>393.21</b>	<b>393.21</b>	<b>6.2%</b>	<b>417.66</b>	<b>445.09</b>	<b>469.85</b>
<b>% increase/-decrease</b>			<b>9.9%</b>	<b>5.6%</b>	<b>5.9%</b>	<b>-</b>	<b>-</b>		<b>6.2%</b>	<b>6.6%</b>	<b>5.6%</b>

### 1.3 Operating Expenditure Framework

Emthanjeni Municipality's expenditure framework for the 2015/16 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 2015/16 budget and MTREF (classified per main type of operating expenditure):

**Table 11 Summary of operating expenditure by standard classification Item**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure By Type</b>											
Employee related costs	2	45 675	56 449	59 894	62 980	62 965	62 965	62 965	66 455	69 777	73 883
Remuneration of councillors		3 421	3 694	4 157	4 308	4 261	4 261	4 261	4 559	4 787	5 074
Debt impairment	3	16 971	12 035	47 932	10 827	10 503	10 503	10 503	11 429	12 078	12 822
Depreciation & asset impairment	2	68 668	69 275	68 084	8 681	8 681	8 681	8 681	9 248	9 711	10 291
Finance charges		1 284	1 758	1 608	1 700	2 530	2 530	2 530	2 556	2 671	2 810
Bulk purchases	2	34 106	38 781	43 536	47 529	47 529	47 529	47 529	53 094	55 749	59 094
Other materials	8	-	2 056	5 588	8 350	8 350	8 350	8 350	8 648	9 081	9 620
Contracted services		8 687	8 095	7 228	8 830	8 238	8 238	8 238	9 629	11 252	13 351
Transfers and grants		788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
Other expenditure	4, 5	25 901	25 409	26 087	34 793	35 278	35 278	35 278	41 793	43 894	46 670
Loss on disposal of PPE		395	319	203	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>205 896</b>	<b>218 175</b>	<b>265 066</b>	<b>201 667</b>	<b>202 004</b>	<b>202 004</b>	<b>202 004</b>	<b>220 350</b>	<b>232 585</b>	<b>247 981</b>

The budgeted allocation for employee related costs for the 2015/16 financial year totals R66, 455 million, which equals 30.16 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 4.4 per cent for the 2015/16 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 96 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R11, 429 million and escalates to R12, 822 million by 2017/18. 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, 248 million for the 2015/16 financial and equates to 4.2 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 1, 16 per cent (R2. 556 million) of operating expenditure excluding annual redemption for 2014/15 and increases to R 4 961 million by 2017/18.

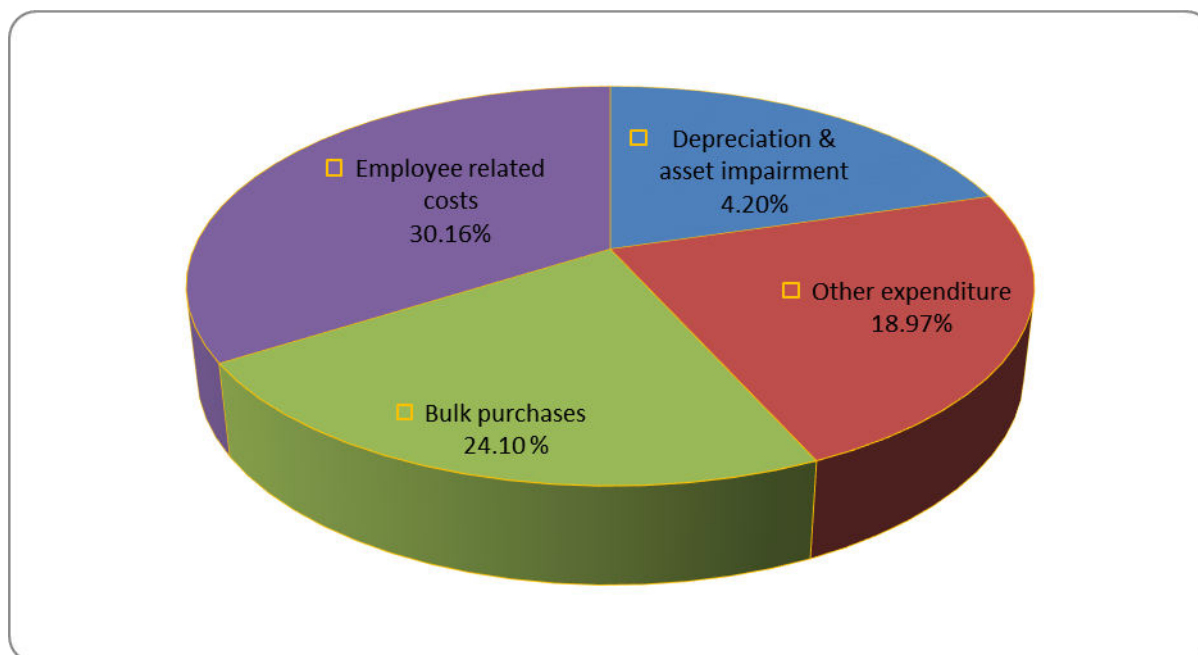
Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Farmers within the municipal boundaries. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

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 2015/16 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2015/16 financial year, this group of expenditure totals R9, 629 million and has increased since last year. For the two outer years growth has been limited to 14.42 and 15.72 per cent. . 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 15.59 per cent for 2015/16 and curbed at 4.79 and 5.95 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 2014/15 financial year.



**Figure 1 Main operational expenditure categories for the 2014/15 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 2015/16 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	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs		868			-	-	-	-	-	-	-
Other materials		4 352	5 675	7 663	8 350	8 350	8 350	8 350	8 648	9 081	9 620
Contracted Services		3 459	2 795	3 948	4 140	4 140	4 140	4 140	7 944	8 387	9 009
Other Expenditure		-			-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>9</b>	<b>8 679</b>	<b>8 471</b>	<b>11 611</b>	<b>12 491</b>	<b>12 491</b>	<b>12 491</b>	<b>12 491</b>	<b>16 592</b>	<b>17 468</b>	<b>18 629</b>

During the compilation of the 2015/16 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 by 3.45 per cent in the 2015/16 financial year, from R8, 648 million to R9, 620 million. As part of the 2015/16 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2015/16 equates to R12, 592 million a growth of 5.32 per cent in relation to the Adjustment Budget and continues to grow at 24.72 and 10.93 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 7.53, 7.51 and 7.50 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	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Depreciation & asset impairment		68 668	69 275	68 084	8 681	8 681	8 681	9 248	9 711	10 291
Repairs and Maintenance by Asset Class	3	8 679	8 471	11 611	12 491	12 491	12 491	16 592	17 468	18 629
Infrastructure - Road transport		502	1 368	1 277	1 592	1 592	1 592	616	1 852	2 049
Infrastructure - Electricity		50	1 495	929	1 821	1 821	1 821	1 342	1 586	1 706
Infrastructure - Water		404	750	697	864	864	864	1 145	1 491	1 581
Infrastructure - Sanitation		432	712	464	822	822	822	64	911	942
Infrastructure - Other		351	711	1 068	819	819	819	1 975	944	987
Infrastructure		1 739	5 036	4 435	5 918	5 918	5 918	5 143	6 785	7 265
Community		452	1 626	2 218	1 875	1 875	1 875	3 098	3 546	3 737
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	158	-	182	182	182	-	-	-
Other assets	6, 7	6 489	1 651	4 958	4 516	4 516	4 516	8 350	7 137	7 627
TOTAL EXPENDITURE OTHER ITEMS		77 347	77 746	79 695	21 171	21 171	21 171	25 840	27 178	28 920

For the 2015/16 financial year, 31 per cent or R5, 143 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 8.09 per cent (R1, 342 million), followed by other, refuse infrastructure at 11.9 per cent (R1, 975 million), water at 6.9 per cent (R1, 145 million) and road at 6.5 per cent (R0, 616 million). Community assets have been allocated R3, 098 million of total repairs and maintenance equating to 18.67 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 3 000 or more indigent households during the 2015/16 financial year, a process reviewed annually by the end of September. 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 2014/15 Medium-term capital budget per vote**

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		1 049	518	785	1 840	1 840	1 840	1 840	2 056	2 178	2 296
Executive and council		452	86	585	153	153	153	153	159	167	177
Budget and treasury office		597	432	79	1 317	1 317	1 317	1 317	1 369	1 438	1 524
Corporate services				120	370	370	370	370	528	573	595
<b>Community and public safety</b>		3 838	1 194	777	631	631	631	631	1 657	1 789	731
Community and social services		211	856	63	295	295	295	295	307	322	341
Sport and recreation		-	42	-	251	251	251	251	261	275	291
Public safety		-	294	-	85	85	85	85	1 088	1 193	98
Housing		3 627	2	714	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		9 639	2 048	15 901	14 728	14 728	14 728	14 728	18 737	16 034	17 317
Planning and development		60	5	500	12	12	12	12	12	13	14
Road transport		9 579	2 043	15 401	14 716	14 716	14 716	14 716	18 724	16 021	17 303
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		3 991	9 960	3 995	23 390	6 700	6 700	6 700	56 309	45 934	16 415
Electricity		1 833	3 145	2 314	1 300	1 300	1 300	1 300	5 630	7 912	5 647
Water		1 875	6 815	1 681	17 110	420	420	420	11 776	27 430	10 200
Waste water management		283	-	-	3 180	3 180	3 180	3 180	35 958	10 000	-
Waste management		-	-	-	1 800	1 800	1 800	1 800	2 945	592	568
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	18 517	13 721	21 457	40 589	23 899	23 899	23 899	78 758	65 935	36 759

For 2015/16 an amount of R78, 758 million has been budgeted for the development of assets. Infrastructure Assets represents 85.19 per cent of the total capital budget. In the outer years this amount totals R58, 675 million, 88.99 per cent and R29.862 million, 81.24 per cent respectively for each of the financial years. Waste water management receives the highest allocation of R35, 958 million followed by Roads of R18, 724 million in 2015/16 financial years. Water will receive the highest allocation of R27, 430 million in 2016/17 and will be replace by Roads and will receive R17, 303 million in 2017/18.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

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 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b><u>Financial Performance</u></b>										
Property rates	14 561	17 323	21 185	23 785	23 785	23 785	23 785	27 266	29 039	30 926
Service charges	75 541	79 889	91 655	100 512	96 365	96 365	96 365	107 313	118 942	134 128
Investment revenue	585	1 595	1 030	940	940	940	940	715	769	823
Transfers recognised - operational	34 533	43 510	45 752	39 633	39 633	39 633	39 633	40 601	38 831	38 640
Other own revenue	15 080	21 721	25 560	35 323	29 171	29 171	29 171	32 177	36 304	41 359
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>140 300</b>	<b>164 039</b>	<b>185 183</b>	<b>200 193</b>	<b>189 893</b>	<b>189 893</b>	<b>189 893</b>	<b>208 072</b>	<b>223 884</b>	<b>245 876</b>
<b><u>Total Expenditure</u></b>										
Employee costs	45 675	56 449	59 894	62 980	62 965	62 965	62 965	66 455	69 777	73 883
Remuneration of councillors	3 421	3 694	4 157	4 308	4 261	4 261	4 261	4 559	4 787	5 074
Depreciation & asset impairment	68 668	69 275	68 084	8 681	8 681	8 681	8 681	9 248	9 711	10 291
Finance charges	1 284	1 758	1 608	1 700	2 530	2 530	2 530	2 556	2 671	2 810
Materials and bulk purchases	34 106	40 837	49 123	55 879	55 879	55 879	55 879	61 743	64 830	68 714
Transfers and grants	788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
Other expenditure	51 954	45 858	81 450	54 450	54 019	54 019	54 019	62 851	67 224	72 844
<b>Total Expenditure</b>	<b>205 896</b>	<b>218 175</b>	<b>265 066</b>	<b>201 667</b>	<b>202 004</b>	<b>202 004</b>	<b>202 004</b>	<b>220 350</b>	<b>232 585</b>	<b>247 981</b>
<b>Surplus/(Deficit)</b>	<b>(65 597)</b>	<b>(54 137)</b>	<b>(79 883)</b>	<b>(1 474)</b>	<b>(12 111)</b>	<b>(12 111)</b>	<b>(12 111)</b>	<b>(12 278)</b>	<b>(8 701)</b>	<b>(2 105)</b>
Transfers recognised - capital	9 354	11 451	13 102	29 248	12 708	12 708	-	56 565	41 435	13 641
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(56 243)</b>	<b>(42 686)</b>	<b>(66 781)</b>	<b>27 774</b>	<b>597</b>	<b>597</b>	<b>(12 111)</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(56 243)</b>	<b>(42 686)</b>	<b>(66 781)</b>	<b>27 774</b>	<b>597</b>	<b>597</b>	<b>(12 111)</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>
<b><u>Capital expenditure &amp; funds sources</u></b>										
<b>Capital expenditure</b>	<b>18 517</b>	<b>13 721</b>	<b>21 457</b>	<b>40 589</b>	<b>23 899</b>	<b>23 899</b>	<b>23 899</b>	<b>78 758</b>	<b>65 935</b>	<b>36 759</b>
Transfers recognised - capital	13 252	12 139	15 313	28 448	11 908	11 908	11 908	56 565	41 435	14 273
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	6 000	6 000	6 000	6 000	11 546	14 240	12 389
Internally generated funds	5 265	1 582	6 144	6 141	5 991	5 991	5 991	10 647	10 260	10 096
<b>Total sources of capital funds</b>	<b>18 517</b>	<b>13 721</b>	<b>21 457</b>	<b>40 589</b>	<b>23 899</b>	<b>23 899</b>	<b>23 899</b>	<b>78 758</b>	<b>65 935</b>	<b>36 759</b>
<b><u>Financial position</u></b>										
Total current assets	114 802	139 835	119 418	78 943	78 943	78 943	117 995	112 201	115 500	112 990
Total non current assets	1 030 475	976 067	929 172	948 055	948 055	948 055	939 684	1 039 322	1 102 146	

## **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 2015/16, 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 2015/16 the free basic water maybe increase from 6kl to 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 standard classification)

Standard Classification Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Revenue - Standard</b>												
<i>Governance and administration</i>			34 711	41 938	43 770	42 548	42 548	42 548	46 111	47 722	49 717	
Executive and council			4 236	5 410	5 639	3 238	3 238	3 238	3 335	3 330	3 356	
Budget and treasury office			30 444	36 485	38 083	39 235	39 235	39 235	42 696	44 305	46 269	
Corporate services			31	42	48	74	74	74	80	86	92	
<i>Community and public safety</i>			8 933	17 260	23 648	8 744	8 744	8 744	10 229	11 118	11 849	
Community and social services			1 444	1 394	1 435	1 410	1 410	1 410	1 844	1 907	2 034	
Sport and recreation			79	355	145	102	102	102	114	125	137	
Public safety			7 165	14 291	21 037	7 196	7 196	7 196	8 232	9 043	9 634	
Housing			244	1 220	1 031	36	36	36	39	42	45	
Health			—	—	—	—	—	—	—	—	—	
<i>Economic and environmental services</i>			4 205	5 939	14 819	14 694	14 694	14 694	13 110	4 846	8 088	
Planning and development			3 586	746	1 235	1 800	1 800	1 800	3 395	2 610	632	
Road transport			619	5 193	13 584	12 894	12 894	12 894	9 715	2 236	7 456	
Environmental protection			—	—	—	—	—	—	—	—	—	
<i>Trading services</i>			101 804	110 352	116 048	163 455	136 615	136 615	195 187	201 634	189 863	
Electricity			58 063	52 352	60 590	75 900	71 350	71 350	80 599	92 232	109 322	
Water			19 016	29 792	25 603	45 961	28 621	28 621	40 952	69 570	39 764	
Waste water management			15 592	17 737	18 167	25 982	22 802	22 802	59 198	24 987	25 333	
Waste management			9 134	10 472	11 687	15 612	13 842	13 842	14 438	14 845	15 443	
<i>Other</i>			4	—	—	—	—	—	—	—	—	
<b>Total Revenue - Standard</b>			2	149 654	175 490	198 285	229 441	202 601	202 601	264 637	265 319	259 517
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>				30 946	38 789	44 888	43 503	43 510	43 510	45 845	48 253	51 215
Executive and council				7 669	15 139	15 494	12 680	12 897	12 897	13 326	13 992	14 831
Budget and treasury office				15 412	14 896	18 325	18 910	18 489	18 489	20 218	21 345	22 692
Corporate services				7 865	8 755	11 069	11 914	12 124	12 124	12 301	12 917	13 692
<i>Community and public safety</i>				49 619	23 420	35 256	25 764	25 967	25 967	29 393	31 973	35 323
Community and social services				4 865	5 895	20 439	10 559	10 246	10 246	11 662	12 215	12 954
Sport and recreation				33 033	3 299	3 341	3 948	4 384	4 384	4 641	4 873	5 165
Public safety				8 018	9 304	6 771	9 018	9 058	9 058	10 732	12 410	14 579
Housing				3 534	4 843	4 630	2 069	2 109	2 109	2 175	2 284	2 421
Health				169	79	75	169	169	169	183	192	204
<i>Economic and environmental services</i>				17 257	16 697	39 053	24 681	24 786	24 786	26 757	28 043	29 708
Planning and development				8 624	6 051	18 450	9 647	9 752	9 752	10 319	10 835	11 485
Road transport				8 633	10 646	20 604	15 034	15 034	15 034	16 438	17 208	18 223
Environmental protection				—	—	—	—	—	—	—	—	—
<i>Trading services</i>				106 596	137 979	144 247	106 811	106 833	106 833	117 623	123 549	130 922
Electricity				54 353	74 911	82 559	64 771	61 956	61 956	69 790	73 279	77 676
Water				32 572	26 484	32 710	14 979	17 091	17 091	15 852	16 645	17 643
Waste water management				11 300	16 377	15 771	12 298	12 623	12 623	16 699	17 578	18 753
Waste management				8 370	20 206	13 206	14 763	15 163	15 163	15 283	16 047	16 850
<i>Other</i>			4	1 479	1 290	1 621	907	907	907	731	767	813
<b>Total Expenditure - Standard</b>			3	205 896	218 175	265 066	201 667	202 004	202 004	220 350	232 585	247 981
<b>Surplus/(Deficit) for the year</b>				(56 243)	(42 686)	(66 781)	27 774	597	597	44 287	32 734	11 536

**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 Emthanjani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>		1									
Vote 1 - EXECUTIVE AND COUNCIL			4 236	5 410	5 639	3 238	3 238	3 238	3 335	3 330	3 356
Vote 2 - FINANCE AND ADMINISTRATION			30 475	36 528	38 131	39 310	39 310	39 310	42 776	44 392	46 362
Vote 3 - PLANNING AND DEVELOPMENT			3 586	746	1 235	1 800	1 800	1 800	3 395	2 610	632
Vote 4 - HEALTH			-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES			1 444	1 394	1 435	1 410	1 410	1 410	1 844	1 907	2 034
Vote 6 - PUBLIC SAFETY			7 165	14 291	21 037	7 196	7 196	7 196	8 232	9 043	9 634
Vote 7 - SPORT AND RECREATION			79	355	145	102	102	102	114	125	137
Vote 8 - ROAD TRANSPORT			619	5 193	13 584	12 894	12 894	12 894	9 715	2 236	7 456
Vote 9 - OTHER			-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES			244	1 220	1 031	36	36	36	39	42	45
Vote 11 - WASTE MANAGEMENT			9 134	10 472	11 687	15 612	13 842	13 842	14 438	14 845	15 443
Vote 12 - WASTE WATER MANAGEMENT			15 592	17 737	18 167	25 982	22 802	22 802	59 198	24 987	25 333
Vote 13 - ELECTRICITY			58 063	52 352	60 590	75 900	71 350	71 350	80 599	92 232	109 322
Vote 14 - WATER			19 016	29 792	25 603	45 961	28 621	28 621	40 952	69 570	39 764
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		2	<b>149 654</b>	<b>175 490</b>	<b>198 285</b>	<b>229 441</b>	<b>202 601</b>	<b>202 601</b>	<b>264 637</b>	<b>265 319</b>	<b>259 517</b>
<b>Expenditure by Vote to be appropriated</b>		1									
Vote 1 - EXECUTIVE AND COUNCIL			7 669	15 139	15 494	12 680	12 897	12 897	13 326	13 992	14 831
Vote 2 - FINANCE AND ADMINISTRATION			23 277	23 650	29 395	30 824	30 613	30 613	32 520	34 261	36 384
Vote 3 - PLANNING AND DEVELOPMENT			8 624	6 051	18 450	9 647	9 752	9 752	10 319	10 835	11 485
Vote 4 - HEALTH			169	79	75	169	169	169	183	192	204
Vote 5 - COMMUNITY AND SOCIAL SERVICES			4 865	5 895	20 439	10 559	10 246	10 246	11 662	12 215	12 954
Vote 6 - PUBLIC SAFETY			8 018	9 304	6 771	9 018	9 058	9 058	10 732	12 410	14 579
Vote 7 - SPORT AND RECREATION			33 033	3 299	3 341	3 948	4 384	4 384	4 641	4 873	5 165
Vote 8 - ROAD TRANSPORT			8 633	10 646	20 604	15 034	15 034	15 034	16 438	17 208	18 223
Vote 9 - OTHER			1 479	1 290	1 621	907	907	907	731	767	813
Vote 10 - HOUSING SERVICES			3 534	4 843	4 630	2 069	2 109	2 109	2 175	2 284	2 421
Vote 11 - WASTE MANAGEMENT			8 370	20 206	13 206	14 763	15 163	15 163	15 283	16 047	16 850
Vote 12 - WASTE WATER MANAGEMENT			11 300	16 377	15 771	12 298	12 623	12 623	16 699	17 578	18 753
Vote 13 - ELECTRICITY			54 353	74 911	82 559	64 771	61 956	61 956	69 790	73 279	77 676
Vote 14 - WATER			32 572	26 484	32 710	14 979	17 091	17 091	15 852	16 645	17 643
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		2	<b>205 896</b>	<b>218 175</b>	<b>265 066</b>	<b>201 667</b>	<b>202 004</b>	<b>202 004</b>	<b>220 350</b>	<b>232 585</b>	<b>247 981</b>
<b>Surplus/(Deficit) for the year</b>		2	<b>(56 243)</b>	<b>(42 686)</b>	<b>(66 781)</b>	<b>27 774</b>	<b>597</b>	<b>597</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>

**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.

## 17 Surplus/(Deficit) calculations for the trading services

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Electricity</b>									
Total Revenue (incl capital grants and transfers)	58 063	52 352	60 590	75 900	71 350	71 350	80 599	92 232	109 322
Operating Expenditure	54 353	74 911	82 559	64 771	61 956	61 956	69 790	73 279	77 676
<b>Surplus/(Deficit) for the year</b>	<b>3,710</b>	<b>- 22,559</b>	<b>-21,969</b>	<b>11,129</b>	<b>9,394</b>	<b>9,394</b>	<b>10,890</b>	<b>18,953</b>	<b>31,646</b>
Percentage Surplus	6%	(30)%	(26)%	14%	13%	13%	13%	20%	29%
<b>Water</b>									
Total Revenue (incl capital grants and transfers)	19 016	29 792	25 603	45 961	28 621	28 621	40 952	69 570	39 764
Operating Expenditure	32 572	26 484	32 710	14 979	17 091	17 091	15 852	16 645	17 643
<b>Surplus/(Deficit) for the year</b>	<b>- 13,556</b>	<b>3,308</b>	<b>-7,107</b>	<b>30,982</b>	<b>11,530</b>	<b>11,530</b>	<b>25,100</b>	<b>52,925</b>	<b>22,121</b>
Percentage Surplus	(38%)	11%	(22%)	67%	40%	40%	61%	76%	55%

- The electricity trading surplus increased over the 2015/16 MTREF from 13 per cent or R10, 890 million in 2015/16 to 29 per cent by 2017/18. 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 61 per cent, 76 per cent and 55 per cent for each of the respective financial years. The surplus excludes the capital expenditure that will be incur during the 2015/16 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	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	14 337	17 220	21 035	23 785	23 785	23 785	23 785	27 266	29 039	30 926
Property rates - penalties & collection charges		223	103	150	-	-	-	-	-	-	-
Service charges - electricity revenue	2	45 757	48 279	56 488	53 614	50 114	50 114	50 114	57 631	66 276	78 205
Service charges - water revenue	2	15 574	16 439	18 746	24 575	23 775	23 775	23 775	25 853	27 404	29 048
Service charges - sanitation revenue	2	8 797	9 421	10 302	13 906	13 906	13 906	13 906	14 741	15 625	16 563
Service charges - refuse revenue	2	4 947	5 323	5 705	8 347	8 347	8 347	8 347	8 848	9 379	10 036
Service charges - other		466	428	415	69	222	222	222	240	257	276
Rental of facilities and equipment		587	947	722	755	603	603	603	652	701	751
Interest earned - external investments		585	1 595	1 030	940	940	940	940	715	769	823
Interest earned - outstanding debtors		1 116	494	625	819	819	819	819	873	933	996
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		6 703	12 611	19 521	6 624	6 624	6 624	6 624	7 581	8 322	8 844
Licences and permits		1 107	1 201	1 305	1 874	1 874	1 874	1 874	2 099	2 309	2 517
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		34 533	43 510	45 752	39 633	39 633	39 633	39 633	40 601	38 831	38 640
Other revenue	2	5 563	6 148	3 223	25 131	19 131	19 131	19 131	20 843	23 900	28 102
Gains on disposal of PPE		3	319	164	120	120	120	120	130	139	149
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>140 300</b>	<b>164 039</b>	<b>185 183</b>	<b>200 193</b>	<b>189 893</b>	<b>189 893</b>	<b>189 893</b>	<b>208 072</b>	<b>223 884</b>	<b>245 876</b>
<b>Expenditure By Type</b>											
Employee related costs	2	45 675	56 449	59 894	62 980	62 965	62 965	62 965	66 455	69 777	73 883
Remuneration of councillors		3 421	3 694	4 157	4 308	4 261	4 261	4 261	4 559	4 787	5 074
Debt impairment	3	16 971	12 035	47 932	10 827	10 503	10 503	10 503	11 429	12 078	12 822
Depreciation & asset impairment	2	68 668	69 275	68 084	8 681	8 681	8 681	8 681	9 248	9 711	10 291
Finance charges		1 284	1 758	1 608	1 700	2 530	2 530	2 530	2 556	2 671	2 810
Bulk purchases	2	34 106	38 781	43 536	47 529	47 529	47 529	47 529	53 094	55 749	59 094
Other materials	8	-	2 056	5 588	8 350	8 350	8 350	8 350	8 648	9 081	9 620
Contracted services		8 687	8 095	7 228	8 830	8 238	8 238	8 238	9 629	11 252	13 351
Transfers and grants		788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
Other expenditure	4, 5	25 901	25 409	26 087	34 793	35 278	35 278	35 278	41 793	43 894	46 670
Loss on disposal of PPE		395	319	203	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>205 896</b>	<b>218 175</b>	<b>265 066</b>	<b>201 667</b>	<b>202 004</b>	<b>202 004</b>	<b>202 004</b>	<b>220 350</b>	<b>232 585</b>	<b>247 981</b>
<b>Surplus/(Deficit)</b>		<b>(65 597)</b>	<b>(54 137)</b>	<b>(79 883)</b>	<b>(1 474)</b>	<b>(12 111)</b>	<b>(12 111)</b>	<b>(12 111)</b>	<b>(12 278)</b>	<b>(8 701)</b>	<b>(2 105)</b>
Transfers recognised - capital		9 354	11 451	13 102	29 248	12 708	12 708	-	56 565	41 435	13 641
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(56 243)</b>	<b>(42 686)</b>	<b>(66 781)</b>	<b>27 774</b>	<b>597</b>	<b>597</b>	<b>(12 111)</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>(56 243)</b>	<b>(42 686)</b>	<b>(66 781)</b>	<b>27 774</b>	<b>597</b>	<b>597</b>	<b>(12 111)</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(56 243)</b>	<b>(42 686)</b>	<b>(66 781)</b>	<b>27 774</b>	<b>597</b>	<b>597</b>	<b>(12 111)</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>(56 243)</b>	<b>(42 686)</b>	<b>(66 781)</b>	<b>27 774</b>	<b>597</b>	<b>597</b>	<b>(12 111)</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>

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

1. Total revenue is R264, 637million in 2015/16 and increases to R265, 319 million by 2016/17. This represents an increase of 23.44 per cent for the 2015/16 financial year and increases by 0.26 per cent for the 2016/17 financial year.
2. Revenue to be generated from property rates is R27, 373 million in the 2015/16 financial year and increases to R29, 039 million by 2016/17 which represents 10.3 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 10.3 per cent, 10.9 per cent and 11.92 per cent for each of the respective financial years of the MTREF.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R107, 313 million for the 2015/16 financial year and increasing to R118, 942 million by 2016/17 and increasing to R134, 128 million by 2017/18. For the 2014/15 financial year services charges amount to 40.55 per cent of the total revenue base and grows by 11.13 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 fluctuates over the 2015/16 MTREF, in 2015/16 it increases 46 per cent and then decreases by 46.19 per cent 2017/18. 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 2011/12 to 2017/18 period escalating from R34, 106 million to R59, 094 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.
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, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	798	-	-	-	-	-	-	-	-
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		183	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 14 - WATER		1 817	6 810	-	16 640	100	100	100	10 000	27 240	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>2 000</b>	<b>7 608</b>	<b>-</b>	<b>16 640</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>10 000</b>	<b>27 240</b>	<b>-</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE AND COUNCIL		452	86	585	153	153	153	153	159	167	177
Vote 2 - FINANCE AND ADMINISTRATION		597	432	199	1 687	1 687	1 687	1 687	1 897	2 011	2 119
Vote 3 - PLANNING AND DEVELOPMENT		60	5	500	12	12	12	12	12	13	14
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		211	58	63	295	295	295	295	307	322	341
Vote 6 - PUBLIC SAFETY		-	294	-	85	85	85	85	1 088	1 193	98
Vote 7 - SPORT AND RECREATION		-	42	-	251	251	251	251	261	275	291
Vote 8 - ROAD TRANSPORT		9 579	2 043	15 401	14 716	14 716	14 716	14 716	18 724	16 021	17 303
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		3 627	2	714	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT		-	-	-	1 800	1 800	1 800	1 800	2 945	592	568
Vote 12 - WASTE WATER MANAGEMENT		100	-	-	3 180	3 180	3 180	3 180	35 958	10 000	-
Vote 13 - ELECTRICITY		1 833	3 145	2 314	1 300	1 300	1 300	1 300	5 630	7 912	5 647
Vote 14 - WATER		58	5	1 681	470	320	320	320	1 776	190	10 200
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>16 517</b>	<b>6 113</b>	<b>21 457</b>	<b>23 949</b>	<b>23 799</b>	<b>23 799</b>	<b>23 799</b>	<b>68 758</b>	<b>38 695</b>	<b>36 759</b>
<b>Total Capital Expenditure - Vote</b>		<b>18 517</b>	<b>13 721</b>	<b>21 457</b>	<b>40 589</b>	<b>23 899</b>	<b>23 899</b>	<b>23 899</b>	<b>78 758</b>	<b>65 935</b>	<b>36 759</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>1 049</b>	<b>518</b>	<b>785</b>	<b>1 840</b>	<b>1 840</b>	<b>1 840</b>	<b>1 840</b>	<b>2 056</b>	<b>2 178</b>	<b>2 296</b>
Executive and council		452	86	585	153	153	153	153	159	167	177
Budget and treasury office		597	432	79	1 317	1 317	1 317	1 317	1 369	1 438	1 524
Corporate services		-	-	120	370	370	370	370	528	573	595
<b>Community and public safety</b>		<b>3 838</b>	<b>1 194</b>	<b>777</b>	<b>631</b>	<b>631</b>	<b>631</b>	<b>631</b>	<b>1 657</b>	<b>1 789</b>	<b>731</b>
Community and social services		211	856	63	295	295	295	295	307	322	341
Sport and recreation		-	42	-	251	251	251	251	261	275	291
Public safety		-	294	-	85	85	85	85	1 088	1 193	98
Housing		3 627	2	714	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>9 639</b>	<b>2 048</b>	<b>15 901</b>	<b>14 728</b>	<b>14 728</b>	<b>14 728</b>	<b>14 728</b>	<b>18 737</b>	<b>16 034</b>	<b>17 317</b>
Planning and development		60	5	500	12	12	12	12	12	13	14
Road transport		9 579	2 043	15 401	14 716	14 716	14 716	14 716	18 724	16 021	17 303
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>3 991</b>	<b>9 960</b>	<b>3 995</b>	<b>23 390</b>	<b>6 700</b>	<b>6 700</b>	<b>6 700</b>	<b>56 309</b>	<b>45 934</b>	<b>16 415</b>
Electricity		1 833	3 145	2 314	1 300	1 300	1 300	1 300	5 630	7 912	5 647
Water		1 875	6 815	1 681	17 110	420	420	420	11 776	27 430	10 200
Waste water management		283	-	-	3 180	3 180	3 180	3 180	35 958	10 000	-
Waste management		-	-	-	1 800	1 800	1 800	1 800	2 945	592	568
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>18 517</b>	<b>13 721</b>	<b>21 457</b>	<b>40 589</b>	<b>23 899</b>	<b>23 899</b>	<b>23 899</b>	<b>78 758</b>	<b>65 935</b>	<b>36 759</b>
<b>Funded by:</b>											
National Government		13 252	12 139	15 313	28 448	11 908	11 908	11 908	56 565	41 435	13 641
Provincial Government		-	-	-	-	-	-	-	-	-	632
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>13 252</b>	<b>12 139</b>	<b>15 313</b>	<b>28 448</b>	<b>11 908</b>	<b>11 908</b>	<b>11 908</b>	<b>56 565</b>	<b>41 435</b>	<b>14 273</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 000</b>	<b>6 000</b>	<b>6 000</b>	<b>6 000</b>	<b>11 546</b>	<b>14 240</b>	<b>12 389</b>
<b>Internally generated funds</b>		<b>5 265</b>	<b>1 582</b>	<b>6 144</b>	<b>6 141</b>	<b>5 991</b>	<b>5 991</b>	<b>5 991</b>	<b>10 647</b>	<b>10 260</b>	<b>10 096</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>18 517</b>	<b>13 721</b>	<b>21 457</b>	<b>40 589</b>	<b>23 899</b>	<b>23 899</b>	<b>23 899</b>	<b>78 758</b>	<b>65 935</b>	<b>36 759</b>

## **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 2015/16 R78, 758 million has been allocated of the total R10, 000 million capital budget, which totals 12.70 per cent.
3. Single-year capital expenditure has been appropriated at R68, 758 million for the 2015/16 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, and internally generated funds from current year surpluses. For 2015/16, capital transfers totals R56, 565 million (71.82 per cent) and decreases to R41, 435 million by 2016/17(62.84 per cent). Internally generated funding totaling R10, 647 million, R10, 260 million and R10, 096 million for each of the respective financial years of the 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	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		14 379	17 196	12 210	2 844	2 844	2 844	116	3 128	2 784	2 010
Call investment deposits	1	-	-	-	11 788	11 788	11 788	-	-	-	-
Consumer debtors	1	38 361	46 604	30 489	9 171	9 171	9 171	53 002	32 013	34 013	36 090
Other debtors		7 789	12 586	13 627	9 243	9 243	9 243	1 770	10 167	15 809	14 307
Current portion of long-term receivables		79	26	32	-	-	-	-	-	-	-
Inventory	2	54 194	63 424	63 059	45 899	45 899	45 899	63 107	66 894	62 894	60 583
Total current assets		114 802	139 835	119 418	78 943	78 943	78 943	117 995	112 201	115 500	112 990
Non current assets											
Long-term receivables		1	1	1	-	4 272	4 272	5 004			
Investments		11	14	21	-	-	-	10 575	8 575	8 575	8 575
Investment property		3 100	5 004	5 004	4 272	-	-	140 013	5 004	5 004	5 004
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	1 026 180	970 415	923 699	942 332	942 332	942 332	783 687	1 025 262	1 088 087	949 199
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		1 062	538	384	1 283	1 283	1 283	384	413	413	446
Other non-current assets		121	95	63	168	168	168	21	68	68	68
Total non current assets		1 030 475	976 067	929 172	948 055	948 055	948 055	939 684	1 039 322	1 102 146	963 291
TOTAL ASSETS		1 145 277	1 115 902	1 048 590	1 026 998	1 026 998	1 026 998	1 057 679	1 151 523	1 217 646	1 076 281
LIABILITIES											
Current liabilities											
Bank overdraft	1	5 154	6 557	11 925	1 026	1 026	1 026	9 269	9 269	9 952	6 985
Borrowing	4	2 257	2 485	2 758	1 374	1 374	1 374	2 502	3 003	3 391	3 765
Consumer deposits		1 782	1 825	1 949	1 932	1 932	1 932	2 029	2 191	2 499	2 690
Trade and other payables	4	27 087	28 680	21 627	11 306	11 306	11 306	21 814	16 752	17 562	17 931
Provisions		778	1 302	1 414	2 017	2 017	2 017	55 865	2 097	2 218	1 966
Total current liabilities		37 058	40 848	39 672	17 654	17 654	17 654	91 479	33 313	35 622	33 336
Non current liabilities											
Borrowing		33 641	6 008	3 231	11 176	11 176	11 176	3 166	14 777	34 016	41 406
Provisions		5 073	46 259	49 680	34 194	34 194	34 194	-	52 661	56 241	55 868
Total non current liabilities		38 714	52 267	52 911	45 370	45 370	45 370	3 166	67 438	90 257	97 274
TOTAL LIABILITIES		75 772	93 115	92 583	63 024	63 024	63 024	94 645	100 751	125 879	130 610
NET ASSETS	5	1 069 504	1 022 787	956 006	963 974	963 974	963 974	963 034	1 050 772	1 091 767	945 671
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 069 504	1 022 787	956 006	692 667	692 667	692 667	960 781	1 050 772	1 091 767	945 671
Reserves	4	-	-	-	271 307	271 307	271 307	2 253	-	-	-
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	1 069 504	1 022 787	956 006	963 974	963 974	963 974	963 034	1 050 772	1 091 767	945 671

**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

NC075 Enlhanjem - Table A1- Budgeted Cash Flows												
Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates, penalties & collection charges			14 114	13 593	17 407	22 834	22 656	22 656	12 782	26 176	27 877	29 689
Service charges			76 227	66 533	80 959	95 404	91 557	91 557	51 129	103 030	114 194	128 774
Other revenue			7 177	12 295	2 757	34 862	28 231	28 231	15 978	28 048	31 647	35 999
Government - operating		1	33 847	38 073	38 678	39 633	39 633	39 633	30 061	40 601	38 831	38 640
Government - capital		1	19 669	17 054	15 152	29 248	12 708	12 708	7 000	56 565	41 435	13 641
Interest			585	1 595	1 030	940	940	940	81	715	769	823
Dividends			-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Suppliers and employees			(124 240)	(130 205)	(140 583)	(163 870)	(163 376)	(163 376)	(100 875)	(182 174)	(184 532)	(197 032)
Finance charges			(1 284)	(1 758)	(1 608)	(1 700)	(2 530)	(2 530)	(370)	(2 556)	(2 671)	(2 810)
Transfers and Grants		1	(788)	(305)	(750)	(13 669)	(13 669)	(13 669)	(7 274)	(12 938)	(13 585)	(14 365)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			<b>25 306</b>	<b>16 875</b>	<b>13 042</b>	<b>43 672</b>	<b>16 151</b>	<b>16 151</b>	<b>8 512</b>	<b>57 467</b>	<b>53 966</b>	<b>33 359</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE			47	558	632	120	120	120	1 075	124	134	143
Decrease (Increase) in non-current debtors			44	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			42	-	26	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			(7)	79	-	-	-	-	-	-	-	-
<b>Payments</b>												
Capital assets			(19 297)	(13 822)	(21 550)	(40 589)	(23 899)	(23 899)	(6 753)	(63 019)	(64 726)	(33 880)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			<b>(19 171)</b>	<b>(13 186)</b>	<b>(20 893)</b>	<b>(40 469)</b>	<b>(23 779)</b>	<b>(23 779)</b>	<b>(5 679)</b>	<b>(62 894)</b>	<b>(64 593)</b>	<b>(33 736)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans			-	-	-	6 000	6 000	6 000	-	-	-	-
Borrowing long term/refinancing			-	-	-	-	-	-	-	11 546	14 240	12 389
Increase (decrease) in consumer deposits			-	-	-	135	135	135	101	135	138	142
<b>Payments</b>												
Repayment of borrowing			(2 050)	(2 275)	(2 504)	(3 384)	(3 384)	(3 384)	(1 681)	(5 384)	(5 222)	(4 961)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			<b>(2 050)</b>	<b>(2 275)</b>	<b>(2 504)</b>	<b>2 751</b>	<b>2 751</b>	<b>2 751</b>	<b>(1 580)</b>	<b>6 296</b>	<b>9 155</b>	<b>7 570</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			<b>4 085</b>	<b>1 415</b>	<b>(10 354)</b>	<b>5 954</b>	<b>(4 877)</b>	<b>(4 877)</b>	<b>1 253</b>	<b>869</b>	<b>(1 472)</b>	<b>7 193</b>
Cash/cash equivalents at the year begin:		2	5 141	9 225	10 640	(2 629)	285	285	(2 629)	(1 376)	(508)	(1 979)
Cash/cash equivalents at the year end:		2	9 225	10 640	285	3 324	(4 592)	(4 592)	(1 376)	(508)	(1 979)	5 214

## 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 significantly over the 2011/12 to 2012/13.
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 R285 thousand at year end.
5. In 2015/16 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 2015/16 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 2015/16 MTREF external sources of funding would be sought for a fleet of infrastructure vehicles, expected cash and cash equivalents totals R2.2 million as at the end of the 2014/15 financial year and escalates to R5 million by 2017/18.

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

NC073 Emthanjeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	9 225	10 640	285	3 324	(4 592)	(4 592)	(1 376)	(508)	(1 979)	5 214
Other current investments > 90 days		(0)	(0)	-	10 281	18 198	18 198	(7 777)	(5 634)	(5 189)	(10 189)
Non current assets - Investments	1	11	14	21	-	-	-	10 575	8 575	8 575	8 575
<b>Cash and investments available:</b>		<b>9 236</b>	<b>10 654</b>	<b>307</b>	<b>13 606</b>	<b>13 606</b>	<b>13 606</b>	<b>1 421</b>	<b>2 433</b>	<b>1 407</b>	<b>3 599</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		11 954	12 120	7 095	1 348	1 348	1 348	6 602	1 470	1 527	1 651
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	1 074			3 679	3 679	3 679	3 679	4 672	4 943	5 170
Other working capital requirements	3	(30 023)	(33 770)	(17 741)	(11 394)	(15 379)	(15 379)	(20 474)	(24 524)	(30 966)	(31 233)
Other provisions		-							11 429	12 078	12 822
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	2 253			2 253	2 253	2 253	2 253			
<b>Total Application of cash and investments:</b>		<b>(14 742)</b>	<b>(21 650)</b>	<b>(10 646)</b>	<b>(4 114)</b>	<b>(8 099)</b>	<b>(8 099)</b>	<b>(7 940)</b>	<b>(6 953)</b>	<b>(12 418)</b>	<b>(11 590)</b>
<b>Surplus(shortfall)</b>		<b>23 978</b>	<b>32 304</b>	<b>10 952</b>	<b>17 720</b>	<b>21 705</b>	<b>21 705</b>	<b>9 362</b>	<b>9 387</b>	<b>13 825</b>	<b>15 189</b>

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2011/12 to 2015/16 the surplus decreased from R23 million to R9 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF was funded owing to the surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
<b>Total New Assets</b>	1	15 190	8 284	12 299	30 448	13 908	13 908	53 905	38 325	6 009
Infrastructure - Road transport		1 738	4 084	10 682	13 808	13 808	13 808	8 500	10 583	6 009
Infrastructure - Electricity		-	-	918	-	-	-	-	-	-
Infrastructure - Water		3 585	-	699	16 640	100	100	10 000	27 240	-
Infrastructure - Sanitation		6 000	4 200	-	-	-	-	35 405	502	-
Infrastructure - Other		730	-	-	-	-	-	-	-	-
Infrastructure		12 053	8 284	12 299	30 448	13 908	13 908	53 905	38 325	6 009
Community		1 000	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2 137	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	3 327	5 437	9 159	10 141	9 991	9 991	24 853	27 609	30 750
Infrastructure - Road transport		1 490	761	4 640	500	500	500	5 660	4 110	10 464
Infrastructure - Electricity		-	412	611	250	250	250	3 680	7 000	4 000
Infrastructure - Water		-	17	406	470	320	320	3 546	9 240	9 389
Infrastructure - Sanitation		-	-	-	-	-	-	300	-	-
Infrastructure - Other		-	652	1 312	30	30	30	-	-	-
Infrastructure		1 490	1 842	6 969	1 250	1 100	1 100	13 186	20 349	23 854
Community		-	1 231	63	396	396	396	2 100	2 100	2 100
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 837	2 301	2 126	8 495	8 495	8 495	8 917	2 660	2 596
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	62	-	-	-	-	650	2 500	2 200
<b>Total Capital Expenditure</b>	4									
Infrastructure - Road transport		3 228	4 845	15 322	14 308	14 308	14 308	14 160	14 693	16 473
Infrastructure - Electricity		-	412	1 528	250	250	250	3 680	7 000	4 000
Infrastructure - Water		3 585	17	1 106	17 110	420	420	13 546	36 480	9 389
Infrastructure - Sanitation		6 000	4 200	-	-	-	-	35 705	502	-
Infrastructure - Other		730	652	1 312	30	30	30	-	-	-
Infrastructure		13 543	10 126	19 268	31 698	15 008	15 008	67 091	58 675	29 862
Community		1 000	1 231	63	396	396	396	2 100	2 100	2 100
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		3 974	2 301	2 126	8 495	8 495	8 495	8 917	2 660	2 596
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	62	-	-	-	-	650	2 500	2 200
TOTAL CAPITAL EXPENDITURE - Asset class	2	18 517	13 721	21 457	40 589	23 899	23 899	78 758	65 935	36 759
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	480 979	492 059	300 765	325 791	325 791	325 791	339 951	354 644	371 117
Infrastructure - Electricity		64 762	51 035	55 118	68 752	68 752	68 752	72 432	79 432	83 432
Infrastructure - Water		112 077	97 954	100 790	121 745	121 745	121 745	135 291	171 770	181 160
Infrastructure - Sanitation		129 804	112 359	118 142	127 460	127 460	127 460	163 164	163 667	163 667
Infrastructure - Other		64 967	1 893	2 045	3 861	3 861	3 861	3 861	3 861	3 861
Infrastructure		852 588	755 300	576 860	647 609	647 609	647 609	714 700	773 374	803 237
Community		114 057	155 551	224 026	222 971	222 971	222 971	225 071	227 171	229 271
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		3 100	5 004	5 004	4 272	-	-	5 004	5 004	5 004
Other assets		59 535	60 410	64 901	71 752	71 752	71 752	80 669	83 329	85 926
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		1 062	538	384	1 283	1 283	1 283	413	413	446
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 030 342	976 803	871 175	947 887	943 615	943 615	1 025 857	1 089 291	1 123 883
EXPENDITURE OTHER ITEMS										
<b>Depreciation &amp; asset impairment</b>		68 668	69 275	68 084	8 681	8 681	8 681	9 248	9 711	10 291
<b>Repairs and Maintenance by Asset Class</b>	3	8 679	8 471	11 611	12 491	12 491	12 491	16 592	17 468	18 629
Infrastructure - Road transport		502	1 368	1 277	1 592	1 592	1 592	616	1 852	2 049
Infrastructure - Electricity		50	1 495	929	1 821	1 821	1 821	1 342	1 586	1 706
Infrastructure - Water		404	750	697	864	864	864	1 145	1 491	1 581
Infrastructure - Sanitation		432	712	464	822	822	822	64	911	942
Infrastructure - Other		351	711	1 068	819	819	819	1 975	944	987
Infrastructure		1 739	5 036	4 435	5 918	5 918	5 918	5 143	6 785	7 265
Community		452	1 626	2 218	1 875	1 875	1 875	3 098	3 546	3 737
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	158	-	182	182	182	-	-	-
Other assets	6, 7	6 489	1 651	4 958	4 516	4 516	4 516	8 350	7 137	7 627
TOTAL EXPENDITURE OTHER ITEMS		77 347	77 746	79 695	21 171	21 171	21 171	25 840	27 178	28 920
Renewal of Existing Assets as % of total capex		18.0%	39.6%	42.7%	25.0%	41.8%	41.8%	31.6%	41.9%	83.7%
Renewal of Existing Assets as % of deprecn"		4.8%	7.8%	13.5%	116.8%	115.1%	115.1%	268.7%	284.3%	298.8%
R&M as a % of PPE		0.8%	0.9%	1.3%	1.3%	1.3%	1.3%	1.6%	1.6%	2.0%
Renewal and R&M as a % of PPE		1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	4.0%	4.0%	4.0%

### **Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the municipality's strategy to address the maintenance backlog.

**Table 23 MBRR Table A10 - Basic Service Delivery Measurement**

**NC073 Emthanjeni - Table A10 Basic service delivery measurement**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		8 046	8 288	8 738	9 175	9 175	9 175	11 114	11 670	12 720
Piped water inside yard (but not in dwelling)		—	—	450	473	473	473	695	765	841
Using public tap (at least min.service level)	2	21	21	471	495	495	495	465	521	500
Other water supply (at least min.service level)	4	—	—	450	473	473	473	341	324	279
<i>Minimum Service Level and Above sub-total</i>		8 067	8 309	10 109	10 614	10 614	10 614	12 615	13 279	14 339
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>		—	—	—	—	—	—	—	—	—
<b>Total number of households</b>	5	8 067	8 309	10 109	10 614	10 614	10 614	12 615	13 279	14 339
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		6 639	6 838	7 288	7 652	7 652	7 652	8 847	9 477	10 342
Flush toilet (with septic tank)		1 143	1 177	1 627	1 709	1 709	1 709	2 252	2 487	2 761
Chemical toilet		236	243	693	727	727	727	705	684	643
Pit toilet (ventilated)		—	—	450	473	473	473	458	458	430
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		8 018	8 258	10 058	10 561	10 561	10 561	12 262	13 106	14 176
Bucket toilet		62	63	513	539	539	539	353	173	163
Other toilet provisions (< min.service level)		—	—	450	9 175	9 175	9 175	—	—	—
No toilet provisions		—	—	—	9 175	9 175	9 175	—	—	—
<i>Below Minimum Service Level sub-total</i>		62	63	963	18 888	18 888	18 888	353	173	163
<b>Total number of households</b>	5	8 079	8 321	11 021	29 449	29 449	29 449	12 615	13 279	14 339
<b>Energy:</b>										
Electricity (at least min.service level)		3 222	3 318	3 768	3 957	3 957	3 957	3 838	3 723	3 623
Electricity - prepaid (min.service level)		4 847	4 993	5 443	5 715	5 715	5 715	8 115	9 051	10 293
<i>Minimum Service Level and Above sub-total</i>		8 069	8 311	9 211	9 671	9 671	9 671	11 953	12 774	13 916
Electricity (< min.service level)		10	11	461	484	484	484	469	385	385
Electricity - prepaid (< min. service level)		—	—	450	473	473	473	193	120	38
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		10	11	911	956	956	956	662	505	423
<b>Total number of households</b>	5	8 079	8 321	10 121	10 627	10 627	10 627	12 615	13 279	14 339
<b>Refuse:</b>										
Removed at least once a week		8 079	8 321	10 121	10 627	10 627	10 627	12 615	13 279	14 339
<i>Minimum Service Level and Above sub-total</i>		8 079	8 321	10 121	10 627	10 627	10 627	12 615	13 279	14 339
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>		—	—	—	—	—	—	—	—	—
<b>Total number of households</b>	5	8 079	8 321	10 121	10 627	10 627	10 627	12 615	13 279	14 339
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		8 079	8 321	8 771	9 210	9 210	9 210	2 908	3 100	3 395
Sanitation (free minimum level service)		2 475	3 000	3 300	3 465	3 465	3 465	2 908	3 100	3 395
Electricity/other energy (50kwh per household per month)		2 475	3 000	3 300	3 465	3 465	3 465	2 908	3 100	3 395
Refuse (removed at least once a week)		2 475	3 000	3 300	3 465	3 465	3 465	2 908	3 100	3 395
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		4 483	4 894	5 469	5 742	5 742	5 742	6 087	6 452	6 839
Sanitation (free sanitation service)		3 159	4 275	4 985	5 234	5 234	5 234	5 548	5 881	6 234
Electricity/other energy (50kwh per household per month)		860	1 158	1 344	1 411	1 411	1 411	1 496	1 586	1 681
Refuse (removed once a week)		1 970	2 666	3 108	3 264	3 264	3 264	3 459	3 667	3 887
<b>Total cost of FBS provided (minimum social package)</b>		10 472	12 993	14 906	15 651	15 651	15 651	16 591	17 586	18 641
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		18 000	18 000	18 000	18 900	18 900	18 900	28 000	28 000	28 000
Water (kilolitres per household per month)		6	6	6	6	6	6	8	8	8
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		—	119	126	132	132	132	161	171	181
Electricity (kwh per household per month)		50	50	50	53	53	53	46	53	57
Refuse (average litres per week)		70	74	78	82	82	82	101	107	113
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		—	—	—	—	—	—	—	—	—
Property rates (other exemptions, reductions and rebates)		—	—	—	—	—	—	—	—	—
Water		4 483	4 894	5 469	5 742	5 742	5 742	6 087	6 452	6 839
Sanitation		3 159	4 275	4 985	5 234	5 234	5 234	5 548	5 881	6 234
Electricity/other energy		860	1 158	1 344	1 411	1 411	1 411	1 496	1 586	1 681
Refuse		1 970	2 666	3 108	3 264	3 264	3 264	3 459	3 667	3 887
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<b>Total revenue cost of free services provided (total social package)</b>	6	10 472	12 993	14 906	15 651	15 651	15 651	16 591	16 591	17 172

## 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 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in September 2014. Key dates applicable to the process were:

- **August 2014** – 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 2014/15 MTREF;
- **November 2014** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2015** - 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 2015** - Council considers the 2014/15 Mid-year Review and Adjustments Budget;
- **January 2015** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- **February 2015** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments.

The draft 2015/16 MTREF is revised accordingly;

- **31 March 2015** - Tabling in Council of the draft 2015/16 IDP and 2015/16 MTREF for public consultation;
- **April 2015** – Public consultation;
- **6 May 2015** - Closing date for written comments;
- **6 to 21 May 2015** – Draftisation of the 2015/16 IDP and 2015/16 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
- **29 May 2015** - Tabling of the 2015/16 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 IDP as adopted by Council on 30 May 2015. It started in September 2014 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/16 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 2015/16 MTREF, based on the approved 2015/16 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 2015/16 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 2015/16 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.

### **iii. Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2015/16 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 2015/16 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 2014/15 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 draft 2015/16 MTREF as tabled before Council on 31 March 2015 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 Emthanjeni 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 2014, 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 Draftisation of the 2015/16 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 Draft 2015/16 MTREF compared to the draft 2015/16 MTREF that was tabled for community consultation, include:

- The Draft Eskom bulk tariff increase, applicable to municipalities from 1 July 2015, was factored into the proposed consumer tariffs, applicable from 1 July 2015. This resulted in an increase of 12.2 per cent;
- The SALGBC parties' settlement regarding the salary negotiations have been Draftised for in the 2015/16 financial year;
- The 2015 Division of Revenue Act (DORA) grant allocations were Draftized 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 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 24 IDP Strategic Objectives**

	<b>2014/15 Financial Year</b>	<b>2015/16 MTREF</b>
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 2015/16 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
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)			345	350	390	420	371	371	458	459	449	
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			3 890	6 339	7 068	2 818	2 489	2 489	8 072	8 093	7 916	
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			303	1 142	1 273	—	—	—	—	—	—	
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			43 743	51 155	57 038	87 555	77 311	77 311	95 433	95 681	93 585	
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure			619	658	734	11 826	10 443	10 443	12 890	12 924	12 641	
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			58 731	59 083	65 878	75 900	67 020	67 020	82 729	82 945	81 128	
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality			505	338	377	12 766	11 272	11 272	13 914	13 951	13 645	
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality			14 480	15 868	17 693	800	706	706	7 419	7 438	7 275	
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality			9 038	13 305	17 449	23 935	21 135	21 135	26 089	26 157	25 584	
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective			5 100	5 700	6 356	934	825	825	1 018	1 021	998	
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA			1 321	1 500	1 673	2	1	1	2	2	2	
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			—	—	—	4 214	3 721	3 721	4 593	4 605	4 504	
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices			31	40	45	74	66	66	81	81	79	
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			1 444	2 233	2 490	—	—	—	—	—	—	
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			323	105	117	—	—	—	—	—	—	
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			3 283	10 319	11 506	1 000	883	883	3 090	3 098	3 030	
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			6 495	7 354	8 200	7 196	6 359	6 359	8 849	8 866	8 680	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	149 654	175 490	198 285	229 441	202 601	202 601	264 637	265 319	259 517

**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)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Promote representative governance through the sustainable utilisation of	To continuously review the accountable and transparent			1 056	2 614	4 077	3 102	3 107	3 107	4 366	4 595	4 881	
Promote representative governance through the sustainable utilisation of	To be an executive council by leading and consulting our community and do on-going			6 424	7 816	9 198	6 998	7 010	7 010	7 594	7 993	8 490	
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			4 723	2 031	5 390	4 101	4 108	4 108	4 450	4 684	4 975	
Provision of access to all basic services rendered to residents within available	To provide all communities quality water, sanitation and refuse manage demand and			52 932	80 951	95 271	72 482	72 606	72 606	78 654	82 791	87 932	
Provision of access to all basic services rendered to residents within available	To upgrade and maintain road infrastructure			9 493	10 878	14 802	11 262	11 281	11 281	12 221	12 863	13 662	
Provision of access to all basic services rendered to residents within available	To provide a quality electricity supply , manage demand and maintain existing infrastructure			54 164	53 725	63 229	48 105	48 186	48 186	52 200	54 946	58 358	
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality			3 348	1 678	2 975	2 263	2 267	2 267	2 456	2 585	2 746	
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within			8 965	9 330	10 980	8 354	8 368	8 368	9 065	9 542	10 134	
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable			1 911	4 213	4 958	3 772	3 778	3 778	4 093	4 309	4 576	
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent,			424	655	1 770	1 347	1 349	1 349	1 462	1 538	1 634	
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA			1 502	1 916	2 255	1 715	1 718	1 718	1 861	1 959	2 081	
Development and transformation of the institution with the aim of capacitating the	To maintain a capacitated municipality , achieve Employment Equity targets,			5 405	8 585	10 104	7 687	7 700	7 700	8 342	8 780	9 326	
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices			2 600	3 686	4 338	3 301	3 306	3 306	3 582	3 770	4 004	
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			4 845	7 660	9 015	6 858	6 870	6 870	7 442	7 834	8 320	
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create			36 379	7 545	8 880	6 756	6 767	6 767	7 331	7 717	8 196	
Contribute to the development and protection of the rights and needs of all residents with a	To improve and facilitate rural development in the municipal area			5 195	6 220	7 321	5 569	5 579	5 579	6 044	6 362	6 757	
Contribute to the creation of communities where residents and visitors can work, live	To provide traffic services in terms of the legislation, awareness and training to the			6 532	8 673	10 502	7 995	8 003	8 003	9 188	10 317	11 910	
Allocations to other priorities													
Total Expenditure				1	205 896	218 175	265 066	201 667	202 004	202 004	220 350	232 585	247 981

**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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Provision of access to all basic services rendered to residents within available	To provide all communities quality water manage demand and maintain existing	A		10 666	5 195	9 970	14 188	10 188	10 188	12 285	10 285	5 734
Provision of access to all basic services rendered to residents within available	To upgrade and maintain road infrastructure	B		3 382	2 480	8 923	23 485	10 795	10 795	18 314	15 333	8 548
Provision of access to all basic services rendered to residents within available	To provide all communities quality sanitation manage demand and maintain existing	C		283	3 160	26	39	39	39	36 377	30 455	16 979
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality	D		1 561	266	232	348	348	348	1 591	1 332	742
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within	E		990	1 010	1 092	704	704	704	2 194	1 837	1 024
Contribute to the creation of communities where residents and visitors can work, live	To provide traffic services in terms of the legislation, awareness and training to the	F		876	420	241	363	363	363	1 615	1 352	754
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices	G		80	347	227	341	341	341	1 578	1 321	737
Provision of access to all basic services rendered to residents within available	To provide all communities sustainable electricity and to manage electricity increased	H		364	412	239	359	359	359	1 609	1 347	751
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create	I		245	412	496	746	746	746	2 866	2 399	1 338
Promote representative governance through the sustainable utilisation of	To continuously review the accountable and transparent	J		68	18	11	16	16	16	327	272	152
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	18 517	13 721	21 457	40 589	23 899	23 899	78 758	65 935	36 759

NC073 Emthanjeni - Supporting Table SA7 Measureable performance objectives

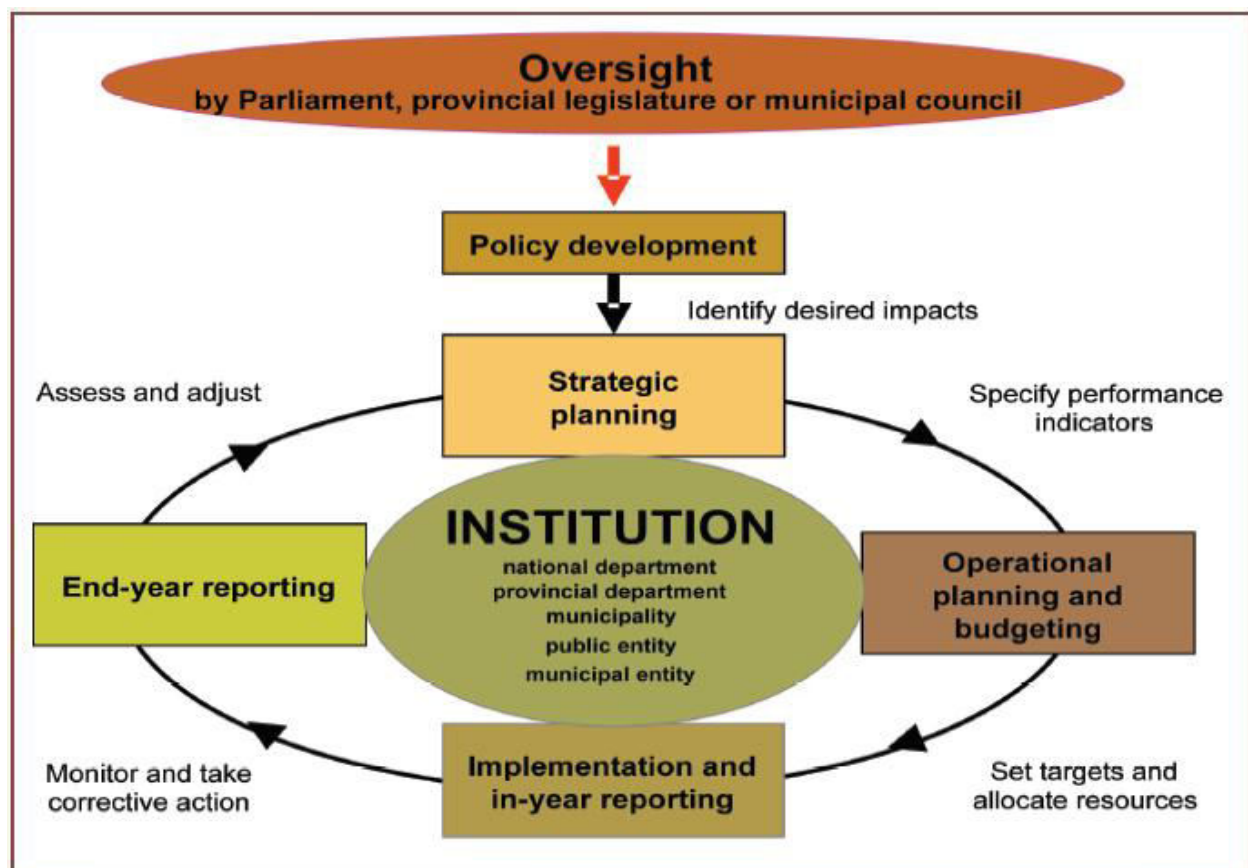
[illegible]



## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the 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:



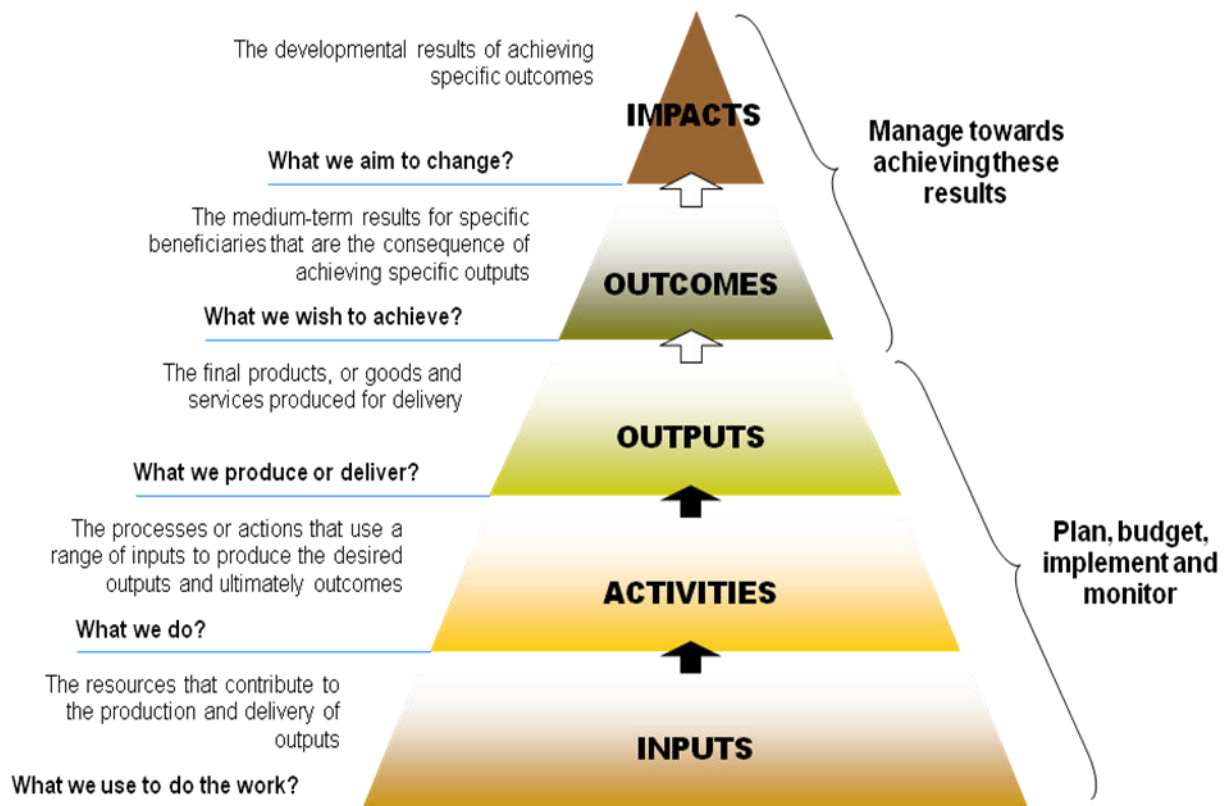
**Figure 2 Planning, budgeting and reporting cycle**

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 2014/15 MTREF.**

**NC073 Emthanjeni - Supporting Table SA8 Performance indicators and benchmarks**

NC073 Emthambezini - Supporting Table SA6 Performance Indicators and benchmarks											
Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b><u>Borrowing Management</u></b>											
Credit Rating		B	B	B	B	B	B	B			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.6%	1.8%	1.6%	2.5%	2.9%	2.9%	2.1%	3.6%	3.4%	3.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.2%	3.3%	2.9%	3.2%	3.9%	3.9%	2.8%	4.7%	4.3%	3.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	49.4%	50.0%	50.0%	0.0%	52.0%	58.1%	55.1%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	4.1%	4.1%	4.1%	140.5%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	3.1	3.4	3.0	4.5	4.5	4.5	1.3	3.4	3.2	3.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.1	3.4	3.0	4.5	4.5	4.5	1.3	3.4	3.2	3.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.4	0.3	0.8	0.8	0.8	0.0	0.1	0.1	0.1
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.4%	82.4%	87.2%	95.1%	95.1%	95.1%	53.2%	96.0%	96.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.3%	82.4%	87.2%	95.1%	95.1%	95.1%	53.2%	96.0%	96.0%	96.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	33.0%	36.1%	23.8%	9.2%	11.9%	11.9%	31.5%	20.3%	22.3%	20.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	99.0%	99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		138.4%	116.1%	5090.8%	188.9%	-136.7%	-136.7%	-837.9%	-3009.7%	-810.1%	312.3%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	7820438	8234071	7503467	6200000	6200000	6200000	6200000	5500000	5300000	5150000
	Total Cost of Losses (Rand '000)	4 770	5 599	5 553	5 000	5 000	5 000	5 000	4 500	4 000	3 950
	% Volume (units purchased and generated less units sold)/units purchased and generated	14	15	13	12	12	12	12	11	10	9
Water Distribution Losses (2)	Total Volume Losses (kℓ)	479	565	652	550	550	550	550	540	526	515
	Total Cost of Losses (Rand '000)	156054	386444	497258	450500	450500	450500	450500	420000	411000	409500
	% Volume (units purchased and generated less units sold)/units purchased and generated	17	19	17	16	16	16	16	15	13	12
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.6%	34.4%	32.3%	31.5%	33.2%	33.2%	33.2%	31.9%	31.2%	30.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.0%	34.7%	34.6%	33.6%	35.4%	35.4%		34.0%	33.0%	30.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.2%	5.2%	6.3%	6.2%	6.6%	6.6%		8.0%	7.8%	7.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	49.9%	43.3%	37.6%	5.2%	5.9%	5.9%	5.9%	5.7%	5.5%	5.3%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	27.3	34.1	32.2	37.1	37.1	37.1	24.6	28.0	32.0	35.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	51.0%	60.3%	38.9%	14.7%	15.2%	15.2%	45.4%	31.2%	33.5%	30.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.9	1.0	0.0	0.2	(0.3)	(0.3)	(0.1)	(0.0)	(0.1)	0.3

## 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 2015/16 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 2.8 per cent to 2.5 per cent in 2016/17, it needs to be noted that the decrease capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capital Municipality in isolation of other ratios and measures.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 2.5 per cent in 2015/16 to 2.4 per cent in 2017/18. This increase can be attributed to the raising of loans to fund portions of the capital programme during the 2015/16 financial year. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2014 and 2017. Debt service costs are expected to peak in 2016 due to the redemption of the last few term loans held 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 2014/15 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, overdraft and tax provisions as a percentage of funds and reserves. During the 2015/16 financial year the ratio deteriorated to a level 4.1 per cent.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2011/12 and 2017/18 the gearing ratio peaked at 3.1 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio remain constant in the 2015/16 financial year, the medium term strategy is to steadily increase the gearing ratio to a level that does not exceed 5 per cent as a prudential limit, hence, over the 2015/16 MTREF the ratio increases 3.6 per cent by 2016/17.

### 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 2015/16 MTREF the current ratio is 1.4 in the 2014/15

financial year and 1.4 for the two outer years of the MTREF. 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 2013/14 financial year the ratio was 0.6 and as part of the financial planning strategy it has been increased to 0.8 in the 2014/15 financial year. This is expected to reach optimal level by 2016/17. 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, 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 14.36 per cent in the 2011/12 financial year to 13.1 per cent in 2013/14. 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 13.26 per cent in 2011/12 to 10.5 per cent in 2013/14. 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 continues to decrease 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 2014/15 financial year 3 000 registered indigents have been provided for in the budget with this figured increasing to 3 300 by 2015/16. 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 2015/16, 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 2014 is currently under review. 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 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 96 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.

### **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).

### **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.

### **2.7.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy has been tabled to council on the 31 March 2015.

### **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 tabled to council on the 31 March 2015.

### **2.7.6 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy was amended by Council in May 2014. 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 tabled to council on the 31 March 2015.

### **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 tabled to council on the 31 March 2015.

### **2.7.8 Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2015/16 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 2014/15 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).



## 2.8 Overview of budget assumptions

### 2.8.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2015 will be 2.3 per cent rising to 2.9 per cent by 2016.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### 2.8.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 30.16 per cent of total operating expenditure in the 2015/16 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.
- The Draftisation of the categorisation and job evaluation wage curves collective agreement is not yet concluded within our municipality.

### 2.8.3 Credit rating outlook

**Table 27 Credit rating outlook**

Security class	Currency	Rating	Annual rating 2013/14	Previous Rating
Short term	Rand	Prime	20 April 2012	Prime
Long-term	Rand	B	20 April 2012	B
Outlook	Rand	Negative	20 April 2012	Negative

The rating definitions are:

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

#### **2.8.4 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2015/16 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2015/16 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

#### **2.8.5 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (96 per cent) of annual billings. Cash flow is assumed to be 96 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **2.8.6 Growth or decline in tax base of the municipality**

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

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

#### **2.8.7 Salary increases**

The collective agreement regarding salaries/wages is still not drafted which must come into operation on 1 July 2015. A provision for an increase of 4.4 per cent was budgeted for during the 2015/16 financial year.

### **2.8.8 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### **2.8.9 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow 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:

Description	2015/16 Medium Term Revenue & Expenditure Framework		
	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>			
<b>Revenue By Source</b>			
Property rates	8 589	9 147	9 742
Service charges - electricity revenue	57 631	66 276	78 205
Service charges - water revenue	25 853	27 404	29 048
Service charges - sanitation revenue	14 741	15 625	16 563
Service charges - refuse revenue	8 848	9 379	10 036
Service charges - other	240	257	276
Rental of facilities and equipment	652	701	751
Interest earned - external investments	715	769	823
Interest earned - outstanding debtors	873	933	996
Dividends received	–	–	–
Fines	7 581	8 322	8 844
Licences and permits	2 099	2 309	2 517
Agency services	–	–	–
Transfers recognised - operational	40 601	38 831	38 640
Other revenue	20 843	23 900	28 102
Gains on disposal of PPE	130	139	149
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>208 072</b>	<b>223 884</b>	<b>245 876</b>
<b>Surplus/(Deficit)</b>	<b>(19 816)</b>	<b>(24 015)</b>	<b>(27 795)</b>
Transfers recognised - capital	56 565	41 435	13 641
<b>Surplus/(Deficit) for the year</b>	<b>36 749</b>	<b>17 420</b>	<b>(14 154)</b>

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 2015/16 MTREF on the different revenue categories are:

**Table 28 Proposed tariff increases over the medium-term**

Revenue category	2015/16 proposed tariff increase	2016/17 proposed tariff increase	2017/18 proposed tariff increase
	%	%	%
<b>Property rates</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>
<b>Sanitation</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Solid Waste</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Water</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>
<b>Electricity</b>	<b>12.2</b>	<b>12.2</b>	<b>12.2</b>

Revenue to be generated from property rates is R27, 266 million in the 2015/16 financial year and increases to R29, 039 million by 2016/17 which represents 12.97 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 R40,601 million, R38, 831 million and R38, 640 million for each of the respective financial years of the MTREF, or 19.51, 17.3 and 15.72 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 first decreasing by 4.36 per cent then decreasing by 0.49 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1 588 000, R1 702 000 and R1 818 000 for the respective three financial years of the 2015/16 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 29 MBRR SA15 – Detail Investment Information**

**NC073 Emthanjeni - Supporting Table SA15 Investment particulars by type**

Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
<b><u>Parent municipality</u></b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		11	14	21	11 788	11 788	11 788	8 575	8 575	8 575
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										
<b>Municipality sub-total</b>	1	11	14	21	11 788	11 788	11 788	8 575	8 575	8 575
<b><u>Entities</u></b>										
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										
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		11	14	21	11 788	11 788	11 788	8 575	8 575	8 575

**Table 30 MBRR SA16 – Investment particulars by maturity**

NC073 Emthanjeni - Supporting Table SA16 Investment particulars by maturity														
Investments by Municipality	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
Investment institution & investment	1	Yrs/Months												
<u>Parent municipality</u>														
General Investment		Yes	Fixed Deposit	Yes	Yes	0.075	0	0	30/06/2015	12 728		(4 153)		8 575
														-
														-
														-
														-
														-
														-
Municipality sub-total										12 728		(4 153)	-	8 575
<u>Entities</u>														
														-
														-
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS	1									12 728		(4 153)	-	8 575

## 2.9.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

**Table 31 Sources of capital revenue over the MTREF**

Vote Description	Ref	2015/16 Medium Term Revenue & Expenditure Framework		
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>			
<b>Funded by:</b>				
National Government		56 565	41 435	13 641
Provincial Government		–	–	632
District Municipality		–	–	–
Other transfers and grants		–	–	–
<b>Transfers recognised - capital</b>	<b>4</b>	<b>56 565</b>	<b>41 435</b>	<b>14 273</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Borrowing</b>	<b>6</b>	<b>11 546</b>	<b>14 240</b>	<b>12 389</b>
<b>Internally generated funds</b>		<b>10 647</b>	<b>10 260</b>	<b>10 096</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>78 758</b>	<b>65 935</b>	<b>36 759</b>

### Sources of capital revenue for the 2015/16 financial year

Capital grants and receipts equates to 71.82 per cent of the total funding source which represents R56, 565 million for the 2015/16 financial year and decreases to R41, 435 million or 62.84 per cent by 2016/17 then for 2017/18 it decreases to R14, 273 million or 38.83 per cent.

Borrowings fluctuate during the 2015/16 MTREF and equals to R11, 546 million, R14, 240 million and R12, 389 million during the respective years.

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R10, 647 million in 2015/16, R10, 260 in 2016/17 and R10, 096 million in 2017/18. The percentage funding remains constant over the MTEF period. This reflects the commitment of the municipality to invest in renewal of their existing assets.



The following table is a detailed analysis of the Municipality's borrowing liability.

**Table 32 MBRR Table SA 17 - Detail of borrowings**

**NC073 Emthanjeni - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		33 641	6 008	3 231	11 176	11 176	11 176	14 777	34 016	41 406
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										
<b>Municipality sub-total</b>	1	33 641	6 008	3 231	11 176	11 176	11 176	14 777	34 016	41 406
<b>Entities</b>										
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										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	33 641	6 008	3 231	11 176	11 176	11 176	14 777	34 016	41 406

Various External loans will be entered into during the 2015/16 Medium Term Revenue and Expenditure Framework. These funds will be used to fund the following capital Projects:

- External loans from commercial banks to fund the augmentation of fleet
- Development Bank of Southern Africa to fund Electricity network upgrades within the Emthanjeni Municipal areas.

**Table 33 MBRR Table SA 18 - Capital transfers and grant receipts**

NC073 Emthanjeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		32 679	37 623	38 493	38 876	38 876	38 876	40 959	39 670	38 401
Local Government Equitable Share		30 439	34 323	34 819	35 342	35 342	35 342	35 929	35 088	34 668
Finance Management		1 450	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive		-	1 000	1 234	1 000	1 000	1 000	1 000	-	-
Energy Efficiency and Demand Management										
Integrated National Electrification Programme								1 500	2 000	1 000
<b>Provincial Government:</b>		218	1 683	4 912	757	757	757	1 142	1 161	1 239
Health subsidy		-	1 001	1 150	-	-	-	-	-	-
Housing		218	-	458	-	-	-	-	-	-
Sport and Recreation		-	682	679	757	757	757	1 142	1 161	1 239
Department of Education		-	-	235	-	-	-	-	-	-
Department of Roads		-	-	2 389	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	2 050	-	-	-	-	-	-
Department of Water Affairs		-	-	2 050	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	32 897	39 306	45 455	39 633	39 633	39 633	42 101	40 831	39 640
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	16 141	13 102	29 248	12 708	12 708	55 065	39 435	12 641
Municipal Infrastructure Grant (MIG)			16 141	13 102	12 608	12 608	12 608	11 898	12 195	12 641
Regional Bulk Infrastructure			-	-	16 640	100	100	10 000	27 240	-
Bucket Eradication Programme Grant								33 167	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
Department of Water Af										
<b>Total Capital Transfers and Grants</b>	5	-	16 141	13 102	29 248	12 708	12 708	55 065	39 435	12 641
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		32 897	55 447	58 557	68 881	52 341	52 341	97 166	80 266	52 281

## 2.9.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 34 MBRR Table A7 - Budget cash flow statement**

NC073 Emthanjeni - Table A7 Budgeted Cash Flows

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges			14 114	13 593	17 407	22 834	22 656	22 656	12 782	26 176	27 877	29 689
Service charges			76 227	66 533	80 959	95 404	91 557	91 557	51 129	103 030	114 194	128 774
Other revenue			7 177	12 295	2 757	34 852	28 231	28 231	15 978	28 048	31 647	35 999
Government - operating		1	33 847	38 073	38 678	39 633	39 633	39 633	30 061	40 601	38 831	38 640
Government - capital		1	19 669	17 054	15 152	29 248	12 708	12 708	7 000	56 565	41 435	13 641
Interest			585	1 595	1 030	940	940	940	81	715	769	823
Dividends			-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(124 240)	(130 205)	(140 583)	(163 870)	(163 376)	(163 376)	(100 875)	(182 174)	(184 532)	(197 032)
Finance charges			(1 284)	(1 758)	(1 608)	(1 700)	(2 530)	(2 530)	(370)	(2 556)	(2 671)	(2 810)
Transfers and Grants		1	(788)	(305)	(750)	(13 669)	(13 669)	(13 669)	(7 274)	(12 938)	(13 585)	(14 365)
NET CASH FROM/(USED) OPERATING ACTIVITIES			25 306	16 875	13 042	43 672	16 151	16 151	8 512	57 467	53 966	33 359
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			47	558	632	120	120	120	1 075	124	134	143
Decrease (Increase) in non-current debtors			44	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			42	-	26	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			(7)	79	-	-	-	-	-	-	-	-
Payments												
Capital assets			(19 297)	(13 822)	(21 550)	(40 589)	(23 899)	(23 899)	(6 753)	(63 019)	(64 726)	(33 880)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(19 171)	(13 186)	(20 893)	(40 469)	(23 779)	(23 779)	(5 679)	(62 894)	(64 593)	(33 736)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	6 000	6 000	6 000	-	-	-	-
Borrowing long term/refinancing			-	-	-	-	-	-	-	11 546	14 240	12 389
Increase (decrease) in consumer deposits			-	-	-	135	135	135	101	135	138	142
Payments												
Repayment of borrowing			(2 050)	(2 275)	(2 504)	(3 384)	(3 384)	(3 384)	(1 681)	(5 384)	(5 222)	(4 961)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(2 050)	(2 275)	(2 504)	2 751	2 751	2 751	(1 580)	6 296	9 155	7 570
NET INCREASE/ (DECREASE) IN CASH HELD			4 085	1 415	(10 354)	5 954	(4 877)	(4 877)	1 253	869	(1 472)	7 193
Cash/cash equivalents at the year begin:		2	5 141	9 225	10 640	(2 629)	285	285	(2 629)	(1 376)	(508)	(1 979)
Cash/cash equivalents at the year end:		2	9 225	10 640	285	3 324	(4 592)	(4 592)	(1 376)	(508)	(1 979)	5 214

## 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 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

NC073 Emthanjeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	9 225	10 640	285	3 324	(4 592)	(4 592)	(1 376)	(508)	(1 979)	5 214
Other current investments > 90 days		(0)	(0)	-	10 281	18 198	18 198	(7 777)	(5 634)	(5 189)	(10 189)
Non current assets - Investments	1	11	14	21	-	-	-	10 575	8 575	8 575	8 575
<b>Cash and investments available:</b>		<b>9 236</b>	<b>10 654</b>	<b>307</b>	<b>13 606</b>	<b>13 606</b>	<b>13 606</b>	<b>1 421</b>	<b>2 433</b>	<b>1 407</b>	<b>3 599</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		11 954	12 120	7 095	1 348	1 348	1 348	6 602	1 470	1 527	1 651
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	1 074			3 679	3 679	3 679	3 679	4 672	4 943	5 170
Other working capital requirements	3	(30 023)	(33 770)	(17 741)	(11 394)	(15 379)	(15 379)	(20 474)	(24 524)	(30 966)	(31 233)
Other provisions		-							11 429	12 078	12 822
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	2 253			2 253	2 253	2 253	2 253			
<b>Total Application of cash and investments:</b>		<b>(14 742)</b>	<b>(21 650)</b>	<b>(10 646)</b>	<b>(4 114)</b>	<b>(8 099)</b>	<b>(8 099)</b>	<b>(7 940)</b>	<b>(6 953)</b>	<b>(12 418)</b>	<b>(11 590)</b>
<b>Surplus(shortfall)</b>		<b>23 978</b>	<b>32 304</b>	<b>10 952</b>	<b>17 720</b>	<b>21 705</b>	<b>21 705</b>	<b>9 362</b>	<b>9 387</b>	<b>13 825</b>	<b>15 189</b>

From the above table it can be seen that the cash and investments available total R9, 387 million in the 2015/16 financial year however this increases to R15, 189 million by 2017/18, 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 2015/16 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.

## 2.9.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 36 MBRR SA10 – Funding compliance measurement**

NC073 Emthanjeni Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	9 225	10 640	285	3 324	(4 592)	(4 592)	(1 376)	(508)	(1 979)	5 214
Cash + investments at the yr end less applications - R'000	18(1)b	2	23 978	32 304	10 952	17 720	21 705	21 705	9 362	9 387	13 825	15 189
Cash year end/monthly employee/supplier payments	18(1)b	3	0.9	1.0	0.0	0.2	(0.3)	(0.3)	(0.1)	(0.0)	(0.1)	0.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(56 243)	(42 686)	(66 781)	36 677	9 500	9 500	(3 208)	44 287	32 734	11 536
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	1.9%	10.1%	4.2%	(9.3%)	(6.0%)	(6.0%)	6.0%	4.0%	5.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	92.7%	77.9%	73.2%	96.0%	95.5%	95.5%	53.5%	94.4%	94.3%	94.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	18.8%	12.4%	42.5%	8.7%	8.7%	8.7%	8.7%	8.5%	8.2%	7.8%
Capital payments % of capital expenditure	18(1)c;19	8	104.2%	100.7%	100.4%	100.0%	100.0%	100.0%	28.3%	80.0%	98.2%	92.2%
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%	52.0%	58.1%	55.1%
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.	28.1%	(25.4%)	(58.3%)	0.0%	0.0%	197.5%	129.1%	18.1%	1.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	(100.0%)	0.0%	0.0%	17.1%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.8%	0.9%	1.3%	1.3%	1.3%	1.3%	2.1%	1.6%	1.6%	2.0%
Asset renewal % of capital budget	20(1)(vi)	14	18.0%	39.6%	42.7%	25.0%	41.8%	41.8%	0.0%	31.6%	41.9%	83.7%

#### **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 2015/16 MTREF shows R0, 869 million, -R1, 472 million and R7, 193 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 2011/12 to 2017/18, moving from 1.0 to 0.9 with the adopted 2015/16 MTREF. As part of the 2014/15 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 2015/16 MTREF the indicative outcome is a surplus of R53, 536 million, R42, 445 million and R21, 827 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. From the table above it can be seen that the percentage growth totals 6, 4 and 5.5 per cent for the respective financial year of the 2015/16 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 12.2 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 94.4, 94.3 and 94.3 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 96 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 8.5, 8.2 and 7.8 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 37 MBRR SA19 - Expenditure on transfers and grant programmes**

NC073 Emthanjeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		32 680	37 573	38 259	38 876	38 876	38 876	40 959	39 670	38 401
Local Government Equitable Share		30 440	34 323	34 819	35 342	35 342	35 342	35 929	35 088	34 668
Finance Management		1 450	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive		-	950	1 000	1 000	1 000	1 000	1 000	-	-
Energy Efficiency and Demand Management		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme		-	-	-	-	-	-	1 500	2 000	1 000
0		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		1 669	1 683	6 811	757	757	757	1 142	1 161	1 239
Health subsidy		979	1 001	1 311	-	-	-	-	-	-
Housing		-	-	268	-	-	-	-	-	-
Sport and Recreation		690	682	679	757	757	757	1 142	1 161	1 239
Department of Education		-	-	2 503	-	-	-	-	-	-
Department of Roads		-	-	2 050	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
Department of Water Affairs		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants</b>		34 349	39 256	45 070	39 633	39 633	39 633	42 101	40 831	39 640
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		13 566	16 141	14 362	28 448	11 908	11 908	55 065	39 435	12 641
Municipal Infrastructure Grant (MIG)		13 306	16 141	14 362	11 808	11 808	11 808	11 898	12 195	12 641
Regional Bulk Infrastructure		260	-	-	16 640	100	100	10 000	27 240	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Bucket Eradication Programme Grant		-	-	-	-	-	-	33 167	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
Department of Water Af		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		13 566	16 141	14 362	28 448	11 908	11 908	55 065	39 435	12 641
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		47 915	55 397	59 433	68 081	51 541	51 541	97 166	80 266	52 281



## 2.9.6 Councillor and employee benefits

**Table 39 MBRR SA22 - Summary of councillor and staff benefits**

NC073 Emthanjeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	1	A	B	C	D	E	F	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		2 475	2 475	2 920	2 962	2 962	2 962	3 170	3 320	3 508
Pension and UIF Contributions		-	-	338	-	-	-	-	-	-
Medical Aid Contributions		-	-	38	-	-	-	-	-	-
Motor Vehicle Allowance		825	825	629	985	985	985	1 054	1 104	1 166
Cellphone Allowance		183	183	198	314	314	314	336	363	400
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	20	34	47	-	-	47	-	-
<b>Sub Total - Councillors</b>		<b>3 483</b>	<b>3 503</b>	<b>4 157</b>	<b>4 308</b>	<b>4 261</b>	<b>4 261</b>	<b>4 606</b>	<b>4 787</b>	<b>5 074</b>
<b>% increase</b>	4		<b>0.6%</b>	<b>18.7%</b>	<b>3.6%</b>	<b>(1.1%)</b>	<b>-</b>	<b>8.1%</b>	<b>3.9%</b>	<b>6.0%</b>
<b><u>Senior Managers of the Municipality</u></b>										
Basic Salaries and Wages		2 701	2 660	3 102	3 369	3 369	3 369	3 518	3 694	3 915
Pension and UIF Contributions		449	441	469	560	560	560	584	588	623
Medical Aid Contributions		40	90	132	159	159	159	166	174	185
Overtime		633	-	-	-	-	-	-	-	-
Performance Bonus		-	-	475	-	-	-	-	-	-
Motor Vehicle Allowance		-	728	588	847	847	847	885	929	985
Cellphone Allowance	3	298	47	177	151	151	151	155	165	175
Housing Allowances	3	307	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	575	168	217	217	217	220	238	252
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>4 428</b>	<b>4 541</b>	<b>5 112</b>	<b>5 303</b>	<b>5 303</b>	<b>5 303</b>	<b>5 528</b>	<b>5 787</b>	<b>6 134</b>
<b>% increase</b>	4		<b>2.5%</b>	<b>12.6%</b>	<b>3.7%</b>	<b>-</b>	<b>-</b>	<b>4.2%</b>	<b>4.7%</b>	<b>6.0%</b>
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		31 741	36 570	35 534	43 450	43 450	43 450	45 859	47 876	48 834
Pension and UIF Contributions		5 195	6 750	6 403	7 592	7 592	7 592	7 926	8 322	8 489
Medical Aid Contributions		2 555	2 605	2 140	1 505	1 505	1 505	1 614	1 695	1 729
Overtime		797	419	2 262	2 070	2 070	2 070	1 870	1 963	2 003
Performance Bonus		-	-	2 993	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	892	1 269	892	892	892	1 044	1 096	1 118
Cellphone Allowance	3	435	-	254	168	168	168	175	184	188
Housing Allowances	3	-	785	1 124	702	702	702	733	770	785
Other benefits and allowances	3	1 937	189	2 436	1 244	1 230	1 230	1 284	1 348	1 375
Payments in lieu of leave		-	-	366	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	683	-	54	54	54	56	59	60
<b>Sub Total - Other Municipal Staff</b>		<b>42 660</b>	<b>48 893</b>	<b>54 781</b>	<b>57 677</b>	<b>57 662</b>	<b>57 662</b>	<b>60 560</b>	<b>63 313</b>	<b>64 579</b>
<b>% increase</b>	4		<b>14.6%</b>	<b>12.0%</b>	<b>5.3%</b>	<b>(0.0%)</b>	<b>-</b>	<b>5.0%</b>	<b>4.5%</b>	<b>2.0%</b>
<b>Total Parent Municipality</b>		<b>50 571</b>	<b>56 937</b>	<b>64 051</b>	<b>67 288</b>	<b>67 226</b>	<b>67 226</b>	<b>70 695</b>	<b>73 887</b>	<b>75 788</b>
			<b>12.6%</b>	<b>12.5%</b>	<b>5.1%</b>	<b>(0.1%)</b>	<b>-</b>	<b>5.2%</b>	<b>4.5%</b>	<b>2.6%</b>

**NC073 Emthanjeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4	1	444 294	4 811	172 793			621 898
Chief Whip		-	-	-	-			-
Executive Mayor		1	547 533	5 496	206 514			759 543
Deputy Executive Mayor		-	-	-	-			-
Executive Committee		2	458 178	6 748	201 446			666 372
Total for all other councillors		10	1 719 531	29 895	808 807			2 558 233
<b>Total Councillors</b>	8	14	3 169 536	46 950	1 389 560			4 606 046
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)		1	856 480	205 427	362 324			1 424 231
Chief Finance Officer		1	779 961	227 092	298 551			1 305 604
Director of Corporate Services		1	565 162	201 324	150 052			916 538
Director of Infrastructure Services		1	564 980	151 528	117 598			834 106
Director of Community Services		1	618 987	186 993	241 800			1 047 780
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	5	3 385 570	972 365	1 170 325	-		5 528 260

**Table 41 MBRR SA24 – Summary of personnel numbers**

NC073 Emthanjeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			14	2	12	14	2	12	14	2	12
Board Members of municipal entities	4		–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>	5		–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3		4	3	1	5		5	5		5
Other Managers	7		7	6	1	7	6	1	7	6	1
Professionals			3	3	–	6	6	–	6	6	–
Finance			1	1	–	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			17	12	5	33	31	2	33	31	2
Finance			6	1	5	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	–
Clerks (Clerical and administrative)			112	112	–	138	136	2	138	136	2
Service and sales workers			–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers			–	–	–	–	–	–	–	–	–
Craft and related trades			36	36	–	45	45	–	45	45	–
Plant and Machine Operators			20	20	–	40	40	–	40	40	–
Elementary Occupations			133	124	9	170	160	10	170	160	10
<b>TOTAL PERSONNEL NUMBERS</b>	9		346	318	28	458	426	32	458	426	32
<b>% increase</b>						32.4%	34.0%	14.3%	–	–	–
<b>Total municipal employees headcount</b>	6, 10		359	340	19	359	340	19	359	340	19
Finance personnel headcount	8, 10		44	37	7	44	37	7	44	37	7
Human Resources personnel headcount	8, 10		3	3	–	3	3	–	3	3	–

## 2.9.7 Monthly targets for revenue, expenditure and cash flow

**Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure**

NC073 Emthanjeni - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>																
Property rates		11 600	4 000	1 568	1 229	1 291	1 350	1 010	1 007	1 005	1 087	1 002	1 119	27 266	29 039	30 926
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		6 001	5 985	5 432	4 956	4 350	4 407	3 907	3 659	4 308	4 630	4 700	5 297	57 631	66 276	78 205
Service charges - water revenue		1 465	1 600	1 935	2 135	2 445	2 465	2 466	2 565	2 535	2 356	2 200	1 686	25 853	27 404	29 048
Service charges - sanitation revenue		1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	14 741	15 625	16 563
Service charges - refuse revenue		737	737	737	737	737	737	737	737	737	737	737	737	8 848	9 379	10 036
Service charges - other		20	20	20	20	20	20	20	20	20	20	20	20	240	257	276
Rental of facilities and equipment													652	652	701	751
Interest earned - external investments		60	60	60	60	60	60	60	60	60	60	60	60	715	769	823
Interest earned - outstanding debtors		82	96	90	74	67	64	75	78	54	64	69	61	873	933	996
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		725	641	528	765	13	296	190	39	433	1 659	1 680	612	7 581	8 322	8 844
Licences and permits		48	27	20	31	40	12	4	44	235	356	468	813	2 099	2 309	2 517
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		15 972	1 330	-	-	12 157	-	-	400	9 701	-	-	1 042	40 601	38 831	38 640
Other revenue		2 003	1 572	1 698	1 883	1 724	2 360	1 446	1 450	1 651	1 957	1 779	1 321	20 843	23 900	28 102
Gains on disposal of PPE		11	11	11	11	11	11	11	11	11	11	11	11	130	139	149
<b>Total Revenue (excluding capital transfers and contr</b>		<b>39 952</b>	<b>17 308</b>	<b>13 327</b>	<b>13 130</b>	<b>24 142</b>	<b>13 010</b>	<b>11 152</b>	<b>11 298</b>	<b>21 978</b>	<b>14 164</b>	<b>13 953</b>	<b>14 658</b>	<b>208 072</b>	<b>223 884</b>	<b>245 876</b>
<b>Expenditure By Type</b>																
Employee related costs		5 196	5 154	5 259	5 592	5 489	6 928	5 337	5 353	5 465	5 602	5 327	5 753	66 455	69 777	73 883
Remuneration of councillors		333	340	340	333	340	440	340	340	445	449	408	453	4 559	4 787	5 074
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	11 429	11 429	12 078	12 822
Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	-	9 248	9 248	9 711	10 291
Finance charges		213	213	213	213	213	213	213	213	213	213	213	213	2 556	2 671	2 810
Bulk purchases		6 810	3 410	4 650	3 535	3 452	3 338	3 344	6 651	4 711	4 271	4 537	4 386	53 094	55 749	59 094
Other materials		276	642	554	702	370	244	367	724	1 444	1 764	1 064	495	8 648	9 081	9 620
Contracted services		804	1 027	579	1 119	486	844	587	938	1 231	1 160	720	135	9 629	11 252	13 351
Transfers and grants		1 434	886	523	429	1 396	1 010	750	701	1 722	1 506	1 493	1 089	12 938	13 585	14 365
Other expenditure		2 263	5 248	2 847	2 778	3 146	2 204	2 027	2 852	4 898	4 883	5 213	3 433	41 793	43 894	46 670
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>17 329</b>	<b>16 919</b>	<b>14 965</b>	<b>14 701</b>	<b>14 892</b>	<b>15 220</b>	<b>12 966</b>	<b>17 771</b>	<b>20 129</b>	<b>19 850</b>	<b>18 974</b>	<b>36 634</b>	<b>220 350</b>	<b>232 585</b>	<b>247 981</b>
<b>Surplus/(Deficit)</b>		<b>22 623</b>	<b>389</b>	<b>(1 638)</b>	<b>(1 571)</b>	<b>9 250</b>	<b>(2 210)</b>	<b>(1 813)</b>	<b>(6 473)</b>	<b>1 849</b>	<b>(5 686)</b>	<b>(5 021)</b>	<b>(21 975)</b>	<b>(12 278)</b>	<b>(8 701)</b>	<b>(2 105)</b>
Transfers recognised - capital		5 569	6 000	1 500	-	4 759	-	3 500	-	7 569	-	-	27 667	56 565	41 435	13 641
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>28 192</b>	<b>6 389</b>	<b>(138)</b>	<b>(1 571)</b>	<b>14 009</b>	<b>(2 210)</b>	<b>1 687</b>	<b>(6 473)</b>	<b>9 418</b>	<b>(5 686)</b>	<b>(5 021)</b>	<b>5 692</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>28 192</b>	<b>6 389</b>	<b>(138)</b>	<b>(1 571)</b>	<b>14 009</b>	<b>(2 210)</b>	<b>1 687</b>	<b>(6 473)</b>	<b>9 418</b>	<b>(5 686)</b>	<b>(5 021)</b>	<b>5 692</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>

**Table 43 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 2015/16													Medium Term Revenue and Expenditure Framework										
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18									
Revenue by Vote																									
Vote 1 - EXECUTIVE AND COUNCIL		67	566	1 074	33	947	64	77	62	54	41	47	303	3 335	3 330	3 356									
Vote 2 - FINANCE AND ADMINISTRATION		21 206	1 048	1 236	1 161	5 154	1 384	1 148	1 217	2 437	1 690	2 927	2 168	42 776	44 392	46 362									
Vote 3 - PLANNING AND DEVELOPMENT		102	1 400	795	–	300	123	–	300	–	21	80	274	3 395	2 610	632									
Vote 4 - HEALTH		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–									
Vote 5 - COMMUNITY AND SOCIAL SERVICES		180	57	174	481	58	57	54	251	135	30	169	199	1 844	1 907	2 034									
Vote 6 - PUBLIC SAFETY		168	144	47	874	553	541	205	557	189	2 023	2 000	931	8 232	9 043	9 634									
Vote 7 - SPORT AND RECREATION		1	5	21	10	15	29	8	–	4	8	8	6	114	125	137									
Vote 8 - ROAD TRANSPORT		3 103	16	1	96	6	21	116	5	601	188	1 395	4 168	9 715	2 236	7 456									
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–									
Vote 10 - HOUSING SERVICES		3	6	3	3	3	3	3	3	3	3	3	5	39	42	45									
Vote 11 - WASTE MANAGEMENT		1 715	1 923	716	712	2 576	718	718	719	2 127	788	747	978	14 438	14 845	15 443									
Vote 12 - WASTE WATER MANAGEMENT		27 116	5 809	1 864	1 518	8 554	2 348	1 513	1 513	3 831	1 413	1 619	2 100	59 198	24 987	25 333									
Vote 13 - ELECTRICITY		7 271	8 409	6 642	6 135	5 973	5 658	7 557	4 089	14 673	5 199	2 775	6 220	80 599	92 232	109 322									
Vote 14 - WATER		7 211	3 928	2 255	2 108	4 764	2 063	3 254	2 581	5 495	2 761	2 184	2 349	40 952	69 570	39 764									
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–									
Total Revenue by Vote		68 144	23 308	14 827	13 130	28 901	13 010	14 652	11 298	29 547	14 164	13 953	19 702	264 637	265 319	259 517									
Expenditure by Vote to be appropriated																									
Vote 1 - EXECUTIVE AND COUNCIL		1 523	902	873	912	819	1 188	902	1 293	1 466	1 532	1 464	451	13 326	13 992	14 831									
Vote 2 - FINANCE AND ADMINISTRATION		2 821	2 164	1 910	2 850	1 524	2 614	1 546	2 577	2 922	3 126	2 988	5 477	32 520	34 261	36 384									
Vote 3 - PLANNING AND DEVELOPMENT		566	770	733	811	814	740	551	1 082	1 226	704	672	1 650	10 319	10 835	11 485									
Vote 4 - HEALTH		–	–	–	1	0	–	–	17	20	–	–	145	183	192	204									
Vote 5 - COMMUNITY AND SOCIAL SERVICES		559	650	690	772	704	867	585	1 597	1 810	909	868	1 651	11 662	12 215	12 954									
Vote 6 - PUBLIC SAFETY		655	639	713	601	652	704	712	955	1 083	709	678	2 631	10 732	12 410	14 579									
Vote 7 - SPORT AND RECREATION		367	368	267	406	475	390	455	467	530	380	363	173	4 641	4 873	5 165									
Vote 8 - ROAD TRANSPORT		635	1 233	881	926	1 049	1 245	758	1 187	1 346	1 550	1 482	4 147	16 438	17 208	18 223									
Vote 9 - OTHER		61	61	61	61	61	61	61	61	61	61	61	61	731	767	813									
Vote 10 - HOUSING SERVICES		180	200	195	199	223	187	189	119	155	177	169	183	2 175	2 284	2 421									
Vote 11 - WASTE MANAGEMENT		1 012	1 049	1 348	1 213	1 308	1 076	1 331	1 807	2 048	1 509	1 442	142	15 283	16 047	16 850									
Vote 12 - WASTE WATER MANAGEMENT		756	844	768	516	1 113	672	739	1 299	1 473	2 650	2 533	3 336	16 699	17 578	18 753									
Vote 13 - ELECTRICITY		7 450	7 183	5 584	4 544	5 166	4 705	4 133	4 291	5 063	4 895	4 676	12 099	69 790	73 279	77 676									
Vote 14 - WATER		744	858	942	889	984	771	1 002	1 018	927	1 650	1 577	4 489	15 852	16 645	17 643									
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–									
Total Expenditure by Vote		17 329	16 919	14 965	14 701	14 892	15 220	12 966	17 771	20 129	19 850	18 974	36 634	220 350	232 585	247 981									
Surplus/(Deficit) before assoc.		50 815	6 389	(138)	(1 571)	14 009	(2 210)	1 687	(6 473)	9 418	(5 686)	(5 021)	(16 931)	44 287	32 734	11 536									
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–									
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–									
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–									
Surplus/(Deficit)	1	50 815	6 389	(138)	(1 571)	14 009	(2 210)	1 687	(6 473)	9 418	(5 686)	(5 021)	(16 931)	44 287	32 734	11 536									

**Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

NC073 Emthanjeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)																
Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard																
Governance and administration		21 274	1 613	2 310	1 194	6 101	1 448	1 225	1 280	2 491	1 731	2 974	2 471	46 111	47 722	49 717
Executive and council		67	566	1 074	33	947	64	77	62	54	41	47	303	3 335	3 330	3 356
Budget and treasury office		21 206	1 040	1 236	1 153	5 146	1 376	1 140	1 209	2 429	1 682	2 919	2 160	42 696	44 305	46 266
Corporate services		–	8	–	8	8	8	8	8	8	8	8	8	80	86	92
Community and public safety		353	211	245	1 367	628	630	269	811	330	2 064	2 179	1 142	10 229	11 118	11 849
Community and social services		180	57	174	481	58	57	54	251	135	30	169	199	1 844	1 907	2 034
Sport and recreation		1	5	21	10	15	29	8	–	4	8	8	6	114	125	137
Public safety		168	144	47	874	553	541	205	557	189	2 023	2 000	931	8 232	9 043	9 634
Housing		3	6	3	3	3	3	3	3	3	3	3	5	39	42	45
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		3 205	1 416	796	96	306	144	116	305	601	209	1 475	4 442	13 110	4 846	8 088
Planning and development		102	1 400	795	–	300	123	–	300	–	21	80	274	3 395	2 610	632
Road transport		3 103	16	1	96	6	21	116	5	601	188	1 395	4 168	9 715	2 236	7 456
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		43 312	20 068	11 477	10 473	21 867	10 787	13 042	8 903	26 125	10 160	7 325	11 647	195 187	201 634	189 863
Electricity		7 271	8 409	6 642	6 135	5 973	5 658	7 557	4 089	14 673	5 199	2 775	6 220	80 599	92 232	109 322
Water		7 211	3 928	2 255	2 108	4 764	2 063	3 254	2 581	5 495	2 761	2 184	2 349	40 952	69 570	39 764
Waste water management		27 116	5 809	1 864	1 518	8 554	2 348	1 513	1 513	3 831	1 413	1 619	2 100	59 198	24 987	25 333
Waste management		1 715	1 923	716	712	2 576	718	718	719	2 127	788	747	978	14 438	14 845	15 443
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Standard		68 144	23 308	14 827	13 130	28 901	13 010	14 652	11 298	29 547	14 164	13 953	19 702	264 637	265 319	259 517
			33 739	23 512	19 779	36 179	18 911	22 341	16 000	44 408	19 454	17 025				
Expenditure - Standard																
Governance and administration		4 344	3 066	2 783	3 762	2 344	3 802	2 449	3 871	4 387	4 658	4 452	5 928	45 845	48 253	51 215
Executive and council		1 523	902	873	912	819	1 188	902	1 293	1 466	1 532	1 464	451	13 326	13 992	14 831
Budget and treasury office		1 777	1 363	1 204	1 795	960	1 647	974	1 624	1 841	1 969	1 882	3 182	20 218	21 345	22 692
Corporate services		1 044	801	707	1 054	564	967	572	954	1 081	1 156	1 105	2 296	12 301	12 917	13 692
Community and public safety		1 760	1 856	1 865	1 980	2 054	2 148	1 942	3 155	3 598	2 174	2 078	4 783	29 393	31 973	35 323
Community and social services		559	650	690	772	704	867	585	1 597	1 810	909	868	1 651	11 662	12 215	12 954
Sport and recreation		367	368	267	406	475	390	455	467	530	380	363	173	4 641	4 873	5 165
Public safety		655	639	713	601	652	704	712	955	1 083	709	678	2 631	10 732	12 410	14 579
Housing		180	200	195	199	223	187	189	119	155	177	169	183	2 175	2 284	2 421
Health		–	–	–	1	0	–	–	17	20	–	–	145	183	192	204
Economic and environmental services		1 201	2 002	1 614	1 737	1 863	1 985	1 308	2 269	2 572	2 254	2 154	5 797	26 757	28 043	29 708
Planning and development		566	770	733	811	814	740	551	1 082	1 226	704	672	1 650	10 319	10 835	11 485
Road transport		635	1 233	881	926	1 049	1 245	758	1 187	1 346	1 550	1 482	4 147	16 438	17 208	18 223
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		9 963	9 934	8 642	7 162	8 570	7 223	7 206	8 415	9 512	10 704	10 229	20 065	117 623	123 549	130 922
Electricity		7 450	7 183	5 584	4 544	5 166	4 705	4 133	4 291	5 063	4 895	4 676	12 099	69 790	73 279	77 676
Water		744	858	942	889	984	771	1 002	1 018	927	1 650	1 577	4 489	15 852	16 645	17 643
Waste water management		756	844	768	516	1 113	672	739	1 299	1 473	2 650	2 533	3 336	16 699	17 578	18 753
Waste management		1 012	1 049	1 348	1 213	1 308	1 076	1 331	1 807	2 048	1 509	1 442	142	15 283	16 047	16 850
Other		61	61	61	61	61	61	61	61	61	61	61	61	731	767	813
Total Expenditure - Standard		17 329	16 919	14 965	14 701	14 892	15 220	12 966	17 771	20 129	19 850	18 974	36 634	220 350	232 585	247 981
Surplus/(Deficit) before association		50 815	6 389	(138)	(1 571)	14 009	(2 210)	1 687	(6 473)	9 418	(5 686)	(5 021)	(16 931)	44 287	32 734	11 536
Share of surplus/(deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	50 815	6 389	(138)	(1 571)	14 009	(2 210)	1 687	(6 473)	9 418	(5 686)	(5 021)	(16 931)	44 287	32 734	11 536



**Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

NC073 Emthanjeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																	
Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Multi-year expenditure to	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		-	-	-	-	-	-	-	-	-	-	-	10 000	10 000	27 240	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital multi-year expenditure	2	-	-	-	-	-	-	-	-	-	-	-	10 000	10 000	27 240	-	
Single-year expenditure to be appropriated																	
Vote 1 - EXECUTIVE AND COUNCIL		40	12	22	2	-	-	48	31	-	4	-	1	159	167	177	
Vote 2 - FINANCE AND ADMINISTRATION		74	431	27	60	-	26	74	1 006	52	-	148	-	1 897	2 011	2 119	
Vote 3 - PLANNING AND DEVELOPMENT		1	1	1	1	-	1	-	1	-	1	-	5	12	13	14	
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - COMMUNITY AND SOCIAL SERVICES		25	25	27	27	27	27	77	25	21	25	-	1	307	322	341	
Vote 6 - PUBLIC SAFETY		7	7	8	8	8	8	840	7	-	7	11	178	1 088	1 193	98	
Vote 7 - SPORT AND RECREATION		-	-	135	10	8	19	9	5	-	17	-	59	261	275	291	
Vote 8 - ROAD TRANSPORT		219	2 802	50	48	2 222	14	10 664	1 506	509	-	560	129	18 724	16 021	17 303	
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - WASTE MANAGEMENT		-	1 823	-	13	1 109	-	-	-	-	-	-	-	2 945	592	568	
Vote 12 - WASTE WATER MANAGEMENT		11 502	3 275	-	-	10 000	265	-	-	5 690	-	3 001	2 224	35 958	10 000	-	
Vote 13 - ELECTRICITY		214	1 082	5	-	1 449	560	1 151	535	-	26	280	329	5 630	7 912	5 647	
Vote 14 - WATER		52	3	116	85	166	9	642	16	16	8	535	130	1 776	190	10 200	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital single-year expenditure	2	12 135	9 460	391	253	14 988	930	13 505	3 131	6 287	87	4 535	3 056	68 758	38 695	36 759	
Total Capital Expenditure	2	12 135	9 460	391	253	14 988	930	13 505	3 131	6 287	87	4 535	13 056	78 758	65 935	36 759	

**Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

NC073 Emthanjeni - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)																							
Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework									
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18							
Capital Expenditure - Standard	1																						
Governance and administration		114	442	49	61	–	26	122	1 037	52	4	148	1	2 056	2 178	2 296							
Executive and council		40	12	22	2	–	–	48	31	–	4	–	1	159	167	177							
Budget and treasury office		54	314	20	44	–	3	54	734	38	–	108	–	1 369	1 438	1 524							
Corporate services		20	116	7	16	–	23	20	272	14	–	40	–	528	573	595							
Community and public safety		32	33	170	44	42	54	926	37	21	49	11	238	1 657	1 789	731							
Community and social services		25	25	27	27	27	27	77	25	21	25	–	1	307	322	341							
Sport and recreation		–	–	135	10	8	19	9	5	–	17	–	59	261	275	291							
Public safety		7	7	8	8	8	8	840	7	–	7	11	178	1 088	1 193	98							
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–							
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–							
Economic and environmental services		220	2 803	51	49	2 222	16	10 664	1 507	509	1	560	134	18 737	16 034	17 317							
Planning and development		1	1	1	1	–	1	–	1	–	1	–	5	12	13	14							
Road transport		219	2 802	50	48	2 222	14	10 664	1 506	509	–	560	129	18 724	16 021	17 303							
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–							
Trading services		11 768	6 183	121	98	12 724	834	1 793	551	5 706	34	3 816	12 683	56 309	45 934	16 415							
Electricity		214	1 082	5	–	1 449	560	1 151	535	–	26	280	329	5 630	7 912	5 647							
Water		52	3	116	85	166	9	642	16	16	8	535	10 130	11 776	27 430	10 200							
Waste water management		11 502	3 275	–	–	10 000	265	–	–	5 690	–	3 001	2 224	35 958	10 000	–							
Waste management		–	1 823	–	13	1 109	–	–	–	–	–	–	–	2 945	592	568							
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–							
Total Capital Expenditure - Standard	2	12 135	9 460	391	253	14 988	930	13 505	3 131	6 287	87	4 535	13 056	78 758	65 935	36 759							
Funded by:																							
National Government		5 569	6 000	–	–	6 259	–	12 863	2 580	6 287	–	3 975	13 031	56 565	41 435	13 641							
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	632							
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–							
Other transfers and grants		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–							
Transfers recognised - capital		5 569	6 000	–	–	6 259	–	12 863	2 580	6 287	–	3 975	13 031	56 565	41 435	14 273							
Public contributions & donations		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–							
Borrowing		6 566	3 460	–	–	1 520	–	–	–	–	–	–	–	11 546	14 240	12 389							
Internally generated funds		–	–	391	253	7 209	930	642	551	–	87	560	25	10 647	10 260	10 096							
Total Capital Funding		12 135	9 460	391	253	14 988	930	13 505	3 131	6 287	87	4 535	13 056	78 758	65 935	36 759							

**Table 47 MBRR SA30 - Budgeted monthly cash flow**

NC073 Emthanjeni - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash Receipts By Source</b>													1		
Property rates	1 276	2 620	1 489	3 723	4 015	1 438	1 004	1 388	2 306	2 536	2 145	2 235	26 176	27 877	29 689
Property rates - penalties & collection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	3 985	4 912	4 087	5 001	5 527	4 240	4 362	3 794	5 025	5 165	4 145	5 081	55 326	63 625	75 077
Service charges - water revenue	1 680	1 477	1 200	1 961	2 282	1 212	1 805	1 274	2 821	3 660	3 918	1 530	24 819	26 308	27 886
Service charges - sanitation revenue	1 030	1 099	591	661	1 192	689	788	662	1 704	1 732	1 959	2 044	14 151	15 000	15 900
Service charges - refuse revenue	729	524	690	688	911	745	437	758	726	718	721	849	8 494	9 004	9 634
Service charges - other	20	20	20	20	20	20	20	20	20	20	20	20	240	257	276
Rental of facilities and equipment	61	61	69	65	64	61	78	62	-	33	24	75	652	701	751
Interest earned - external investment	60	60	60	60	60	60	60	60	60	60	60	60	715	769	823
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	410	240	1 178	584	970	122	337	1 075	689	240	935	801	7 581	8 322	8 844
Licences and permits	156	158	46	277	117	40	127	166	277	172	122	442	2 099	2 309	2 517
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	15 972	1 330	-	-	12 157	-	-	400	9 701	-	-	1 042	40 601	38 831	38 640
Other revenue	1 522	1 339	1 199	2 506	1 579	1 088	1 157	1 160	1 321	1 565	1 423	1 858	17 716	20 315	23 887
<b>Cash Receipts by Source</b>	<b>26 901</b>	<b>13 838</b>	<b>10 628</b>	<b>15 546</b>	<b>28 892</b>	<b>9 714</b>	<b>10 173</b>	<b>10 819</b>	<b>24 648</b>	<b>15 902</b>	<b>15 471</b>	<b>16 036</b>	<b>198 570</b>	<b>213 319</b>	<b>233 924</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	5 569	6 000	1 500	-	4 759	-	-	-	3 569	-	-	35 167	56 565	41 435	13 641
Contributions recognised - capital & other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	10	10	10	10	10	10	10	10	10	10	10	10	124	134	143
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	6 000	5 546	-	-	-	-	-	-	-	-	-	-	11 546	14 240	12 389
Increase (decrease) in consumer deposits	11	-	12	23	-	15	21	-	11	21	9	12	135	138	142
Decrease (increase) in non-current assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>38 492</b>	<b>25 395</b>	<b>12 151</b>	<b>15 579</b>	<b>33 662</b>	<b>9 740</b>	<b>10 205</b>	<b>10 829</b>	<b>28 239</b>	<b>15 933</b>	<b>15 491</b>	<b>51 225</b>	<b>266 940</b>	<b>269 265</b>	<b>260 240</b>
<b>Cash Payments by Type</b>															
Employee related costs	5 025	5 184	5 289	5 425	5 521	5 962	5 367	5 384	5 497	5 334	5 357	5 451	64 796	67 986	71 928
Remuneration of councillors	351	358	358	351	358	358	359	358	369	473	429	438	4 559	4 787	5 074
Finance charges	213	213	213	213	213	213	213	213	213	213	213	213	2 556	2 671	2 810
Bulk purchases - Electricity	5 953	3 376	4 676	3 449	3 429	3 331	3 364	5 695	4 473	4 096	4 376	4 439	50 656	53 189	56 381
Bulk purchases - Water & Sewer	104	156	141	211	146	126	100	195	402	325	320	211	2 438	2 560	2 713
Other materials	284	660	570	723	381	851	378	745	786	915	1 095	914	8 302	863	914
Contracted services	656	572	511	449	1 089	1 203	289	663	715	1 392	1 236	855	9 629	11 252	13 351
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	877	913	539	942	1 438	1 041	773	723	1 774	1 552	838	1 526	12 938	13 585	14 365
Other expenditure	3 103	2 933	2 533	3 809	2 944	1 651	4 014	3 096	3 838	5 257	4 270	4 344	41 793	43 894	46 670
<b>Cash Payments by Type</b>	<b>16 567</b>	<b>14 365</b>	<b>14 830</b>	<b>15 570</b>	<b>15 519</b>	<b>14 736</b>	<b>14 858</b>	<b>17 072</b>	<b>18 067</b>	<b>19 558</b>	<b>18 134</b>	<b>18 392</b>	<b>197 668</b>	<b>200 788</b>	<b>214 206</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	12 135	9 460	391	253	14 988	930	13 505	3 131	6 287	87	1 535	317	63 019	64 726	33 880
Repayment of borrowing	376	464	454	444	434	464	464	464	464	464	464	424	5 384	5 222	4 961
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>29 078</b>	<b>24 289</b>	<b>15 676</b>	<b>16 267</b>	<b>30 941</b>	<b>16 130</b>	<b>28 827</b>	<b>20 667</b>	<b>24 819</b>	<b>20 109</b>	<b>20 134</b>	<b>19 133</b>	<b>266 071</b>	<b>270 736</b>	<b>253 047</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>9 413</b>	<b>1 105</b>	<b>(3 525)</b>	<b>(688)</b>	<b>2 720</b>	<b>(6 391)</b>	<b>(18 623)</b>	<b>(9 838)</b>	<b>3 420</b>	<b>(4 176)</b>	<b>(4 643)</b>	<b>32 092</b>	<b>869</b>	<b>(1 472)</b>	<b>7 193</b>
Cash/cash equivalents at the month/	(1 376)	8 037	9 142	5 617	4 929	7 650	1 259	(17 364)	(27 201)	(23 781)	(27 957)	(32 600)	(1 376)	(508)	(1 979)
Cash/cash equivalents at the month/	8 037	9 142	5 617	4 929	7 650	1 259	(17 364)	(27 201)	(23 781)	(27 957)	(32 600)	(508)	(508)	(1 979)	5 214

## **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 2015/16 financial year is and has been informed by a collection rate of 96 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 6.6 per cent for the 2014/15 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 48 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		12 053	8 284	12 299	30 448	13 908	13 908	53 905	38 325	6 009
Infrastructure - Road transport		1 738	4 084	10 682	13 808	13 808	13 808	8 500	10 583	6 009
Roads, Pavements & Bridges		1 738	–	10 682	13 808	13 808	13 808	8 500	400	–
Storm water		–	4 084	–	–	–	–	–	10 183	6 009
Infrastructure - Electricity		–	–	918	–	–	–	–	–	–
Generation		–	–	–	–	–	–	–	–	–
Transmission & Reticulation		–	–	918	–	–	–	–	–	–
Street Lighting		–	–	–	–	–	–	–	–	–
Infrastructure - Water		3 585	–	699	16 640	100	100	10 000	27 240	–
Dams & Reservoirs		–	–	–	–	–	–	–	–	–
Water purification		–	–	–	–	–	–	–	–	–
Reticulation		3 585	–	699	16 640	100	100	10 000	27 240	–
Infrastructure - Sanitation		6 000	4 200	–	–	–	–	35 405	502	–
Reticulation		6 000	–	–	–	–	–	35 405	502	–
Sewerage purification		–	4 200	–	–	–	–	–	–	–
Infrastructure - Other		730	–	–	–	–	–	–	–	–
Waste Management		–	–	–	–	–	–	–	–	–
Transportation	2	–	–	–	–	–	–	–	–	–
Gas		–	–	–	–	–	–	–	–	–
Other	3	730	–	–	–	–	–	–	–	–
<b>Community</b>		1 000	–	–	–	–	–	–	–	–
Parks & gardens		–	–	–	–	–	–	–	–	–
Sportsfields & stadia		–	–	–	–	–	–	–	–	–
Swimming pools		–	–	–	–	–	–	–	–	–
Community halls		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Recreational facilities		–	–	–	–	–	–	–	–	–
Fire, safety & emergency		–	–	–	–	–	–	–	–	–
Security and policing		–	–	–	–	–	–	–	–	–
Buses	7	–	–	–	–	–	–	–	–	–
Clinics		–	–	–	–	–	–	–	–	–
Museums & Art Galleries		–	–	–	–	–	–	–	–	–
Cemeteries		–	–	–	–	–	–	–	–	–
Social rental housing	8	–	–	–	–	–	–	–	–	–
Other		1 000	–	–	–	–	–	–	–	–
<b>Heritage assets</b>		–	–	–	–	–	–	–	–	–
Buildings		–	–	–	–	–	–	–	–	–
Other	9	–	–	–	–	–	–	–	–	–
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Housing development		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
<b>Other assets</b>		2 137	–	–	–	–	–	–	–	–
General vehicles		–	–	–	–	–	–	–	–	–
Specialised vehicles		–	–	–	–	–	–	–	–	–
Plant & equipment		–	–	–	–	–	–	–	–	–
Computers - hardware/equipment		576	–	–	–	–	–	–	–	–
Furniture and other office equipment		–	–	–	–	–	–	–	–	–
Abattoirs		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Civic Land and Buildings		–	–	–	–	–	–	–	–	–
Other Buildings		–	–	–	–	–	–	–	–	–
Other Land		–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)		–	–	–	–	–	–	–	–	–
Other		1 561	–	–	–	–	–	–	–	–
<b>Agricultural assets</b>		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>		–	–	–	–	–	–	–	–	–
<b>Biological assets</b>		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>		–	–	–	–	–	–	–	–	–
<b>Intangibles</b>		–	–	–	–	–	–	–	–	–
Computers - software & programming		–	–	–	–	–	–	–	–	–
<i>Other (list sub-class)</i>		–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>15 190</b>	<b>8 284</b>	<b>12 299</b>	<b>30 448</b>	<b>13 908</b>	<b>13 908</b>	<b>53 905</b>	<b>38 325</b>	<b>6 009</b>

**NC073 Emthanjeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class**

N0073 Enkhangeni - Supporting Table SA-4b Capital expenditure on the renewal of existing assets by asset class											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Capital expenditure on renewal of existing assets by Asset Class/Sub-class											
Infrastructure	2	1 490	1 842	6 969	1 250	1 100	1 100	13 186	20 349	23 854	
Infrastructure - Road transport		1 490	761	4 640	500	500	500	5 660	4 110	10 464	
Roads, Pavements & Bridges		1 490	761	4 640	500	500	500	5 395	4 110	10 464	
Storm water		-	-	-	-	-	-	265	-	-	
Infrastructure - Electricity		-	412	611	250	250	250	3 680	7 000	4 000	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		-	412	611	250	250	250	3 680	7 000	4 000	
Street Lighting		-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	17	406	470	320	320	3 546	9 240	9 389	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		-	-	-	470	320	320	3 546	9 240	9 389	
Reticulation		-	17	406	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	300	-	-	
Reticulation		-	-	-	-	-	-	-	-	-	
Sewerage purification		-	-	-	-	-	-	300	-	-	
Infrastructure - Other		-	652	1 312	30	30	30	-	-	-	
Waste Management		-	652	-	30	30	30	-	-	-	
Transportation		-	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		-	-	1 312	-	-	-	-	-	-	
Community		3	-	1 231	63	396	396	396	2 100	2 100	2 100
Parks & gardens		7	-	45	-	51	51	51	-	-	-
Sportsfields & stadia			-	50	-	65	65	65	-	-	-
Swimming pools			-	118	-	-	-	-	-	-	-
Community halls	-		300	63	250	250	250	-	-	-	
Libraries	-		-	-	-	-	-	-	-	-	
Recreational facilities	-		-	-	-	-	-	-	-	-	
Fire, safety & emergency	-		-	-	-	-	-	-	-	-	
Security and policing	-		-	-	-	-	-	-	-	-	
Buses	-		-	-	-	-	-	-	-	-	
Clinics	-		-	-	-	-	-	-	-	-	
Museums & Art Galleries	-		-	-	-	-	-	-	-	-	
Cemeteries	-		300	-	30	30	30	-	-	-	
Social rental housing	8		-	-	-	-	-	-	-	-	
Other	-		418	-	-	-	-	2 100	2 100	2 100	
Heritage assets	9	-	-	-	-	-	-	-	-	-	
Buildings		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Investment properties	10	-	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Other assets	10	1 837	2 301	2 126	8 495	8 495	8 495	8 917	2 660	2 596	
General vehicles		-	-	959	3 660	3 660	3 660	3 000	-	-	
Specialised vehicles		-	600	-	1 770	1 770	1 770	3 000	-	-	
Plant & equipment		591	791	153	552	552	552	1 120	853	392	
Computers - hardw are/equipment		435	535	-	698	698	698	657	587	606	
Furniture and other office equipment		275	375	515	462	462	462	-	-	-	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		-	-	-	-	-	-	-	-	-	
Other Buildings		-	-	-	510	510	510	420	460	475	
Other Land		-	-	500	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		536	-	-	844	844	844	720	760	1 124	
Agricultural assets		10	-	-	-	-	-	-	-	-	-
List sub-class	-		-	-	-	-	-	-	-	-	
	-		-	-	-	-	-	-	-	-	
Biological assets	10	-	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
Intangibles	10	-	62	-	-	-	-	650	2 500	2 200	
Computers - software & programming		-	62	-	-	-	-	650	2 500	2 200	
Other (list sub-class)		-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on renewal of existing	1	3 327	5 437	9 159	10 141	9 991	9 991	24 853	27 609	30 750	
Specialised vehicles		-	600	-	1 770	1 770	1 770	3 000	-	-	
Refuse		-	600	-	1 770	1 770	1 770	2 000	-	-	
Fire		-	-	-	-	-	-	1 000	-	-	
Conservancy		-	-	-	-	-	-	-	-	-	
Ambulances		-	-	-	-	-	-	-	-	-	

**NC073 Emthanjeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class**

NC073 Enkhuizen - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		1 739	5 036	4 435	5 918	5 918	5 918	5 143	6 785	7 265
Infrastructure - Road transport		502	1 368	1 277	1 592	1 592	1 592	616	1 852	2 049
Roads, Pavements & Bridges		502	1 368	1 277	1 592	1 592	1 592	322	1 852	2 049
Storm water		-	-	-	-	-	-	294	-	-
Infrastructure - Electricity		50	1 495	929	1 821	1 821	1 821	1 342	1 586	1 706
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		50	1 495	929	1 821	1 821	1 821	995	1 235	1 352
Street Lighting		-	-	-	-	-	-	347	351	354
Infrastructure - Water		404	750	697	864	864	864	1 145	1 491	1 581
Dams & Reservoirs		-	-	-	172	172	172	382	384	407
Water purification		404	750	697	273	273	273	-	-	-
Reticulation		-	-	-	419	419	419	763	1 107	1 174
Infrastructure - Sanitation		432	712	464	822	822	822	64	911	942
Reticulation		-	-	-	822	822	822	64	911	942
Sewerage purification		432	712	464	-	-	-	-	-	-
Infrastructure - Other		351	711	1 068	819	819	819	1 975	944	987
Waste Management		351	-	987	819	819	819	1 975	944	987
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	711	81	-	-	-	-	-	-
<b>Community</b>		452	1 626	2 218	1 875	1 875	1 875	3 098	3 546	3 737
Parks & gardens		-	-	232	38	38	38	19	47	29
Sportsfields & stadia		-	-	104	66	66	66	47	82	93
Swimming pools		163	-	-	321	321	321	603	442	469
Community halls		289	-	244	433	433	433	692	525	550
Libraries		-	-	128	44	44	44	47	48	49
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	879	879	879	1 612	2 297	2 436
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	39	39	39	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	1 626	1 509	56	56	56	79	104	110
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	158	-	182	182	182	-	-	-
Housing development		-	-	-	182	182	182	-	-	-
Other		-	158	-	-	-	-	-	-	-
<b>Other assets</b>		6 489	1 651	4 958	4 457	4 457	4 457	7 042	6 880	7 355
General vehicles		1 935	-	2 322	2 066	2 066	2 066	3 731	4 239	4 498
Specialised vehicles		4 330	-	-	366	366	366	-	-	-
Plant & equipment		-	-	488	252	252	252	748	634	748
Computers - hardware/equipment		224	-	-	370	370	370	380	596	631
Furniture and other office equipment		-	-	430	511	511	511	631	533	547
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	1 651	-	532	532	532	1 436	714	756
Other Land		-	-	1 091	161	161	161	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	627	198	198	198	116	165	174
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	59	59	59	1 308	257	272
Computers - software & programming		-	-	-	59	59	59	1 308	257	272
Other (list sub-class)		-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	1	8 679	8 471	11 611	12 491	12 491	12 491	16 592	17 468	18 629
<b>Specialised vehicles</b>		4 330	-	-	366	366	366	-	-	-
Refuse		4 330	-	-	366	366	366	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

## **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 such as DBSA Vulindlela Academy, KPMG, Ernest & Young, SARS, Auditor General, and National Treasury. One new intern will be appointed before the end of the current financial year.

### **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 draft stage and will be Draftised after approval of the 2015/16 MTREF in June 2015 directly aligned and informed by the 2015/16 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.



## 2.13 Other supporting documents

Table 51 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		14 337	17 220	21 035	49 684	49 684	49 684	49 684	35 855	38 186	40 668
less Revenue Foregone					25 899	25 899	25 899	25 899	8 589	9 147	9 742
<b>Net Property Rates</b>		14 337	17 220	21 035	23 785	23 785	23 785	23 785	27 266	29 039	30 926
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue		45 757	48 279	56 488	53 614	50 114	50 114	50 114	57 631	66 276	78 205
less Revenue Foregone											
<b>Net Service charges - electricity revenue</b>		45 757	48 279	56 488	53 614	50 114	50 114	50 114	57 631	66 276	78 205
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue		15 574	16 439	18 746	24 575	23 775	23 775	23 775	25 853	27 404	29 048
less Revenue Foregone											
<b>Net Service charges - water revenue</b>		15 574	16 439	18 746	24 575	23 775	23 775	23 775	25 853	27 404	29 048
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue		8 797	9 421	10 302	13 906	13 906	13 906	13 906	14 741	15 625	16 563
less Revenue Foregone											
<b>Net Service charges - sanitation revenue</b>		8 797	9 421	10 302	13 906	13 906	13 906	13 906	14 741	15 625	16 563
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		4 947	5 323	5 705	8 347	8 347	8 347	8 347	8 848	9 379	10 036
less Revenue Foregone											
<b>Net Service charges - refuse revenue</b>		4 947	5 323	5 705	8 347	8 347	8 347	8 347	8 848	9 379	10 036
<b>Other Revenue by source</b>											
Prepaid Electricity Sales		2 775	3 067	2 959	18 358	18 358	18 358	18 358	20 011	23 012	27 154
Cemetery Fees		228	250	21	320	320	320	320	342	360	381
Sundry Income		2 340	2 572		189	189	189	189	205	220	236
Insurance Claims Received											
Connection fees		170	190	181	46	46	46	46	49	52	
Special meter readings		12	14	11	26	26	26	26	28	30	32
Parking meters fees		20	26	20							
Valuation certificates		19	29	32	16	16	16	16	17	18	19
Other					176	176	176	176	195	212	228
External funding					6 000						
<b>Total 'Other' Revenue</b>	1	5 563	6 148	3 223	25 131	19 131	19 131	19 131	20 843	23 900	28 102
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	29 132	35 690	37 787	43 904	43 904	43 904	43 904	49 894	52 388	55 465
Pension and UIF Contributions		6 154	7 339	7 906	8 292	8 292	8 292	8 292	8 830	9 272	9 815
Medical Aid Contributions		780	938	1 185	1 677	1 677	1 677	1 677	1 724	1 810	1 919
Overtime		1 195	2 433	2 554	2 072	2 072	2 072	2 072	1 775	1 864	1 976
Performance Bonus											
Motor Vehicle Allowance		1 756	2 091	2 296	1 739	1 739	1 739	1 739	1 843	1 935	2 051
Cellphone Allowance					430	430	430	430	373	392	415
Housing Allowances		100	130	146	159	159	159	159	161	169	179
Other benefits and allowances					1 049	1 035	1 035	1 035	752	1 374	1 455
Payments in lieu of leave					2 941	2 941	2 941	2 941			
Long service awards		2 071	2 479	2 603							
Post-retirement benefit obligations	4	4 489	5 349	5 417	716	716	716	716	1 103	573	607
<b>sub-total</b>	5	45 675	56 449	59 894	62 980	62 965	62 965	62 965	66 455	69 777	73 883
<b>Total Employee related costs</b>	1	45 675	56 449	59 894	62 980	62 965	62 965	62 965	66 455	69 777	73 883
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		68 668	69 275	68 084	58 167	58 167	58 167	58 167	60 913	63 958	67 783
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of P	10				49 486	49 486	49 486	49 486	51 665	54 248	57 492
<b>Total Depreciation &amp; asset impairment</b>	1	68 668	69 275	68 084	8 681	8 681	8 681	8 681	9 248	9 711	10 291
<b>Bulk purchases</b>											
Electricity Bulk Purchases		33 174	37 634	42 153	45 229	45 229	45 229	45 229	50 656	53 189	56 381
Water Bulk Purchases		932	1 147	1 383	2 300	2 300	2 300	2 300	2 438	2 560	2 713
<b>Total bulk purchases</b>	1	34 106	38 781	43 536	47 529	47 529	47 529	47 529	53 094	55 749	59 094
<b>Transfers and grants</b>											
Cash transfers and grants		788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
<b>Total transfers and grants</b>	1	788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
<b>Contracted services</b>											
Traffic Violation Systems		5 135	4 785	4 273	3 511	3 511	3 511	3 511	4 565	5 034	7 714
Security Services		1 001	933	833	2 160	2 160	2 160	2 160	2 246	2 359	2 500
IMQS: Asset Maintenance											
Ubertech: IT Maintenance											
Prepaid Electricity Commission		340	317	283	2 213	1 621	1 621	1 621	1 660	1 743	1 848
Professional Consultancy Fees		2 210	2 060	1 839	946	946	946	946	1 158	1 216	1 289
<b>Total contracted services</b>		8 687	8 095	7 228	8 830	8 238	8 238	8 238	9 629	11 252	13 351
<b>Other Expenditure By Type</b>											
Collection costs			66		1 242	1 242	1 242	1 242	1 675	1 765	1 869
Contributions to 'other' provisions									491	515	546
Consultant fees		949	928	976					7 944	8 387	9 009
Audit fees		1 506	1 473	1 511	3 649	3 649	3 649	3 649	4 822	4 023	4 264
General expenses	3	6 937	6 788	6 965	10 299	10 784	10 784	10 784	7 707	8 056	8 569
Departmental Service Accounts		2 874	2 812	2 885	3 988	3 988	3 988	3 988	4 150	4 357	4 618
External Licences and Subscriptions		344	337	346	369	369	369	369	385	405	429
Fuel and Oil		2 796	2 735	2 806	3 223	3 223	3 223	3 223	3 363	3 531	3 738
General Valuation Roll expenses		2 252	2 203	2 260	650	650	650	650	689	744	796
Insurance		2 014	1 970	2 022	1 550	1 550	1 550	1 550	1 617	1 698	1 798
SALGA Membership Fees		331	324	333	616	616	616	616	672	705	747
Telephone expenses		1 148	1 123	1 163	947	947	947	947	1 019	1 070	1 134
Printing and Stationery		621	607	624	843	843	843	843	881	889	943
Protective Clothing		317	310	319	558	558	558	558	580	609	645
Publicity Costs		229	224	240	374	374	374	374	430	451	478
Tourism Strategy		250	245	259	315	315	315	315	148	155	165
Subsistence and Travel		1 149	1 124	1 164	1 717	1 717	1 717	1 717	1 631	1 713	1 816
Skills Development Training		382	374	385	546	546	546	546	828	870	922
Electricity Costs for Rural Water pumps		868	850	873	1 287	1 287	1 287	1 287	1 364	1 432	1 518
Employee Wellness expenses		933	913	957	1 400	1 400	1 400	1 400	1 352	1 420	1 505
Ward Capacitation and Training					60	60	60	60	63	66	70
Electricity Master plan					500	500	500	500			
Operation fix-it					600	600	600	600			
Brand Execution					60	60	60	60	62	66	69
Cleaning materials									650	683	723
Moral Regeneration									270	284	301
<b>Total 'Other' Expenditure</b>	1	25 901	25 409	26 087	34 793	35 278	35 278	35 278	41 793	43 894	46 670
<b>Repairs and Maintenance by Expenditure Item</b>	8										
Employee related costs		868									
Other materials		4 352	5 675	7 663	8 350	8 350	8 350	8 350	8 648	9 081	9 620
Contracted Services		3 459	2 795	3 948	4 140	4 140	4 140	4 140	7 944	8 387	9 009
Other Expenditure											
<b>Total Repairs and Maintenance Expenditure</b>	9	8 679	8 471	11 611	12 491	12 491	12 491	12 491	16 592	17 468	18 629

**Table 52 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Description	Ref	Vote 1 - EXECUTIVE AND	Vote 2 - FINANCE AND	Vote 3 - PLANNING AND	Vote 4 - HEALTH	Vote 5 - COMMUNITY AND	Vote 6 - PUBLIC SAFETY	Vote 7 - SPORT AND RECREATIO	Vote 8 - ROAD TRANSPORT	Vote 9 - OTHER	Vote 10 - HOUSING SERVICES	Vote 11 - WASTE MANAGEMENT	Vote 12 - WASTE WATER	Vote 13 - ELECTRICITY	Vote 14 - WATER	Total
R thousand	1															
<b>Revenue By Source</b>																
Property rates		-	27 266	-	-	-	-	-	-	-	-	-	-	-	-	27 266
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	57 631	-	57 631
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	25 853	25 853
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	14 741	-	-	14 741
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	8 848	-	-	-	8 848
Service charges - other		-	6	-	-	196	-	-	-	-	38	-	-	-	-	240
Rental of facilities and equipment		491	-	-	-	123	-	33	4	-	-	-	-	-	-	652
Interest earned - external investments		-	715	-	-	-	-	-	-	-	-	-	-	-	-	715
Interest earned - outstanding debtors		-	135	-	-	-	-	-	-	-	1	85	195	229	228	873
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	7 320	-	-	-	-	-	-	261	-	7 581
Licences and permits		-	-	-	-	-	904	-	1 195	-	-	-	-	-	-	2 099
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		119	101	-	-	383	8	81	15	-	-	-	30	20 064	41	20 843
Transfers recognised - operational		2 595	14 552	1 000	-	1 142	-	-	-	-	-	5 505	8 827	2 415	4 565	40 601
Gains on disposal of PPE		130	-	-	-	-	-	-	-	-	-	-	-	-	-	130
<b>Total Revenue (excluding capital transfers and co</b>		<b>3 335</b>	<b>42 776</b>	<b>1 000</b>	<b>-</b>	<b>1 844</b>	<b>8 232</b>	<b>114</b>	<b>1 215</b>	<b>-</b>	<b>39</b>	<b>14 438</b>	<b>23 793</b>	<b>80 599</b>	<b>30 687</b>	<b>208 072</b>
<b>Expenditure By Type</b>																
Employee related costs		2 936	14 917	5 626	-	7 283	4 547	3 342	6 669	392	1 928	7 667	3 449	5 511	2 191	66 458
Remuneration of councillors		4 559	-	-	-	-	-	-	-	-	-	-	-	-	-	4 559
Debt impairment		-	2 563	-	-	-	-	-	-	-	-	728	1 113	4 942	2 084	11 429
Depreciation & asset impairment		13	923	25	164	2 005	-	-	3 721	-	53	221	852	500	772	9 248
Finance charges		133	131	-	-	-	-	-	1 118	-	-	398	418	277	81	2 556
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	50 656	2 438	53 094
Other materials		65	873	1 485	-	515	525	450	1 207	36	26	502	487	1 423	1 055	8 648
Contracted services		-	3 243	57	-	-	4 565	-	-	-	-	-	-	1 764	-	9 628
Transfers and grants		420	930	1 000	-	914	-	-	-	-	-	3 413	4 194	1 822	3 510	16 202
Other expenditure		5 196	8 943	2 125	19	946	1 096	849	3 725	302	168	2 355	6 187	2 895	3 721	38 526
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>13 322</b>	<b>32 523</b>	<b>10 318</b>	<b>183</b>	<b>11 662</b>	<b>10 732</b>	<b>4 641</b>	<b>16 440</b>	<b>731</b>	<b>2 175</b>	<b>15 283</b>	<b>16 699</b>	<b>69 790</b>	<b>15 852</b>	<b>220 350</b>
<b>Surplus/(Deficit)</b>		<b>(9 986)</b>	<b>10 252</b>	<b>(9 318)</b>	<b>(183)</b>	<b>(9 818)</b>	<b>(2 500)</b>	<b>(4 527)</b>	<b>(15 225)</b>	<b>(731)</b>	<b>(2 136)</b>	<b>(845)</b>	<b>7 095</b>	<b>10 810</b>	<b>14 835</b>	<b>(12 278)</b>
Transfers recognised - capital		-	-	2 395	-	-	-	-	8 500	-	-	-	35 405	-	10 265	56 565
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(9 986)</b>	<b>10 252</b>	<b>(6 923)</b>	<b>(183)</b>	<b>(9 818)</b>	<b>(2 500)</b>	<b>(4 527)</b>	<b>(6 725)</b>	<b>(731)</b>	<b>(2 136)</b>	<b>(845)</b>	<b>42 499</b>	<b>10 810</b>	<b>25 100</b>	<b>44 287</b>

**Table 53 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Cash</b>											
Call deposits < 90 days											
Other current investments > 90 days					11 788	11 788	11 788				
<b>Total Cash</b>	2	–	–	–	11 788	11 788	11 788	–	–	–	–
<b>Call investment deposits</b>											
Call investment deposits		38 361	46 604	30 489	9 171	9 171	9 171	53 002	32 013	34 013	36 090
Less: Provision for debt impairment											
<b>Total Call investment deposits</b>	2	38 361	46 604	30 489	9 171	9 171	9 171	53 002	32 013	34 013	36 090
<b>Debt impairment provision</b>											
Balance at the beginning of the year					67 001	67 001	67 001	67 001			
Contributions to the provision					7 609	7 609	7 609	7 609			
Bad debts written off		1 026 180	970 415	923 699	942 332	942 332	942 332	783 687	11 429	12 078	12 822
<b>Balance at end of year</b>		1 026 180	970 415	923 699	1 016 942	1 016 942	1 016 942	858 297	11 429	12 078	12 822
<b>Investment in Associate (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		1 094 848	1 039 690	991 783	1 491 941	1 491 941	1 491 941	1 333 296	1 076 927	1 142 335	1 006 690
Leases recognised as PPE	3				53	53	53	53	–		
Less: Accumulated depreciation		68 668	69 275	68 084	549 661	549 661	549 661	549 661	51 665	54 248	57 492
<b>Total Investment in Associate (PPE)</b>	2	1 026 180	970 415	923 699	942 332	942 332	942 332	783 687	1 025 262	1 088 087	949 199
<b>LIABILITIES</b>											
<b>LIABILITIES - Bank overdraft</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		2 257	2 485	2 758	1 374	1 374	1 374	2 502	3 003	3 391	3 765
<b>Total LIABILITIES - Bank overdraft</b>		2 257	2 485	2 758	1 374	1 374	1 374	2 502	3 003	3 391	3 765
<b>Consumer deposits</b>											
Trade and other creditors		12 766	12 349	14 532	6 279	6 279	6 279	11 533	15 283	16 035	16 280
Unspent conditional transfers		11 954	12 120	7 095	1 348	1 348	1 348	6 602	1 470	1 527	1 651
VAT		2 367	4 211		3 679	3 679	3 679	3 679			
<b>Total Consumer deposits</b>	2	27 087	28 680	21 627	11 306	11 306	11 306	21 814	16 752	17 562	17 931
<b>- Non current liabilities</b>											
Borrowing	4	33 641	6 008	3 231	11 115	11 115	11 115	3 166	14 777	34 016	41 406
Finance leases (including PPP asset element)		–			61	61	61	–	–	–	–
<b>Total - Non current liabilities</b>		33 641	6 008	3 231	11 176	11 176	11 176	3 166	14 777	34 016	41 406
<b>Borrowing - non-current</b>											
Retirement benefits		5 073	46 259	49 680	30 977	30 977	30 977	–	52 661	56 241	55 868
List other major provision items											
Refuse landfill site rehabilitation		–	–	–	3 217	3 217	3 217	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
<b>Total Borrowing - non-current</b>		5 073	46 259	49 680	34 194	34 194	34 194	–	52 661	56 241	55 868
<b>CHANGES IN NET ASSETS</b>											
<b>COMMUNITY WEALTH/EQUITY</b>											
COMMUNITY WEALTH/EQUITY - opening balance		919 832	1 022 787	956 006	640 657	640 657	640 657	640 657	1 050 772	1 091 767	945 671
GRAP adjustments											
Restated balance		919 832	1 022 787	956 006	640 657	640 657	640 657	640 657	1 050 772	1 091 767	945 671
0		–	–	–	–	–	–	–	–	–	–
Appropriations to Reserves					15 333	15 333	15 333	15 333			
Transfers from Reserves					27 774	27 774	27 774	27 774			
Depreciation offsets					8 903	8 903	8 903	8 903			
Other adjustments		205 914	42 686	66 781	(27 774)	(597)	(597)	280 225	(44 287)	(32 734)	(11 536)
<b>Accumulated Surplus/(Deficit)</b>	1	1 125 747	1 065 473	1 022 787	664 893	692 070	692 070	972 892	1 006 485	1 059 033	934 135
<b>Reserves</b>											
Housing Development Fund											
Capital replacement					271 307	271 307	271 307	2 253			
Self-insurance											
Other reserves											
Revaluation											
<b>Total Reserves</b>	2	–	–	–	271 307	271 307	271 307	2 253	–	–	–
<b>Minorities' interests</b>	2	1 125 747	1 065 473	1 022 787	936 200	963 377	963 377	975 145	1 006 485	1 059 033	934 135

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		Census count/estimate				36	36	36	36	36	36	36
Females aged 5 - 14		Census count/estimate				6	6	6	6	6	6	6
Males aged 5 - 14		Census count/estimate				6	6	6	6	6	6	6
Females aged 15 - 34		Census count/estimate				5	5	5	5	5	5	5
Males aged 15 - 34		Census count/estimate				5	5	5	5	5	5	5
Unemployment		Census count/estimate				14	14	14	14	14	14	14
<b>Monthly household income (no. of households)</b>	1, 12											
No income		Census count/estimate				924	924	924	924	924	924	924
R1 - R1 600		Census count/estimate				2 728	2 728	2 728	2 728	2 728	2 728	2 728
R1 601 - R3 200		Census count/estimate				2 350	2 350	2 350	2 350	2 350	2 350	2 350
R3 201 - R6 400		Census count/estimate				1 760	1 760	1 760	1 760	1 760	1 760	1 760
R6 401 - R12 800		Census count/estimate				1 264	1 264	1 264	1 264	1 264	1 264	1 264
R12 801 - R25 600		Census count/estimate				939	939	939	939	939	939	939
R25 601 - R51 200		Census count/estimate				368	368	368	368	368	368	368
R52 201 - R102 400		Census count/estimate				68	68	68	68	68	68	68
R102 401 - R204 800		Census count/estimate				32	32	32	32	32	32	32
R204 801 - R409 600		Census count/estimate				24	24	24	24	24	24	24
R409 601 - R819 200		Census count/estimate										
> R819 200		Census count/estimate										
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area						7	7	7	7	7	7	7
Number of poor people in municipal area						6	6	6	6	6	6	6
Number of households in municipal area						2	2	2	2	2	2	2
Number of poor households in municipal area						2	2	2	2	2	2	2
Definition of poor household (R per month)						3 800	3 800	3 800	3 800	3 800	3 800	3 800
<b>Housing statistics</b>	3											
Formal												
Informal												
<b>Total number of households</b>			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
<b>Total new housing dwellings</b>			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)						6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Interest rate - borrowing						11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Interest rate - investment						7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Remuneration increases						8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Consumption growth (electricity)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)						-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%
<b>Collection rates</b>	7											
Property tax/service charges						8						

## 2.14 Municipal Manager Quality Certificate

**DE AAR**  
Tel: 053 632 9100  
Fax: 053 631 0105  
E-mail: deaar@emthanjeni.co.za  
Website: www.emthanjeni.co.za  
Postbus/P.O.Box 42, De Aar, 7000

**HANOVER**  
Tel: 053 643 0026

**BRITSTOWN**  
Tel: 053 672 0202



Alle korrespondensie moet gerig word  
aan die **MUNISIPALE BESTUURDER**

All Correspondence must be addressed  
to the **MUNICIPAL MANAGER**

Kantoor van die Munisipale Bestuurder:  
Office of the Municipal Manager:

.....**Municipal Manager**.....

Verw. Nr./Ref. No. ....

Datum/Date: .....

Navrae/Enquiries: .....

### MUNICIPAL MANAGER QUALITY CERTIFICATE

I, Isak Visser, municipal manager of Emthanjeni, hereby certify that the Draft 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 Draft Integrated Development Plan of the municipality.

Print Name     Isak Visser

Municipal manager of Emthanjeni (NC073)

Signature

Date                     31/03/2015



**VISION**

"A centre for development and service excellence focused on economic development in pursuit of a better life"

#### MISSION STATEMENT

To provide a quality service at all times and:  
Value our resources, both human and financial  
Develop an active citizenry  
Create a conducive environment for economic growth

# ANNEXURE 1:

# POLICIES

# ANNEXURE 2: TARIFF LIST

# ANNEXURE 3:

## SDBIP



# ANNEXURE 4: A-SCHEDULES

# ANNEXURE 5:

## IDP

**EMTHANJENI MUNICIPALITY: DRAFT BUDGET POLICY****OBJECTIVE**

The objective of this policy is to set out the budgeting principles which the EMTHANJENI MUNICIPALITY will follow in preparing each annual budget, as well as the responsibilities of the Chief Financial Officer in compiling such budget.

**DEFINITIONS**

For the purpose of this policy-

- “Council”** shall mean the Council of the municipality, any committee or person to which or to whom an instruction has been given or any power has been delegated or sub-delegated in terms of, or as contemplated in, section 59 of the Local Government: Municipal Systems Act, 2000 or a service provider in respect of any power, function or duty of the Council.
- “Councillor:** shall mean a member of the municipal Council of the EMTHANJENI MUNICIPALITY.
- “Chief Financial Officer”** shall mean the head of the Financial Services Directorate as contemplated in sec 80 of the MFMA.
- “Municipal Manager”** means the person appointed by the Municipal Council as the Municipal Manager for the municipality in terms of Section 82 of the Local Government Municipal Structures Act, 1998 (Act No. 117 of 1998) and includes any person to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.
- “Official”** shall mean all persons in the full-time employment of the EMTHANJENI MUNICIPALITY

**CAPITAL REPLACEMENT RESERVE**

The Council shall establish the Capital Replacement Reserve for the purpose of financing capital projects and the acquisition of capital assets. Such reserve shall be established from the following sources of revenue:

Un-appropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes; Interest on the investments of the Capital Replacement Reserve, appropriated in terms of the accounting policy; further amounts appropriated as contributions in each annual or adjustments budget; and net gains on the sale of fixed assets in terms of the fixed asset management and accounting policy.

Each annual and adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses. Any un-appropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance any annual or adjustments budget.

An un-appropriated surplus from previous financial year, except for the amount reserved for depreciation, in respect of the capital replacement reserve, and as far as it is not required to finance the payment of operating creditors or for other operational purposes, may be appropriated to the municipality's capital replacement reserve.

An impending operating deficit shall be made good in an adjustments budget, but if an operating deficit arises at the end of a financial year, notwithstanding the precautionary measures adopted by the council, such deficit shall immediately be made good in the annual or adjustments budget for the ensuing financial year, and shall not be offset against any un-appropriated surplus carried forward from preceding financial years.

The Municipality shall establish and maintain a provision for accrued leave entitlements equal to 100% of the accrued leave entitlement of officials as at 30 June of each financial year, and shall budget appropriately 10% to 15% for contributions to such provision in each annual and adjustments budget.

The Municipality shall establish and maintain a provision for the obsolescence and deterioration of stock in accordance with its stores management policy, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.

All expenses excluding depreciation, provision for debt impairment, post-retirement benefit expenses and other non-cash related items, shall be cash funded.

Finance charges payable by the Municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the carrying value of the fixed assets belonging to such department or vote to the aggregate carrying value of all fixed assets in the Municipality. However, where it is the Council's policy to raise external loans only for the financing of fixed assets in specified council services, finance charges shall be charged to or apportioned only between the departments or votes relating to such services.

Net Depreciation (Depreciation less Backlog Depreciation) and finance charges together shall not exceed 10% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.

The allocation of interest earned on the municipality's investments shall be budgeted for in terms of the banking and investment policy.

The Municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management and accounting policy. 10%, but not less than 4%, of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.

In the preparation of the final operating budget component of the annual budget, the allowable budgetary increment shall relate to the total amount provided for each budget vote, and the Director, service or function concerned shall have the right to allocate the total budgeted amount to the line-items within such vote, except in so far as the line-item provisions relate to matters determined by the Chief Financial Officer in terms of the municipality's approved policies and contractual and statutory commitments (for example, depreciation charges, finance charges, insurance costs, salaries and related contributions, inventory items, entertainment, contribution to the CRR, skills development levies payable, etc.).

Notwithstanding the preceding principle, the budget for salaries, allowances and salaries-related benefits of all officials of the Municipality shall be separately prepared, and shall not exceed 60% of the total capital and operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councilors shall be excluded from this limit.

The Director, service or function to which each budget vote relates, shall justify the allocation of the aggregate budget for such vote to the various line-items within the vote to the portfolio committee responsible for the department, service or function concerned. In motivating the allocations made to and within the vote, the head of department, service or function concerned shall provide the relevant committee of Council with appropriate quarterly performance indicators and service delivery targets pertaining to the budget. Such indicators and targets shall be prepared with the approval of the Municipal Manager and the Mayor.

In preparing its revenue budget, the Municipality shall strive to maintain the aggregate revenues from property rates at not less than 8% of the aggregate own revenues budgeted for.

When considering the draft annual budget, the Council shall consider the impact, which the proposed increases in rates and services tariffs will have on the monthly municipal accounts of households in the municipal area. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts. Because households have no mechanism for passing on such increases to other parties, but must fully absorb the increases concerned, the Council shall ensure that the average additional impact of such increases is not more than the relevant increase in the consumer price index.

## **RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER**

Without derogating in any way from the legal responsibilities of the Municipal Manager as Accounting Officer, the Chief Financial Officer shall be responsible for preparing the final annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the banking and investments policy), and shall be accountable to the Municipal Manager with regard to the performance of these functions.

The Municipal Manager shall ensure that all heads of departments provide the input required by the Chief Financial Officer into these budget processes.

The Chief Financial Officer shall draft the budget timetable for the ensuing financial year for the Mayor's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the submission of all the budget-related documentation to the Mayor, Executive Committee and Council.

Except where the Chief Financial Officer, with the consent of the Municipal Manager, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component. The operating component shall duly reflect the impact of the capital component on: depreciation charges; repairs and maintenance expenses (wording will be **Other Materials** (material costs and contracted costs); interest payable on external borrowings; and other operating expenses.

In preparing the operating budget, the Chief Financial Officer shall determine the number and type of cost centre to be used and the line-items to be shown under each vote, provided that in so doing the Chief Financial Officer shall properly and adequately reflect the organizational structure of the Municipality, and further in so doing shall comply – in so far as the organizational structure permits – also with the prescribed budget format of National Treasury.

The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, the estimates of withdrawals from (claims) and contributions to (the contributions to the provisions for bad debts, accrued leave entitlements and obsolescence of stocks.

The Chief Financial Officer in consultation with the Municipal Manager shall further determine the recommended contribution to the capital replacement reserve and any special contributions to reserves.

The Chief Financial Officer shall also and having regard to the Municipality's current financial performance, determine the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.

The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual result with **budgeted projections, and the direction shall timeously and adequately furnish the Chief Financial Officer with all** explanations required for deviations from the budget. The Chief Financial Officer shall submit these monthly reports to the Municipal Manager, Mayor, Executive Committee in accordance with the prescriptions of the Municipal Finance Management Act.

The Chief Financial Officer shall provide technical and administrative support to the Mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes, which must precede the approval of such budgets.

The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the Mayor, are aligned with the IDP, and comply with all budget-related policies.

The Chief Financial Officer shall make recommendations on the financing of the final capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.

The Chief Financial Officer shall determine the basis for allocating overhead expenses not directly chargeable to votes. The expenses associated with the democratic process shall be allocated to a separate vote, and shall not be charged out as an overhead.

The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.

The Chief Financial Officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

Confirmation shall be obtained from the Chief Financial Officer before any advert for an appointment is made if the position is budgeted and the funding is available.

The Chief Financial Officer shall ensure that any virements by the Director, service or function concerned, comply with all budget-related policies, including this policy.



## **BUDGET VIREMENTATION**

### **3.1 Virement Clarification**

Virement is the process of transferring municipal budgeted funds from one line item number to another, with the approval of the Municipal Manager and CFO to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA).

### **3.2 Virement Procedure**

- (a) All virement proposals must be completed on the appropriate documentation and forwarded to the Chief Financial Officer for checking and implementation.
- (b) All virements must be signed by the Director of the directorate within which the vote is allocated. (Section 79 MFMA).
- (c) Projected cash flows in the SDBIP should be adjusted in line with the virement.
- (d) All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA).
- (e) All virements of funds between votes must be approved by the CFO and reported to the Executive Committee on a quarterly basis, where applicable with reference to section 2.3 (b) (ii) of this policy, all virements across votes will only be allowed until the appropriate time when it can still be incorporated into the allowed adjustments budget.

### **3.3 Virement Restrictions**

- (a) No funds can be viremented between the different types of budgets (e.g. virements can only be made from basic capital to basic capital and operating to operating).
- (b) No virement may be made where it would result in over-expenditure of a line item. (Section 32 MFMA)
- (c) No virement shall create new capital projects without the approval of the Municipal Manager and Chief Financial Officer.
- (d) If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.

- (e) Budgets from the following line items may be transferred by Financial Services:
  - (i) Salaries and allowances
  - (ii) Depreciation
  - (iii) Capital Cost (Interest and Redemption)
  - (iv) Appropriations
  - (v) Contributions to Funds
  - (vi) Administration Costs
  - (vii) Municipal Services Consumption (Water, Electricity, Refuse and Sewerage)
- (g) An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement / supply chain management policy of Council as periodically reviewed.
- (h) Virements may not be made between Expenditure and Income.

### **STANDARD CHART OF ACCOUNTS**

Clear and further directives from National Treasury is being awaited for consideration

### **CONSEQUENCE OF NON-COMPLIANCE**

Failure to comply with this policy will be viewed as a serious disciplinary transgression of the Code of Conduct of Employees.

### **AMENDMENTS**

The Council may from time to time amend the policy.

## **7. COMMENCEMENT**

- 7.1 This policy takes effect on 1 JULY 2015.

# EMTHANJENI MUNICIPALITY



## 2015/2016 DRAFT RATES POLICY

**FORMULATED IN TERMS OF SECTION 3 OF THE LOCAL  
GOVERNMENT: MUNICIPAL PROPERTY RATES ACT,**

**NO. 6 OF 2004**

**TABLE OF CONTENTS**

TABLE OF CONTENTS .....	B
ABBREVIATIONS .....	C
1. PURPOSE OF THIS DOCUMENT .....	1
2. DEFINITIONS .....	2
3. OBJECTIVES OF THE POLICY .....	7
4. CONSTITUTIONAL AND LEGAL FRAMEWORK .....	8
5. APPROVAL AND EFFECTIVE DATE .....	9
6. POLICY PRINCIPLES .....	10
7. CATEGORISATION OF SERVICES .....	11
8. CATEGORIES OF PROPERTIES .....	12
9. CATEGORISATION OF OWNERS .....	14
10. DIFFERENTIAL RATING .....	15
11. EXEMPTIONS .....	16
12. REBATES .....	17
13. REDUCTIONS .....	20
14. COST OF EXEMPTIONS, REBATES AND REDUCTIONS .....	21
15. MULTIPLE USE OF PROPERTIES .....	22
16. PROPERTY REGISTER .....	23
17. NOTIFICATION OF RATES .....	24
18. CONSULTATION PROCESS .....	25
19. FURNISHING OF ACCOUNTS .....	26
20. PAYMENT OF RATES .....	27
21. ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY VALUATION .....	29
22. FREQUENCY OF VALUATIONS .....	30
23. REVIEW PROCESS .....	31
24. IMPLEMENTATION .....	31

**ABBREVIATIONS**

NC073	<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
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

## 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: –

**“accommodation”** means accommodation in an accommodation establishment, a room, dwelling/ house or second dwelling unit, self-catering room, self-catering apartment or free standing building let to transient guests consisting of three or more lettable units;

**“accommodation establishments”** – consists of one or more of the following lettable types of accommodation, consisting of three or more lettable units –

- (a) “Camping” (informal temporary accommodation in a unique environment) is defined by a property used for erection of tents or other temporary structures for temporary accommodation for visitors or holiday-makers, which includes ablution, cooking and other facilities that are reasonably and ordinarily related to camping , for use of such visitors, and includes a caravan park, whether publicly or privately owned, but which excludes the alienation of land on the basis of time sharing, sectional title share blocks or individual subdivision; and excludes resort accommodation or mobile homes;
- (b) “Bed and Breakfast” (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling in which the owner of the dwelling supplies lodging and meals for compensation to transient guests who have permanent residence elsewhere; provided that the primary use of the dwelling-house concerned shall remain for the living accommodation of a single family and where not more than 3 guest rooms are provided;
- (c) “Guest House” (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house (with a maximum of 10 rooms) or second dwelling which is used for the purpose of supplying lodging and meals to transient guests for compensation, in an establishment which exceeds the restrictions of a bed and breakfast establishment and may include business meetings, training sessions and conference facilities for resident guests;
- (d) “Self catering Accommodation” (accommodation for non-permanent residents and transient guests) is defined by a house, cottage, chalet, bungalow, flat, studio, apartment, villa, or similar accommodation where facilities and equipment are provided for guests to cater for themselves. The facilities should be adequate to cater for the maximum advertised number of residents the facility can accommodate;
- (e) “Self catering Apartments” (accommodation for non-permanent residents and transient guests) is defined by a building or group of buildings consisting of separate accommodation units, each incorporating a kitchen / -ette facility, and which may include other communal facilities for the use of transient guests, together with outbuildings as are normally used therewith; which are rented for residential purposes and may include holiday flats; but does not include a hotel, dwelling-house, second dwelling or group house;
- (f) “Backpackers Accommodation” (accommodation and communal facilities in a building or free standing buildings for transient guests) is defined by a building where lodging is provided, and may incorporate cooking dining and communal facilities for the use of lodgers, together with such outbuildings as are normally used therewith and includes a building in which dormitories/rooms/beds are rented for residential purposes, youth hostel, and backpackers’ lodge; but does not include a hotel, dwelling house, second dwelling or group house;
- (g) “Boarding House” a dwelling-house or second dwelling which is used for the purpose of supplying lodging with or without meals or self catering to non permanent/permanent residents for compensation; provided that the primary use of the dwelling-house shall remain for the living accommodation of a single family;

**"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;

**"business and 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;

**"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 terms of section 8(2) of the Act;
- (b) in relation to the owners of property, means a category of owners determined 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;

**"exclusion"** – in relation to a Municipality's rating power, means a restriction of that power as provided for in sections 16 and 17 of the Act;

**"exemption"** - in respect of the calculation of a rate means an exemption granted in terms of section 15(1)(a) of the Act;

**"farm property or small holding used for agricultural purpose"** – means property that is used for the cultivation of soils for purposes of planting and gathering in of crops; forestry in the context of the planting or growing of trees in a managed and structured fashion; the rearing of livestock and game or the propagation and harvesting of fish, but excludes the use of a property for the purpose of eco-tourism; OR for the trading in hunting of game, accommodation of members of the public for gain, and in the respect of property on which game is reared, trade or hunted, it excludes any portion that is used for commercially for the hospitality of guests, or business purposes. In this definition such properties could also be included within the urban edge of a town;

**"farm property or small holding not used for any purpose"** – means agricultural property or an agricultural zoned land which is not used for farming purposes, regardless of whether such portion of such property has a dwelling on it which is used as a dwelling and must be regarded as residential property;

**"farm property where a portion is used for renewable energy generation purpose"** – means agricultural property or an agricultural zoned land which is **not used for farming purposes**, regardless of whether such portion of such property has renewable equipment on it which is used as exclusively for renewable energy generation purposes and must be regarded as renewable solar energy property;

**"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
- (b) includes, more specifically, the poor and other deprived sections of such body of persons;

**“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 Example Municipality;

**“Municipality”** –

- (a) as a corporate entity means a Municipality as described in section 2 of the Municipal Systems Act, 2000 (Act No 32 of 2000); and
- (b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No 27 of 1998);

**“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”-**

- (a) 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;

- (b) in relation to a right referred to paragraph (b) of the definition of "property" means a person in whose name the right is registered;
- (c) 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
- (d) 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 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 joined as Private Open Space;

**"privately owned townships serviced by the owner"** – means single properties (group housing or single residential erven), situated in an area not ordinarily being serviced by the Municipality, divided through subdivision or township establishment in (ten or more) full-title stands and/or sectional title units and where all rates-related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreation facilities, are installed at the full cost of the developer and are rendered and maintained by the residents, Home owners association or management companies/ bodies of such estate;

**"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;

**“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 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 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 predominantly (60% or more) 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. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes, if still used dominantly for residential purposes;
- (b) is a unit registered in terms of the Sectional Title Act 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;
- (f) are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes;

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

**“small holding”** – means

- (a) all agricultural zoned land units situated within an urban region with an area of one to three hectares; or
- (b) any agricultural zoned land unit situated outside an urban region with an area of three hectares or less;

**“public service infrastructure”** – section 13 of the Amendment Act amends section 17(1) which prohibits the rating of these category of property;

**“public services purposes”** – property 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** exclude property contemplated in the definition of **“Public Service Infrastructure”**

**“state owned property”** – excludes any property included in the valuation roll under the category ‘residential property’ or ‘vacant land’;

**“vacant property”** – means any land without any improvements thereon.

### 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 revenue not being rated.

#### **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; and
- Constitution of the Republic of South Africa, 1996 as amended.

## **5. 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.

**The policy will take effect on 01 July 2015**

## 6. POLICY PRINCIPLES

- 6.1 Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's anti-corruption policy.
- 6.2 The levying of rate 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 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 community and subsidised 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. CATEGORISATION OF SERVICES

7.1 The Chief Financial Officer must, subject to the guidelines provided by the National Treasury and Mayoral Committee of council, make provision for the following categories of municipal services: –

7.1.1 Trade services

7.1.2.1 Water

7.1.2.2 Electricity

7.1.2 Economic services

7.1.2.3 Waste removal

7.1.2.4 Sewerage

7.1.3 Community services

7.1.3.1 Air pollution

7.1.3.2 Local tourism

7.1.3.3 Municipal planning

7.1.3.4 Municipal public works, in respect of the needs of the Municipality in the execution of its responsibilities and to administer functions specially assigned to the Municipality under the Constitution or any other law

7.1.3.5 Storm water management systems in built-up areas

7.1.3.6 Trade regulations

7.1.3.7 Advertising billboards and the display of advertisements in public places

7.1.3.8 Cemeteries

7.1.3.9 Control of public nuisances

7.1.3.10 Control over undertakings that sell alcohol to the public

7.1.3.11 Township development

7.1.3.12 Facilities for accommodation, care and burial of animals

7.1.3.13 Fencing and fences

7.1.3.14 Licensing of dogs

7.1.3.15 Licensing and control of undertakings that sell food to the public

7.1.3.16 Local amenities

7.1.3.17 Local sport facilities

7.1.3.18 Municipal parks and recreation

7.1.3.19 Municipal roads

7.1.3.20 Noise pollution

7.1.3.21 Pounds

7.1.3.22 Public places

7.1.3.23 Street trading / Street lighting

7.1.3.24 Traffic control and parking

7.1.3.25 Building control

7.1.3.26 Licensing of vehicles and vehicle permits

7.1.3.27 Nature reserves

7.1.3.28 Child-care facilities

7.1.3.29 Ferry boats, jetties, piers and harbours

7.1.3.30 Markets

7.1.3.31 Cleaning

7.1.3.32 Beaches and entertainment facilities.



## 8. CATEGORIES OF PROPERTIES

- 8.1 Subject to section 19 of the Act, Example 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 (SAPOA vs City of Johannesburg (648/20111)[2012] ZASCA 157 (8 November 2012)): –
- 8.1.1 Predominant use of the property;
- 8.1.2 permitted use of the property; or
- 8.1.3 geographical area in which the property is situated.
- 8.2 Categories of rateable property that may be determined in terms of paragraph 5.1 include the following: –
- 8.2.1 residential (improved property);
- 8.2.2 property that is vacant (empty stands) with zoning or proposed use earmarked for residential;
- 8.2.3 property that is vacant (empty stands) with zoning or proposed use earmarked for industrial, business or commercial;
- 8.2.4 industrial;
- 8.2.5 business, commercial and guest houses;
- 8.2.6 farm properties used for –
- 8.2.6.1 agricultural purposes as defined in paragraph 2 under definitions;
- 8.2.6.2 residential purposes as defined in paragraph 2 under definitions;
- 8.2.7 farm properties not used for any purpose;
- 8.2.8 smallholdings used for –
- 8.2.8.1 agricultural purposes;
- 8.2.8.2 residential purposes;
- 8.2.8.3 industrial purposes;
- 8.2.8.4 commercial and business purposes; or
- 8.2.8.5 purposes other than those specified in subparagraphs (8.3.8.1) to (8.3.8.4).
- 8.2.9 state-owned property and public service purpose;
- 8.2.10 municipal property;
- 8.2.11 public services infrastructure;
- 8.2.12 property
- 8.2.12.1 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
- 8.2.12.2 which is subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);

- 8.2.13 protected areas;
- 8.2.14 properties 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);
- 8.2.15 properties used for multiple purposes, subject to section 9 of the Act;
- 8.2.16 accommodation establishments;
- 8.2.17 private open space; and
- 8.2.18 such other categories as may be determined by the council from time to time.
- 8.2.19 Properties or sections of properties where renewable solar energy are generated which were specifically rezoned, where portions or properties are rented or leased to Solar Businesses and where rental income is generated as **defined in paragraph 2 under definitions**
- 8.2.20 Public Benefit Organisation's properties

## **9. CATEGORISATION OF OWNERS**

- 9.1 For the purpose as described in section 3.2.1 of the policy the following categories of owners will be recognised in terms of section 15(2) of the Act:–
- 9.1.1 Those owners who qualify and who are registered as indigent in terms of the adopted indigent policy of the Municipality;
  - 9.1.2 Owners of properties situated within an area affected by: –
    - 9.1.2.1 a disaster within the meaning of the Disaster Management Act, 2002 (Act No 57 of 2002); or
    - 9.1.2.2 any serious adverse social or economic conditions.
  - 9.1.3 Owners of agricultural properties as referred to in clause 12.1.1 of this policy;
  - 9.1.4 Owners of farm properties that are used for residential purposes;
  - 9.1.5 Owners of farm properties that are used for industrial, commercial and business purposes;
  - 9.1.6 Owners of smallholdings used for residential purposes;
  - 9.1.7 Owners of smallholdings used for industrial, commercial and business purposes; and
  - 9.1.8 Owners of developed properties not yet sold and transferred.
  - 9.1.9 Owners or Occupiers of farm properties that are used for renewable energy or renewable solar energy

## **10. DIFFERENTIAL RATING**

- 10.1 Criteria for differential rating on different categories of properties in terms of section 8(1) of the Act will be according to –
  - 10.1.1 the nature of the property including its sensitivity to rating, e.g. agricultural properties used for agricultural purposes; and
  - 10.1.2 the promotion of social and economic development within the Municipality.
- 10.2 Differential rating among the various property categories will be done by way of setting a different cent amount in the rand for each property category; and
- 10.3 by way of reductions and rebates as provided for in this policy document.

## 11. EXEMPTIONS

### 11.1 Categories of properties

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

11.1.1.2 Municipal properties are exempted from paying property rates.

11.1.1.3 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 impermissible rates of R28 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..

11.1.1.4 Public Service Infrastructure

Is exempted from paying rates as it provides essential services to the community.

11.1.1.5 Public Benefit Organisations –

Public Benefit Organisation Property means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.

11.1.1.6 Exemptions in 11.1.1.1 to 11.1.1.4 will automatically apply and no application is thus required by the owners of such property.

11.1.1.7 All possible Recreational organisations such as Country Club, Recreational clubs, etc must apply annually on the prescribe application form, by 30 September, for rebate exemption of 40% for the financial year in respect of which the application is made. If the exemption applied for is approved the exemption will be valid 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. The rates account must in paid up to date otherwise the application will be unsuccessful.

11.1.1.8 A rate-exemption certificate as issued by the South African Revenue Service (SARS), as contemplated in terms of Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962), may be submitted together with the application.

11.1.1.9 The Municipality retains the right to refuse the application for exemption if the details supplied in the application were incomplete, incorrect or false.

### 11.2 Impermissible Rates

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

11.2.1 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.

11.2.2 on mineral rights within the meaning of paragraph (b) of the definition for "property" in section 1 of the Act.

11.2.3 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.

11.2.4 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.

## 12. REBATES

### 12.1 Categories of properties

#### 12.1.1 Business, commercial and industrial properties

12.1.1.1 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.

12.1.1.2 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.

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

#### 12.1.2 Rebate on agricultural property

12.1.2.1 the Municipality grants a additional rates rebate (as set out below) in respect of properties used for agricultural purposes only, of **10%** after to the current property rates levy ratio of (1:0.25) is applied, which is the applicable rate for properties used for agricultural purposes

12.1.2.2 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. In the absence of any such promulgation the Municipality will apply a standard ratio for agricultural properties from 1:0.25 (75% impermissible on the tariff for 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 2015/2016 financial year. The Amendment Municipal Property Rates Act gives more clear interpretations on the ratio(1:0.25).

12.1.2.3 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. This application will be required as a once-off requirement;
- (b) Any new applications must be addressed in writing to the Municipality by 30 September 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.

12.1.2.4 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 11.1.1.2 of this policy.

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

- 12.1.2.6** Rebates will **only be granted on vacant municipal properties** which are being developed. Proper buildings and plants must be erected within six months after registration at the deeds office. Construction must be completed within one year in order to qualify for rates rebates. Failure to complete construction on these properties within one year after registration of properties at the deeds office, the municipality will use the building plans amount as a basis of municipal property valuation, and levy the properties accordingly. Rebates will only be granted on vacant municipal land. The rebates will be implemented as follows:

**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 municipal properties where development has taken place since 01 July 2012.***

## **12.2 Categories of Owners**

### **12.2.1 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.

### **12.2.2 Rebates for retired and disabled persons**

- 12.2.2.1** 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 R4 750 to qualify for a 50% rates rebate
  - (ii) an amount of R5 350 to qualify for a 45% rates rebate
  - (iii) an amount of R6 000 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.

- 12.2.2.2** 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.

- 12.2.2.3 The Municipality retains the right to refuse the granting of rebates if the details supplied in the application were incomplete, incorrect or false.
- 12.2.2.4 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.
- 12.2.2.5 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; and



### 13. REDUCTIONS

- 13.1 Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:-
- 13.1.1 Partial or total destruction of a property; or
- 13.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 13.2 The following conditions shall be applicable in respect of clause 13.1:-
- 13.2.1 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.
- 13.2.2 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).
- 13.2.3 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. .
- 13.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the Municipality gives further extension on application.
- 13.2.5 If rates were paid in advance prior to granting of a reduction the Municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.
- 13.2.6 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.

#### **14. COST OF EXEMPTIONS, REBATES AND REDUCTIONS**

- 14.1 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.
- 14.2 Provision must be made on the operating budget for –
  - 14.2.1 the full potential revenue associated with property rates; and
  - 14.2.2 the full cost associated with exemptions, rebates and reductions.

## **15. MULTIPLE USE OF PROPERTIES**

Properties used for multiple purposes which for example do not fall within the definition of Residential Properties and, accordingly, do not qualify for the residential rate, may be included into the category of multiple-use properties, as per section 9 (1) (c) of the Property Rates Act, for which an apportionment of value for each distinct use of the property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in cases where the municipal valuer considers it reasonable to apply this category as per section 9 (1) (c) of the Property Rates Act.

## **16. PROPERTY REGISTER**

- 16.1 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.
- 16.2 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.
- 16.3 Section B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to: –
- 16.3.1 exemption from rates in terms of section 15 of the Act;
  - 16.3.2 a reduction or rebate in terms of section 15 of the Act;
  - 16.3.3 the phasing in of tariffs in terms of section 21 of the Act; and
  - 16.3.4 exclusions as referred to in section 17 of the Act.
- 16.4 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.
- 16.5 Section A of the register will be updated at least annually by the Municipality during the supplementary valuation process.
- 16.6 Section B of the register will be updated annually as part of the implementation of the Municipality's annual budget.

**17. NOTIFICATION OF RATES**

- 17.1 Council will give notice at least 30 days before the rate approved during the annual budget meeting will come into effect. Accounts furnished after the 30 days' notice will be based on the new rates.
- 17.2 A notice containing the extent of council's resolution and the date on which the new rate will come into effect will be displayed by the Municipality at places installed for this purpose.

## **18. CONSULTATION PROCESS**

- 18.1 Before council commands 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.
- 18.2 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: –
  - 18.2.1 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.
  - 18.2.2 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.
  - 18.2.3 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.
  - 18.2.4 Property owners and interested parties are invited to address written suggestions or representations to the Municipality within the period prescribed in the notice.
  - 18.2.5 Council will consider all suggestions and/or representations received during the finalisation of the property rates policy.

## **19. FURNISHING OF ACCOUNTS**

- 19.1 The Municipality will furnish each person liable for the payment of a rate with a written account, specifying: -
- 19.1.1 the amount due for rates payable;
  - 19.1.2 the date on or before which the amount is payable;
  - 19.1.3 how the amount was calculated;
  - 19.1.4 the market value of the property; and
  - 19.1.5 exemptions, reductions and rebates or the phasing-in of rates, if applicable.
- 19.2 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. Inquiries must be addressed to the Municipality by such a person who has not received a written account.
- 19.3 In the case of joint ownership the Municipality will, upon request, furnish written accounts to one or more individual owners.
- 19.4 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.

## 20. PAYMENT OF RATES

- 20.1 Council may claim the payment of rates: -
- 20.1.1 on a monthly basis; or
- 20.1.2 annually before 30 September of each year.
- 20.2 Rate payers may choose to pay rates in one instalment annually on or before 30 September of each year. The property owner subject to rates 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.
- 20.3 If a rate is payable: -
- 20.3.1 in a single amount annually, it must be paid on or before a date determined by the Municipality.
- 20.3.2 in instalments, it must be paid on or before a date in each period determined by the Municipality.
- 20.4 Interest on rates in arrear, 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.
- 20.5 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.
- 20.6 Rates in arrear shall be recovered from tenants, occupiers and agents for the owner in terms of section 28 and 29 of the Act and the Municipality's policy on credit control and debt collection.
- 20.7 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.
- 20.8 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.
- 20.9 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 false information provided by the property owner concerned, 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 of 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.
- 20.10 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.



20.11 Rates Clearance Certificates:-

20.11.1 will be valid for up to 60 days;

20.11.2 no extension on a certificate will be granted. If it expires a new application for clearance must be made;

20.11.3 if the valid period surpasses 30 June, the total annual debit for the following financial year will be payable; and

## **21. ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY VALUATION**

- 21.1 In circumstances where a valuation has been carried out by the municipal valuer in pursuance of a Supplementary Valuation (SV) in terms of section 78(1)(d) or 78(1)(f) of the MPRA as a result, for example, of a demolition having taken place on a property or a fire having destroyed buildings on a property, but the Municipality has not yet included such valuation of the relevant property in a SV, such valuation shall be submitted to the CFO for approval to levy rates on the property in accordance with such valuation, with effect from the date of the occurrence of the event which caused a SV to be required.
- 21.2 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property/s in a SV, then:-
- 21.2.1 the municipal valuer shall conduct a valuation of the relevant property(ies) for purposes of a SV; and
- 21.2.2 the valuation shall be submitted to the CFO for approval of the levying of rates on such property(ies) in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as the case may be) was registered in the Deeds Office.
- 20.3 Any valuations performed in terms of paragraph 15 shall be included in the next SV prepared by the City without any amendments to the valuation and any objections to such valuation may only be lodged once such SV is made public in terms of section 49 of the MPRA.

## **22. FREQUENCY OF VALUATIONS**

- 22.1 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.
- 22.2 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.
- 22.3 Supplementary valuations shall be done on a continual basis, but at least on an annual basis, in order to ensure that the valuation roll is maintained.

## **23. 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.

**This policy will come into effect on 01 July 2015**

## **24. IMPLEMENTATION**

This policy has been approved by the Municipality in terms of Council Resolution ..... dated .....and comes into effect on 1 July 2015

## **CREDIT CONTROL & DEBT COLLECTION POLICY**

### **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 **R3 500, 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 R3 500, 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:

**3.21. Current Account must always be paid plus**

**3.2.2 Reconnection fees plus**

**3.3.3 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 4 months
R2001 – R4000	30% Initial payment and arrears must be settled within 9 months
R4001 – R6000	25% Initial payment and arrears must be settled within 15 months
R6001 – R10 000	15% Initial payment and arrears must be settled within 30 months
R10 001 and more	12% Initial payment and arrears must be settled within 36 months

***And also agree to where possible***

- i. pay the 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) the full amount outstanding will become due and immediately payable;
  - ii) restriction, disconnection, blocking or suspension of services processes will immediately begin;
  - iii) the arrears arrangement will be enforced and legal action will begin immediately;
  - iv) no new agreement may be entered into; and
  - v) 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.

**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.

#### **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.

### **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. Indigent House owners will be required to pay back the subsidized amount of at least twenty four (24) months if they want to sell their house before a rates clearance certificate will be issued against that property.

## **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 2015.

## 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 the 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.
- xi **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,
- xii **municipal services:** those services, rates and taxes reflected on the municipal account for which payment is required by the municipality,
- xiii **municipal treasurer:** means a person appointed by the Council to manage the Council's financial administration,
- xiv **occupier:** means any person who occupies any premises or part thereof, without regard to the title under which he or she occupies,



xv **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 Accounts will be rendered monthly in cycles of approximately 30 days.
- 5.3.4 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.
- 5.3.5 It is the owner's, customer's and/or consumer's responsibility to ensure that the postal address and other contact details are correct.
- 5.3.6 Settlement or due date is the fifth (7<sup>th</sup>) 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: Property Rates Act 2004, Act no. 6 of 2004.

## **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 will, 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 will 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 Cleansing

5.12.4.1 The sewerage and cleansing 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.

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 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.

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 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 2015.



## **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 or less than **R3 500 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 between the subsidy received and the standard tariff determined by Council annually.

#### 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 or a second property;
- 4.5.2 the application was filled in dishonestly;
- 4.5.3 applicant reports a change in his/her circumstances which moves his/her household out of the eligibility brackets in clause 4.1.2;
- 4.5.4 an arrangement to pay arrears over time falls months or more into arrears with their current account and their current arrangement in dishonoured;
- 4.5.5 on going audits suggest improvements in the financial circumstances of the household moving it out of the eligibility brackets in clause 4.1.2.
- 4.5.6 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 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 2015.

DRAFT

## 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 structure<sup>1</sup>.
- (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 Plan<sup>2</sup>.
- (d) Tariffs will reflect the total cost of services<sup>3</sup>.

---

<sup>1</sup> Section 74(2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);

<sup>2</sup> Section 74(2) (c) (i) and (ii).

(e) Tariffs will be set at a level that facilitates the sustainability of services.<sup>4</sup>

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 required<sup>5</sup>.

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 customers<sup>6</sup>

- domestic;
- commercial;
- industrial;
- agricultural;

---

<sup>3</sup> Section 74(2)(d)

<sup>4</sup> Section 74(2)(e)

<sup>5</sup> Section 74(2)(l)

<sup>6</sup> Section 74(3)

- 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:

### **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 2014/2015 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) **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.
- (vii) **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.

## **8 REBATES**

8.1 Rebates are allowed in accordance with the tariff and rate schedule 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.

<b>FUNCTION</b>	<b>UNIT OF OUTPUT</b>	<b>CLASSIFICATION BY COUNCIL</b>
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	Number of removals Population	Economic

## Emthanjeni Municipality Draft Tariff Policy 2015/2016 MTREF

disposal	Number of properties	
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	Number of installations	Community



Defence		
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	Trading

	Cost per kiloliter purified	
--	-----------------------------	--

## 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 2015

## **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 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 ACCOUNTING 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, 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 2015.

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

Date of adoption:

Original	:	[29 September 2005]
1 <sup>st</sup> Review	:	[15 October 2009]
2 <sup>nd</sup> Review	:	[5 May 2011]
3 <sup>rd</sup> Review	:	[31 May 2012]
4 <sup>th</sup> Review	:	[31 May 2013]
5 <sup>th</sup> Review	:	[31 May 2014]
6 <sup>th</sup> Review	:	[31 May 2014]

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.

**TABLE OF CONTENTS**

1. Definitions

**CHAPTER 1**

**IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

2. Supply chain management policy
3. Amendment of supply chain management policy
4. Delegation of supply chain management powers and duties
5. Sub-delegations
6. Oversight role of Council
7. Supply chain management units
8. Training of supply chain management officials

**CHAPTER 2**

**SUPPLY CHAIN MANAGEMENT SYSTEM**

9. Format of supply chain management system

***Part 1: Demand management***

10. System of demand management

***Part 2: Acquisition management***

11. System of acquisition management
12. Range of procurement processes
13. General preconditions for consideration of written quotations or bids
14. Lists of accredited prospective providers
15. Petty cash purchases
16. Written quotations
17. Formal written price quotations
18. Procedures for procuring goods or services through written quotations and formal written price quotations
19. Competitive bidding process
20. Process for competitive bidding
21. Bid documentation for competitive bids
22. Public invitation for competitive bids
23. Procedure for handling, opening and recording of bids
24. Registration of contractors
25. Negotiations with preferred bidders
26. Unbundling of tenders
27. Two-stage bidding process
28. No obligation to accept lowest or any bid
29. Committee system for competitive bids
30. Bid specification committees
31. Bid evaluation committees
32. Bid Adjudication Committees
33. Procurement of banking services
34. Procurement of IT related goods or services
35. Procurement of goods and services under contracts secured by other organs of state
36. Procurement of goods necessitating special safety arrangements
37. Proudly SA Campaign
38. Appointment of consultants
39. Deviation from, and ratification of, minor breaches of procurement processes
40. Urgent and emergency cases



- 41. Unsolicited bids
- 42. Combating of abuse of supply chain management system.
- 43. Management of expansion or variation of orders against the original contract
- 44. Local Content

### ***Part 3: Logistics, Disposal, Risk and Performance Management***

- 45. Logistics management
- 46. Disposal management
- 47. Risk management
- 48. Performance management

### ***Part 4: Other matters***

- 49. Safe custody of contracts
- 50. Prohibition on awards to persons whose tax matters are not in order
- 51. Prohibition on awards to persons in the service of the state
- 52. Awards to close family members of persons in the service of the state
- 53. Ethical standards
- 54. Inducements, rewards, gifts and favours
- 55. Sponsorships
- 56. Objections and complaints
- 57. Resolution of disputes, objections, complaints and queries
- 58. Contracts providing for compensation based on turnover
- 59. Penalties

## **CHAPTER 3**

### **CODE OF CONDUCT FOR SUPPLY CHAIN PRACTITIONERS**

## **CHAPTER 4**

### **PURCHASES PROCEDURES**

## **CHAPTER 5**

### **CREDITOR PAYMENT PROCEDURES**

## Definitions

1. 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.

**“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;**

**“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;**

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

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

**“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;

**“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);

**“Sole Provider”**-means a provider of specialized or exclusive goods/services who has a sole distribution / patent /manufacturing rights and copy rights.

**“Transversal contract”** means a contract arranged for more then 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

**“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, Circular 1/2/1/2/2 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.

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

## 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;
- (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.

(2) 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).

(3) 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;

(4) 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.

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.

## ***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 7 December 2011 [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"> <li>• One quotation will be required</li> <li>• The supplier is to be selected and will be appointed on a rotation basis, provided that parts or repairs could be supplied immediately.</li> <li>• Normal stock items: the Buyer will re-order on the agreed minimum stock level.</li> <li>• For the purchasing of non-stock items authorization is required in accordance with delegations.</li> </ul> <p>Approval: Chief Financial Officer</p>



<b>R 1 001 up to R 2 000</b>	<ul style="list-style-type: none"> <li>Two quotations will be required.</li> <li>Supplier is to be appointed on a rotation basis, provided that parts of repairs could be supplied immediately.</li> <li>Normal stock items: The Buyer will re-order on the agreed minimum stock level.</li> <li>For the purchasing of non-stock items authorization is required in accordance with delegations.</li> </ul> <p>Approval: Chief Financial Officer</p>
<b>R 2 001 up to R 10 000</b>	<ul style="list-style-type: none"> <li>Three written quotations will be required</li> <li>Supplier is to be appointed on a rotation basis, provided that parts or repairs could be supplied immediately</li> <li>Normal stock items: the buyer will re-order on the agreed minimum stock level</li> <li>For the purchasing of non-stock items authorization is required in accordance with delegations</li> </ul> <p>Approval: Chief Financial Officer</p>
<b>R 10 001 up to R 200 000</b>	<ul style="list-style-type: none"> <li>Three formal written quotations are required</li> <li>The CFO will appoint the supplier of on a rotation basis depending on the urgency and delivery period.</li> <li>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;</li> </ul> <p>Purchases above R100 000 CFO will approve</p>
<b>More than R 200 000 &amp; long term contracts</b>	Standard procedures as defined in the Procurement Policy apply

**(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 authorised 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: Database****Lists of accredited prospective providers: Database**

- 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	16	8
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 R1million [all taxes included]

[b] The 90/10 point system is applicable to bids invited exceeding R 1million [all taxes included]

This should not be interpreted that quotations can be invited for up to R 1million.

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 that has the capacity and ability to execute the sub-contract.

(i) 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 R1 million, the bid must be cancelled. If one or more of the acceptable bid[s] received are within the R 1 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 R1million, the bid must be cancelled. If one or more of the acceptable bid[s] received are above the R1million 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/controller
- 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 Directorates 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 ;
- Supply Chain Manager; **[The Chairperson of Committee]**
- Director;

- 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, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
  - (e) 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;
  - (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
  - (g) 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
  - (iii) 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](http://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
- (d) 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 any 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/contractor 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.

**The Accounting Officer must review the policy at least annually and, where necessary, submit proposals for amendment to the Council ( Regulation 3).**

### **Commencement**

This Policy takes effect on 01 July 2015.

## CHAPTER 4

### PURCHASES PROCEDURES

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
1.	Purchase Requisitions:			
1.1	<ul style="list-style-type: none"> <li>Purchase requisitions (PR) are completed in the various sections of the Municipality.</li> </ul>	Ongoing	MM, Directors	Yes
1.2	The CFO should assign the responsibility of maintaining the Purchases Requisition Book to a specific person in each section.	Ongoing	CFO	Yes
1.3	The buyer is responsible for maintaining a record of the pre-numbered colour coded purchase requisition books issued to each section.	Ongoing	CFO	Yes
2.	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.	Ongoing	Municipal Manager CFO	Yes
3.	Purchases requisitions should be forwarded to the Supply Chain Clerks.	Ongoing	CFO	Yes
3.1				
3.2	The Supply Chain Clerks check the requisition to ensure the following:	Ongoing	CFO	Yes

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
	<ul style="list-style-type: none"> <li>The correct vote has been inserted;</li> <li>The description of the goods/services is accurate and the quantity specified;</li> <li>That all unused lines have been ruled off to prevent unauthorised additions; and</li> <li>That the requisition has been signed by an authorised Officer designated by the Municipal Manager.</li> </ul>			
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 Manager	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 Manager	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 Manager.	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
8.	All goods should be received in a demarcated area by			

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
	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"> <li>• Match the supplier delivery note to a properly authorised purchase order;</li> <li>• Check the quantity of goods received against the supplier delivery note and the purchase order;</li> <li>• Reject all incorrect deliveries. In the case of short deliveries, clearly indicate as such on the suppliers delivery note and the purchase order;</li> <li>• Prepare a goods received note (GRN) in duplicate detailing the items and quantities received;</li> <li>• Sign the suppliers delivery note and GRN to indicate receipt of the goods; and</li> <li>• Ensure that the supplier's delivery personnel sign the delivery note to indicate agreement with the delivery and to the adjustments, if any.</li> </ul>	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

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
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 the goods. This delivery note must then be submitted to the creditors section after being signed by the Chief Financial Officer.	Periodic	CFO	Yes
13.	<p>The creditors section receives the following in batches as the invoices are finalised for payment:</p> <ul style="list-style-type: none"> <li>• Orders with corresponding requisitions from the buying section;</li> <li>• The supplier's delivery note and the internal goods received note (GRN) from the receiving section; and</li> <li>• If the supplier forwards his invoice with the delivery note, the receiving official should date stamp and forward to creditors.</li> </ul>	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
3.1.	The creditors section is responsible for checking the adequacy and completeness of documents received from the purchasing and stores sections.	Ongoing	CFO (Creditors Section)	Yes
3.2.	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	SC Manager CFO (Head of Creditors Section)	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:	Ongoing	CFO	Yes



NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
	<ul style="list-style-type: none"> <li>Should be effected by cheque or by electronic transfer. Apart from petty cash, no payments should be made in cash; and</li> <li>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.</li> </ul>			
7.	The creditors section must prepare a list of payments to be made, differentiating between electronic and cheque payments.	Monthly	CFO (Creditors section)	Yes
8.	The creditors section must present the payment listing together with supporting documentation to the Chief Financial Officer.	Monthly	CFO (Creditors Section)	Yes
9.	The CFO must critically inspect the supporting documentation to satisfy himself/herself that the requested payments are in order.	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.	These cheque requisition forms will be forwarded to an official who has been assigned the responsibility to prepare cheques.	Monthly	Chief Financial Officer	No

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
12.	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.		Municipal Manager CFO SCM	
13.	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.	Monthly		
14.	Every signatory must inspect the documentation and satisfy him/ herself as to the validity of the expense before he/she signs the cheque.	Monthly	All designated signatories	Yes
15.1	Two signatories must sign every cheque.	Monthly	All designated signatories	Yes
15.2	The cheque number must appear on the supporting documentation. The documentation should also be stamped as evidence of it being paid.		Chief Financial Officer	
16.	The cheques should then be posted to or collected by the respective creditor.	Monthly	Chief Financial Officer	No



## EMTHANJENI LOCAL MUNICIPALITY 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) Applicants for personnel vacancies in:  (a) Groups (i) above (b) Groups (ii) above  <b><i>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</i></b>	R000.00 R000.00	R00.00 R00.00
<b>*Breakfast=R50(leaving before 6h00 am); Lunch = R69 and Supper =R125 (returning after 18h00 pm)</b>		

(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.
- (g) For private lodging (staying with family, etc.) a maximum amount of R220.00 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 R900 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 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 <b>(Air Travelling)</b>	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.
(iii) <u>Where private motor vehicle is used for re-imbursive travel</u>  (a) when a monthly transport allowance is receive.  (b) when a monthly transport allowance is not received.	Tariff as determined by SARS (non-taxable SARS limit)  Tariff as determined by SARS (non-taxable SARS limit) <b>Currently <u>R3.15c @ km</u></b>

	<p>(n) <b>All allowances are subjected to the annual SARS increment limits as publish on the official website of the South African Revenue Services (SARS)</b></p> <p>The Department Transport tariffs may be applicable for employees with such contracts.</p>
<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.</p>	

(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) 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**

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 obtained 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)

#### 1.1

##### (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 April 2015.**

# **EMTHANJENI MUNICIPALITY**



## **ASSET MANAGEMENT POLICY**

**DRAFT BUDGET 2015/2016 MTREF**

## TABLE OF CONTENTS

TABLE OF CONTENTS .....	1
ABBREVIATIONS .....	2
1 PURPOSE OF THIS DOCUMENT .....	3
2 BACKGROUND .....	4
3 OBJECTIVES.....	6
4 APPROVAL AND EFFECTIVE DATE.....	7
5 DELEGATIONS AND KEY RESPONSIBILITIES .....	8
6 POLICY AMENDMENT.....	9
7 RELATIONSHIP WITH OTHER POLICIES .....	10
8 REFERENCES.....	11
9 POLICY FORMAT .....	12
10 POLICY FOR FIXED ASSET ACCOUNTING .....	13
11. POLICY FOR SAFEGUARDING .....	43
12. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS .....	44
13. POLICY IMPLEMENTATION .....	47
ANNEXURE A: IMMOVABLE ASSET HIERARCHY.....	47
ANNEXURE B: MOVABLE ASSET HIERARCHY .....	47
ANNEXURE C: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF IMMOVABLE ASSETS .....	48
ANNEXURE D: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF MOVABLE ASSETS.....	48

---

## 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)
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.

This document was prepared in line with the prevailing legislation and Accounting Standards and therefore will be applicable for the financial years commencing on or after the first of July 2014. It is the user's responsibility to ensure that the document remains in line with legislation and Accounting Standards for future financial periods.

DRAFT

## **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.

DRAFT

#### **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.

DRAFT

## 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

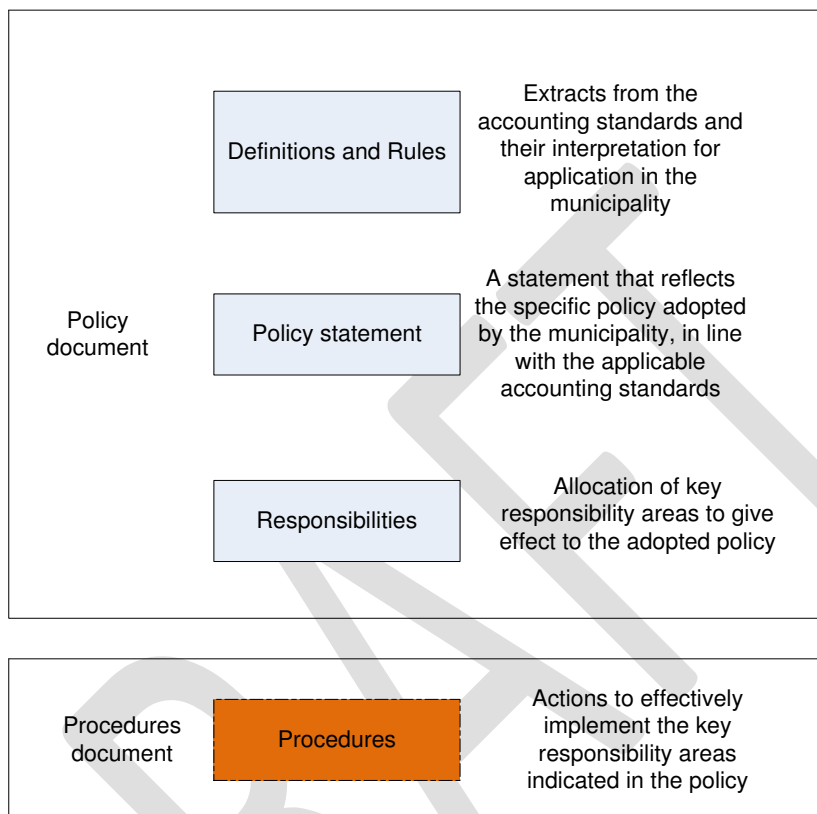
The following references were observed in compiling this document:

- 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

Immovable 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).

DRAFT

### 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.

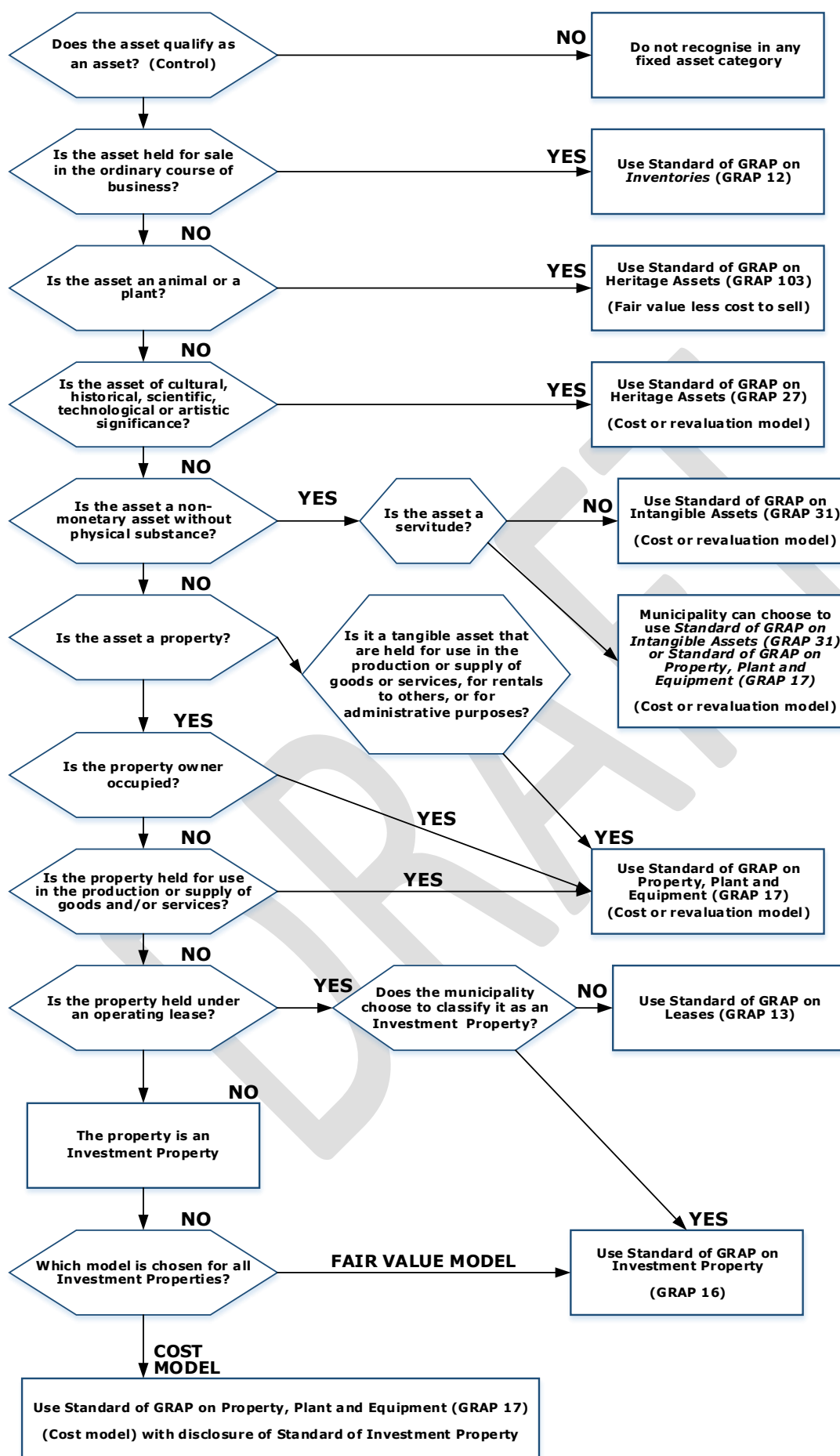
**Annexure A** indicates the hierarchy structure for immovable assets while **Annexure B** indicates the hierarchy structure for movable assets.

---

**Figure 2 – Decision tree – Classification of assets**

DRAFT





**(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 movable 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:

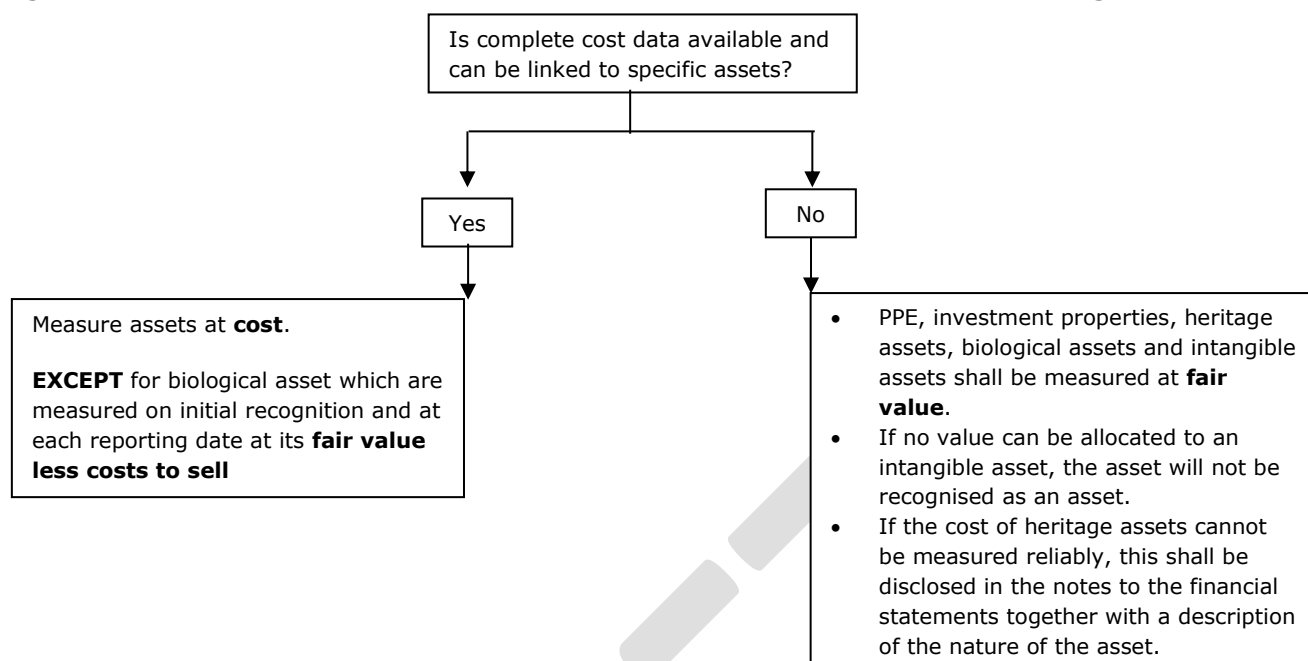
- Cost of employee benefits arising directly from the construction or acquisition of the item of immovable PPE and intangible assets.
- costs of site preparation (in the case of PPE assets);
- initial delivery and handling costs (in case of PPE infrastructure, PPE community assets and PPE heritage assets) ;
- 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.

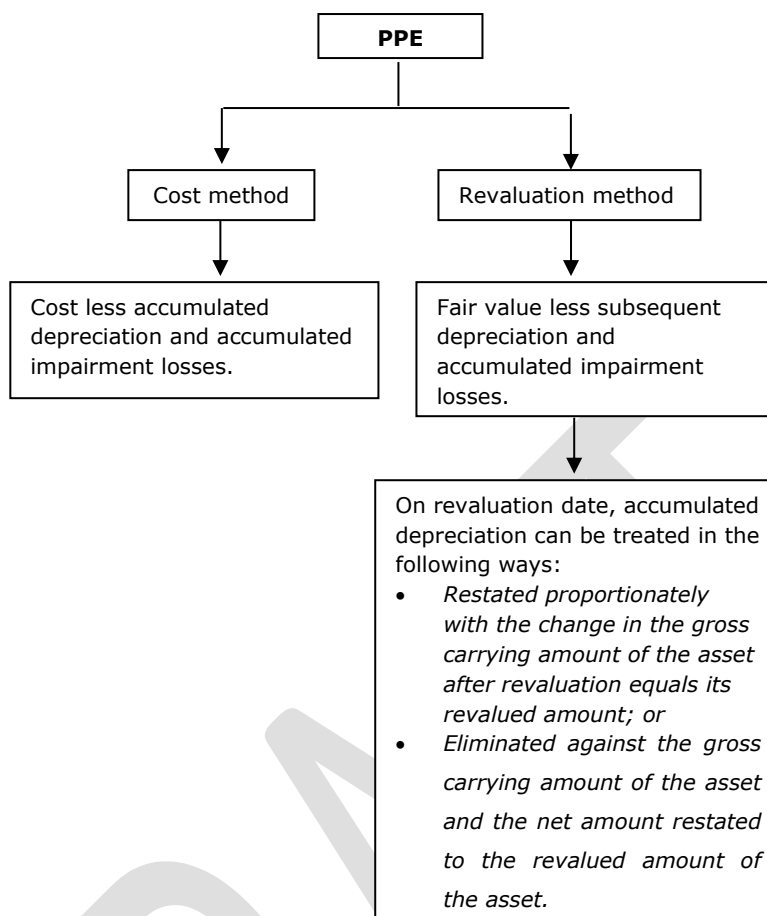
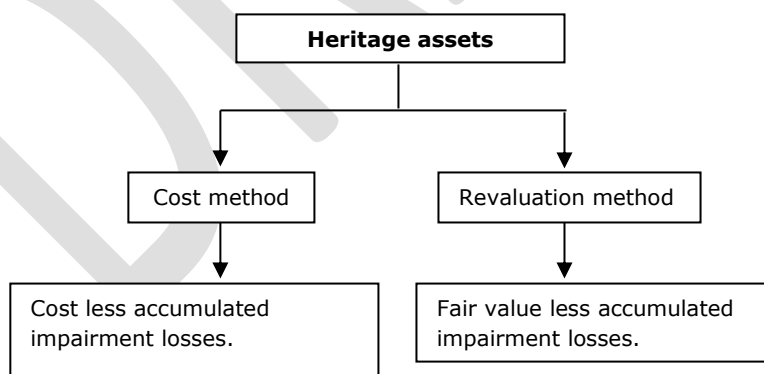
### **(b) Policy statement**

Measurement after recognition shall be on the following basis:

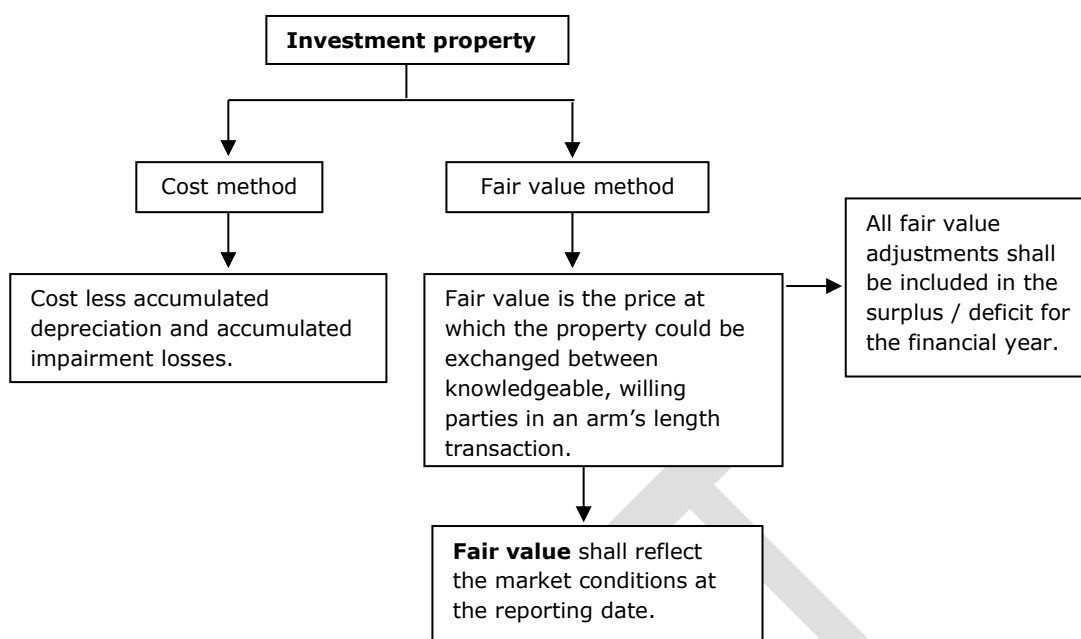
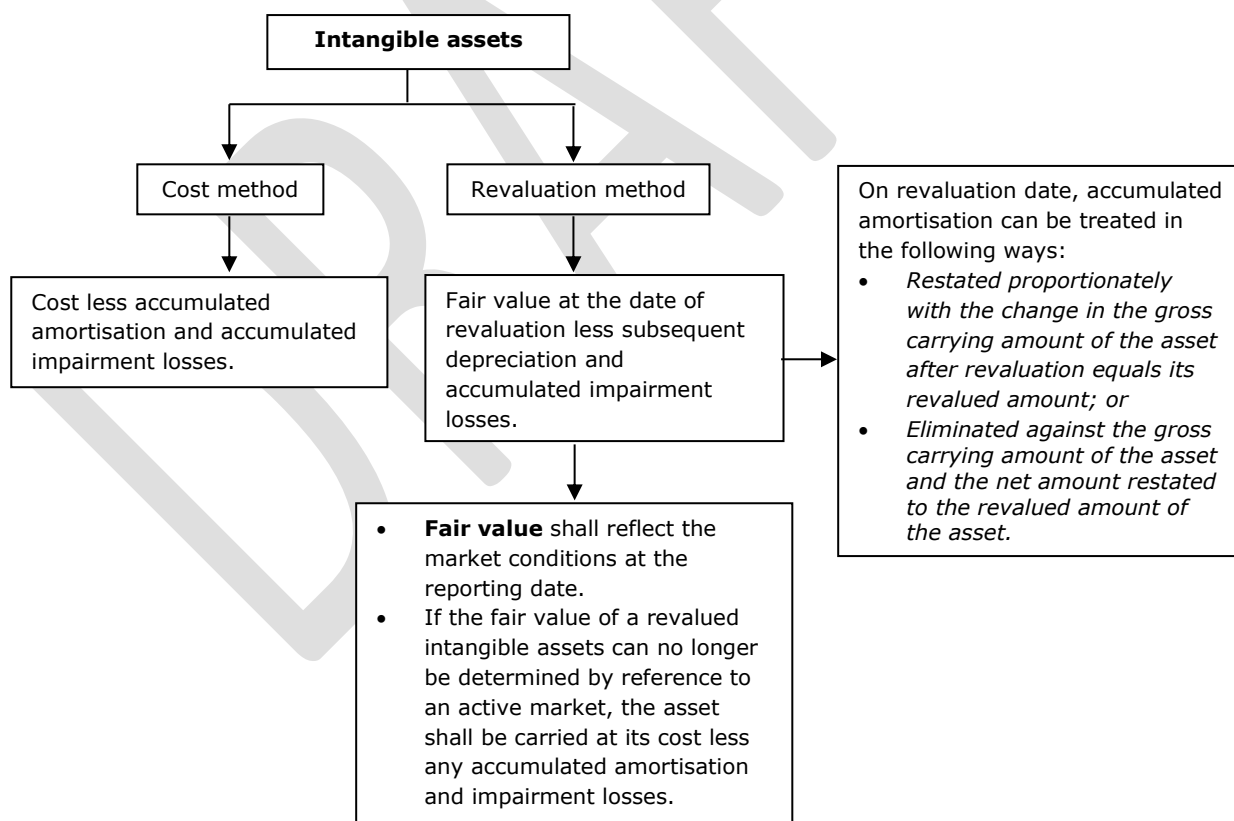
- PPE: *cost model or revaluation model* (selected based on municipalities policy)
- Heritage: *cost model or revaluation model* (selected based on municipalities policy)
- Investment property: *cost model or fair value model* (selected based on municipalities policy)
- Intangible assets: *cost model or revaluation model* (selected based on municipalities policy)
- Biological assets: fair value less cost to sell

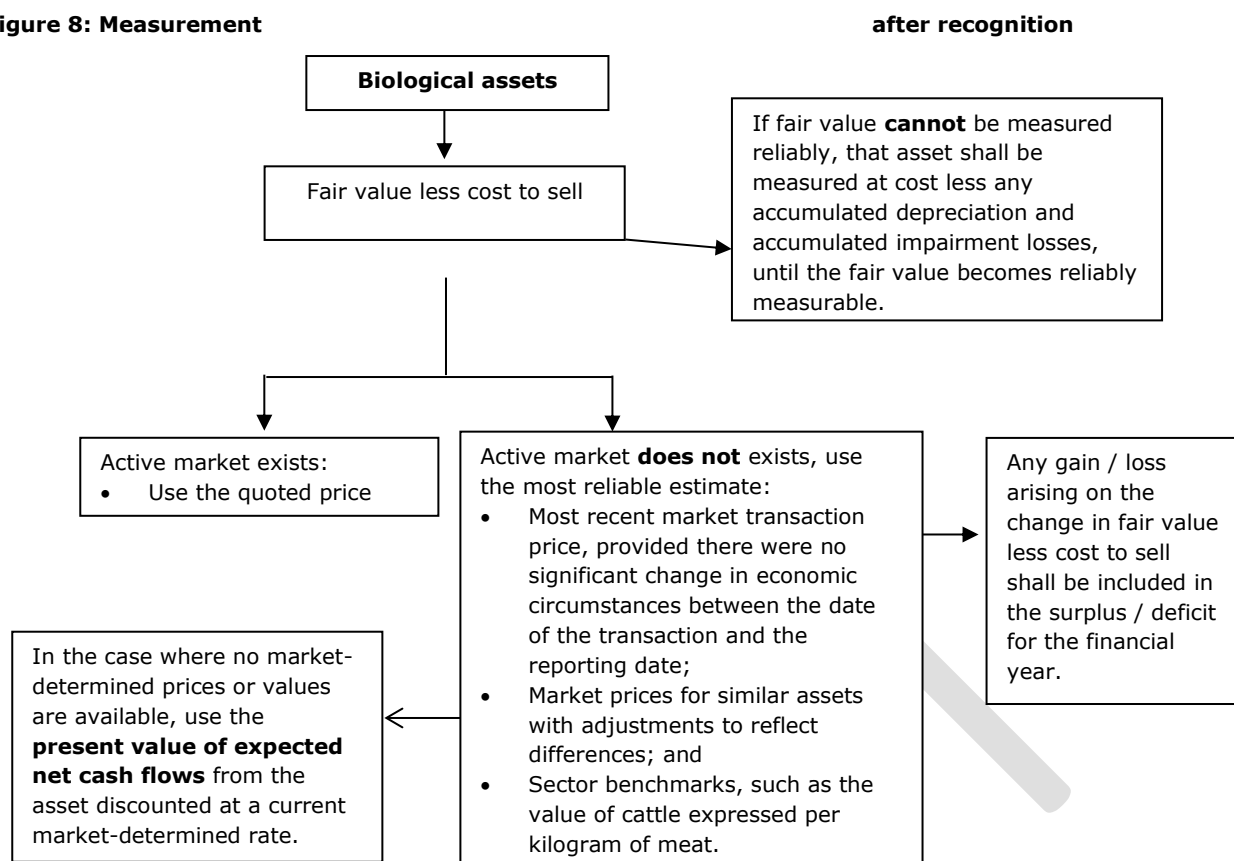
An increase in asset value as a result of revaluation shall be reflected in a Revaluation Reserve, while fair value adjustments will be recognised in surplus / deficit.

*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**

DRAFT

**Figure 6: Measurement after recognition****Figure 7: Measurement after****recognition**

**Figure 8: Measurement****(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 on-going 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 2015

#### 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**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Cemeteries</b>				
Cemetery : Caroluspoort, cemeteries next N1 & N12				
<b>Funerals*</b>				
Adults older than 12 years*	976.87	1,055.02	1,139.42	1,230.57
Children younger than 12 years*	778.49	840.77	908.04	980.68
Still born child*	856.30	924.81	998.79	1,078.69
Extra depth (deeper than 2m per 300 mm)*	187.38	202.37	218.56	236.04
Residents*	420.90	454.58	490.94	530.22
Non - residents*	591.53	638.85	689.96	745.16
Funerals - weekends & public holidays*	1,754.03	1,894.35	2,045.90	2,209.57
<b>Kareeville Cemetery, Jansenville, Mziwabantu, Barcelona, Hanover &amp; next to Burgerville road*</b>				
Selfdug graves*	158.25	170.88	170.88	184.56
Children younger than 12 years & still born*	79.30	85.61	85.61	92.46
* Tariff does not include VAT				
<b>Housing</b>				
House rent sewerage *	145.58	152.85	156.49	164.32
House rent refuse *	91.61	96.19	98.48	103.41
House rent water *	60.64	63.67	65.19	68.45
* Tariffs does not include VAT				

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Building plans</b>				
<b>Minimum building plan fees</b>	250.00	270.00	290.25	312.02
<b>Buildings with a value higher than</b>				
R 25 000, 2 % of value of the building				
(value calculated per m2)				
Description of building	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>
Economic houses	3,144.71	3,400.00	3,655	3,929
Sub-economic houses	1,956.21	2,112.70	2,271	2,441
Outbuildings	1,960.52	2,117.36	2,276	2,447
Factories and stores and churches	2,858.86	3,087.57	3,319	3,568
Offices and business premises	3,000.00	3,240.00	3,483	3,744
Multistorey buildings	2,858.86	3,087.57	3,319	3,568
Multistorey buildings: Upper floors less 10% of m <sup>2</sup>		Tariff less 10%		
Toilets	3,159.92	3,600.00	3,870	4,160
Canopies higher than 3 metres	1,960.53	2,117.37	2,276	2,447
Carports	872.75	950.00	1,021	1,098
Shadeports	451.64	487.77	524	564
Open verandahs	301.16	325.25	350	376
Closed verandahs	1,565.01	1,690.21	1,817	1,953
Swimming pool	1,565.01	1,690.21	1,817	1,953
Communication towers and structures	-	1,000.00	1,075	1,156
Renewable Energy Farms: Fixed Costs (Excluding buildings)	1,757.63	3,000.00	3,225	3,467
Sewerage plans* Inspection fees Minimum fee	-	100.00	108	116
5c/ R100.00 of the value of new buildings				
or alterations				
<b>A4 Paper copies: Plans</b>				
Plan A1	70.00	80.00	86	92
Plan A0	120.00	140.00	151	162
Photo copies A4	-	2.00	2	2
Photo copies plan A3	-	4.00	4	5
A5 Building plan search fee	75.53	80.00	86	92
A6 Building Rubble/ material deposit (pavement)	-	750.00	806	867
Sewerage connections *	2,296.32	2,480.00	2,480	2,666
<b>Land-use applications*</b>				
Zoning certificates*	100.00	108.00	116	125
Rezoning application: Admin fee plus actual cost determine by Director Infrastructure Services*	1,200.00	1,296.05	1,296	1,393
Subdivision application: Admin fee plus actual cost determine by Director Infrastructure Services*	400.00	432.02	432	464
Consent use application: Admin fee plus actual cost determine by Director Infrastructure Services*	278.07	300.26	300	323
<b>BULK SERVICES CONTRIBUTION (Water, Electricity, Sewerage)*</b>	-	-	-	-
Subdivision - price additional erf*	-	10,000.00	10,000	10,750
Second House*	1,200.00	1,500.00	1,500	1,613
Tuck shops*		2,500.00	2,500	2,688
* Tariffs does not include VAT				

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Fire prevention</b>				
A) For each motor pump*				
Call out fee	601.58	649.65	649.65	698.42
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	162.72	175.79	175.79	188.95
Standby fee - each hour or a portion thereof which the motor pump is on standby at the scene of the fire.	601.58	649.65	649.65	698.42
B) For each vehicle called out*	211.05	227.98	227.98	245.00
C) For each chemical fire extinguisher*				
Normal extinguisher 9 litre*	114.04	123.16	123.16	132.37
Lux extinguisher*	211.05	227.98	227.98	245.00
D) Fire brigade vehicles (per km)*	26.23	28.33	28.33	30.44
E) Patrol vehicle (per km)*	16.58	17.89	17.89	19.30
F) Tanker vehicle (per km)*	19.91	21.49	21.49	23.07
<b>Traffic Escort</b>	121.90	250.00	300.00	300.00
<b>Permission of erection funeral tents*</b>	121.90	500.00	600.00	700.00
* Tariffs do not include VAT				

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Assessment rates</b>				
Market value rate	-	-	-	-
Residential	0.012133	<b>0.012739</b>	0.012921	0.013567
<b>Agricultural Properties (1:0.25 irt residential properties)</b>				
(Agricultural Property must take note that the Nett Effect of the Agricultural Levy will be as follows:)	0.003033	<b>0.003185</b>	0.003230	0.003392
State Owned	0.015900	<b>0.016695</b>	0.016934	0.017780
Bussiness & Guest Houses	0.012578	<b>0.013396</b>	0.013396	0.014266
Industrial	0.016125	<b>0.017254</b>	0.017173	0.018375
Place of Worship	0.121330	<b>0.127397</b>	0.129216	0.135677
Public Benefit Organization	0.012133	<b>0.012740</b>	0.012922	0.013568
Public Service Infrastructure	0.015000	-	-	-
Mining	0.016275	<b>0.020344</b>	0.017333	0.021666
Vacant Land	0.016275	<b>0.032550</b>	0.017333	0.034666
Farm property where a portion is used for renewable energy generation purpose	-	<b>0.041000</b>	0.043460	0.043665
* Tariffs do not include VAT (Zero-rated (0%) Supply)				
<b>Sale of municipal erven per m<sup>2</sup>*</b>				
<b>Residential Properties</b>				
> De Aar East*	11.32	<b>12.73</b>	12.73	14.33
> Nonzwakazi*	11.32	<b>12.73</b>	12.73	14.32
> Britstown*	11.32	<b>12.73</b>	12.73	14.32
> Hanover*	11.32	<b>12.73</b>	12.73	14.32
> Solheim / Rantsig*	41.42	<b>46.60</b>	46.60	52.43
<b>Business Properties</b>				
> De Aar *	42.21	<b>47.49</b>	47.49	53.42
> Britstown*	31.66	<b>35.61</b>	35.61	40.07
> Hanover*	27.44	<b>30.87</b>	30.87	34.73
<b>Industrial Properties</b>				
> De Aar *	42.21	<b>47.49</b>	47.49	53.42
> Britstown*	31.66	<b>35.61</b>	35.61	40.07
> Hanover*	27.44	<b>30.87</b>	30.87	34.73
Other Properties*	<b>Other Properties will be sold as per SCM Policy after Council's Authorisation</b>			
Printing of Duplicate Monthly Service accounts	0.98	<b>1.30</b>	1.40	1.50
Printing of Duplicate Copies of Deeds of Property from the Deeds Office	13.82	<b>20.00</b>	21.00	22.50
* Tariffs do not include VAT				



**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Electricity</b>				
<b>A) Basic levies</b>				
Household *	117.35	131.67	151.42	178.67
Business *	119.02	133.54	153.57	181.21
KVA and Transnet *	107.98	121.15	139.33	164.41
Departmental *	14.91	16.73	19.24	22.70
<b>B) Consumption levies (per unit)</b>				
Prepaid meter* - Households				
Prepaid meter * 1 kWh - 50 kWh (Free Indigents only)	0.72	0.81	0.93	1.10
Prepaid meter * 51 kWh - 350 kWh	0.93	1.05	1.21	1.42
Prepaid meter * 351 kWh - 600 kWh	1.26	1.41	1.62	1.91
Prepaid meter * 601 and more	1.48	1.66	1.91	2.26
Prepaid meter* - Business	1.45	1.63	1.87	2.21
Conventional meters - Households *				
Households * 1 kWh - 50 kWh (Free Indigents only)	0.77	0.87	1.00	1.18
Households *51 kWh - 350 kWh	0.93	1.05	1.21	1.42
Households *351 kWh - 600 kWh	1.19	1.34	1.54	1.81
Households *601 kWh and more	1.29	1.45	1.66	1.96
Business *	1.51	1.70	1.95	2.30
External consumers *	1.51	1.70	1.95	2.30
KVA *	169.03	189.65	218.10	257.36
kWh of KVA *	0.81	0.91	1.04	1.23
Streetlights *	1.51	1.70	1.95	2.31
Transnet KVA *(minimum of 700 KVA)	169.03	189.65	218.10	257.35
Transnet kWh *	0.81	0.91	1.05	1.24
Departmental : small consumers *	59.76	67.05	77.11	90.99
Departmental : large KVA *	71.94	80.72	92.82	109.53
Departmental : large kWh *	0.63	0.70	0.81	0.96
Departmental : rural small consumers *	0.63	0.70	0.81	0.96
Departmental : bulk consumers KVA *	59.76	67.05	77.11	90.98
<b>C) Consumer deposits</b>				
Households	1,499.00	1,648.90	1,847	2,124
Small and medium business	1,911.00	2,102.10	2,354	2,708
Large business	2,102.00	2,312.20	2,590	2,978
Industrial :KVA	8,470.00	9,317.00	10,435	12,000

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>D) Service connections</b>				
Single phase under ground level 60 A *	5,230.44	5,753.48	6,443.90	7,410.49
Overhead connection single phase 60 A *	3,484.91	3,833.40	4,293.41	4,937.42
3 Phase *		7,091.80	7,942.81	9,134.23
6.6 KV or 11 KV		8,433.49	9,445.51	10,862.33
Change from conventional meter to prepaid *	682.46	750.70	840.79	966.90
Replacing of overhead connection *	1,937.72	2,131.49	2,387.27	2,745.36
Replacing of connection under ground *		1,811.77	2,029.18	2,333.56
Change from prepaid to conventional meter *		1,811.77	2,029.18	2,333.56
Temporary or building connection 60 A				
single phase *	5,265.53	5,792.08	6,487.13	7,460.20
Temporary or building connection		-	-	-
3 Phase *		10,136.14	11,352.47	13,055.35
Reconnection temporary households *	159.12	175.04	196.04	225.45
Reconnection temporary business *	298.16	327.97	367.33	422.43
<b>E) Termination</b>				
Terminated due to non-payment	173.77	191.15	214.09	246.20
Illegal Consumption and Tampering of meter - households *	3,287.11	3,615.82	4,049.71	4,657.17
Illegal Consumption and Tampering with meter - business *	17,041.23	18,745.35	20,994.79	24,144.01
Illegal Consumption and Tampering with meter - KVA *	23,560.18	25,916.19	29,026.14	33,380.06
Meter testing		-	-	-
kWh single phase meter *	431.75	474.93	531.92	611.71
kWh 3 phase meter *	542.81	597.09	668.74	769.05
Rural *		-	-	-
<b>F) Call out fee due to consumer faults</b>				
All area call out fee	40.35	50.00	56.00	64.40
After hours and Saturdays , Sundays & Public Holidays	40.35	75.00	84.00	96.60
<b>G) Special meter reading when services are</b>				
terminated				
All consumers *	75.53	83.08	93.05	107.01
		-	-	-
<b>F) Removing of service connection</b>				
Requested by consumer		950.00	1,064.00	1,223.60
Overhead service connection *	376.93	414.62	464.38	534.03
Under ground *	542.81	597.09	668.74	769.05
		-	-	-
		-	-	-
Ticky box electricity*	435.43	478.97	536.44	616.91
		-	-	-
Electricity Hanover Highmass lightning*	11.35	12.49	13.99	16.09
		-	-	-
Prepaid Cards	10.70	10.00	11.20	12.88
*Tariffs do not include VAT				
<b>Caravan parks</b>				
Day or a portion of a day - max 4 persons*	121.05	129.82	129.82	139.47
Per person for more than 4 per day*	56.14	60.53	60.53	64.91
Electricity per day*	25.44	28.07	28.07	29.82
*Tariffs do not include VAT				

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Sewerage and Refuse removal</b>				
<b>Households, Churches &amp; Church halls</b>				
Fixed costs *	80.36	85.18	85.18	90.29
Running costs *	53.07	56.26	56.26	59.63
<b>Halls, Libraries, Sport clubs, Showground's, Swimming pools</b>				
Fixed costs *	80.36	85.18	85.18	90.29
Running costs *	106.14	112.51	112.51	119.26
<b>All Businesses</b>				
Fixed costs *	80.36	85.18	85.18	90.29
Running costs *	106.14	112.51	112.51	119.26
<b>Old age homes, Creches, Hostels &amp; Schools</b>				
Fixed costs *	80.36	85.18	85.18	90.29
Running costs *	171.09	181.35	181.35	192.24
<b>Hotels, guest houses &amp; Correctional Services</b>				
Fixed costs *	80.36	85.18	85.18	90.29
Running costs *	171.11	181.38	181.38	192.26
<b>Hospitals</b>				
Fixed costs *	80.36	85.18	85.18	90.29
Running costs *	171.11	181.38	181.38	192.26
<b>Availability levy</b>				
Abattoirs (Industrial effluent)*	288.83	306.16	306.16	324.53
<b>Septic tanks</b>				
Monday to Friday - per load or a portion thereof. One free removal per month. (Excluding public holidays) *	114.79	121.68	121.68	128.98
Monday to Friday - per load or a portion thereof. Add removal				
Public holidays excluded.*	75.44	79.82	79.82	84.21
After hours & public holidays (As above)*				
Industrial effluent (85 % of water consumption or as determined by contract)*	3.61	3.83	3.83	4.05
Km to outside of urban area per km *	26.32	27.19	27.19	28.95
<b>Waste water removal</b>				
Waste water removal*	66.71	70.71	70.71	74.95
Water water removal per bucket*	66.71	70.71	70.71	74.95
Dry sanitation *	47.01	49.83	49.83	52.82
<b>Sewerage clearance Monday - Friday</b>				
during office hours *	242.98	257.02	257.02	272.81
Sewerage clearance Monday - Friday				
After hours & public holidays *	579.82	614.91	614.91	651.75
E) Sewerage connections *	2,079.82	2,205.26	2,205.26	2,336.84
<b>Refuse removal</b>				
Refuse removal*	83.20	88.20	88.20	93.49
Special refuse removal *	145.61	154.39	154.39	163.16
Building rubble*	291.23	308.77	308.77	327.19
*Tariffs do not include VAT				

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Town halls and community halls</b>				
De Aar Town hall West				
Deposit	605.00	650.00	650.00	699.00
Rent*				
07:00 to 17:59	606.14	650.88	650.88	700.00
18:00 to 23:59	906.14	973.68	973.68	1,046.49
(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*	123.68	133.33	133.33	142.98
Electricity - Stoves per kWh*	5.26	6.14	6.14	6.14
Tables (per table) (if not renting anything else)*				
Hiring of cutlery and crockery and tables*	454.39	488.60	488.60	525.44
Tariff for broken or damaged items per item* (all items below are excluded)				
Cups*	36.84	39.47	39.47	42.11
Saucers	36.84	39.47	39.47	42.11
Dessert plates	36.84	39.47	39.47	42.11
Dinner and soup plates	36.84	39.47	39.47	42.11
Table spoons	36.84	39.47	39.47	42.11
Tea spoons	36.84	39.47	39.47	42.11
Table knives	36.84	39.47	39.47	42.11
Table forks	36.84	39.47	39.47	42.11
Dessert knives	36.84	39.47	39.47	42.11
Dessert forks	36.84	39.47	39.47	42.11
Dessert spoons	36.84	39.47	39.47	42.11
Soup spoons	36.84	39.47	39.47	42.11
Dessert bowls	36.84	39.47	39.47	42.11
Small dessert bowls	36.84	39.47	39.47	42.11
Small Plates	36.84	39.47	39.47	42.11
Trays	36.84	39.47	39.47	42.11
Coffee pots	229.82	246.49	246.49	264.91
<b>Rent of piano's*</b>				
Upright piono per function	100.88	108.77	108.77	116.67
Upright piono per practice	36.84	39.47	39.47	42.11
Grand piano per function	300.88	322.81	322.81	347.37
Grand piano per practice	85.09	91.23	91.23	98.25
Bar				
Rent*	85.09	91.23	91.23	98.25
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	85.09	91.23	91.23	98.25

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
Stands				
Stands (for trading)	27.19	40.00	45.00	50.00
De Aar Town Hall - side hall	113.16	150.00	175.00	200.00
Caretaker fee	117.54	165.00	185.00	210.00
De Aar Juvenes Hall				
Rent				
07:00 to 18:00	342.11	367.54	367.54	394.74
18:00 to 23:59	454.39	488.60	488.60	525.44
Deposit	601.81	646.95	646.95	695.47
Caretaker fee	248.25	300.00	325.00	350.00
Community hall East & Nonzwakazi				
Rent				
Church services	153.51	164.91	164.91	177.19
Meetings	153.51	164.91	164.91	177.19
Film shows & concerts	304.39	327.19	327.19	351.75
Disco	378.07	406.14	406.14	435.96
Weddings	153.51	164.91	164.91	177.19
Social functions	153.51	164.91	164.91	177.19
Deposit	313.00	337.00	337.00	362.00
Caretaker fee	127.19	165.00	185.00	210.00
Vacation of premises				
As applicable for De Aar town hall				
Hanover town hall				
Rent				
07:00 to 18:00	453.51	487.72	487.72	524.56
18:00 to 23:59	755.26	811.40	811.40	871.93
Deposit	748.00	804.00	804.00	864.00
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	85.09	91.23	91.23	98.25

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
Hanover Community Hall Kwezi				
Rent				
Church services	153.51	164.91	164.91	177.19
Meetings	153.51	164.91	164.91	177.19
Film shows & concerts	304.39	327.19	327.19	351.75
Disco	378.07	406.14	406.14	435.96
Weddings	153.51	164.91	164.91	177.19
Social functions	153.51	164.91	164.91	177.19
Vacation of premisses				
Same as above for Hanover Town Hall				
Britstown town hall				
Rent				
07:00 to 18:00	453.51	487.72	487.72	524.56
18:00 to 23:59	679.82	730.70	730.70	785.96
After 23:59 per hour and 2 hours thereafter				
the hall will be closed	606.14	650.88	650.88	700.00
Braai area at Town Hall	157.89	169.30	169.30	182.46
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	85.09	91.23	91.23	98.25
Deposit				
Kitchen per period of part thereof	101.00	109.00	109.00	117.00
Electricity - Stoves per kWh	5.26	6.14	6.14	6.14
*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	85.09	91.23	91.23	98.25
Community Halls in Jansenville &				
Mziwabantu				
Rent				
Church services	153.51	164.91	164.91	177.19
Meetings	153.51	164.91	164.91	177.19
Film shows and concerts	228.95	245.61	245.61	264.04
Disco	228.95	245.61	245.61	264.04
Weddings	153.51	164.91	164.91	177.19
Social functions	153.51	164.91	164.91	177.19
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	85.09	91.23	91.23	98.25
Multipurpose centre				
Rent Multipurpose centre	490.35	527.19	527.19	566.67
Deposit	407.00	438.00	438.00	470.00

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Sportgrounds</b>				
De Aar West				
Athletics				
Rent : Affiliated (Changerooms included)	930.70	1,000.00	1,000.00	1,075.44
(Marking, layout of lanes and toilet paper excluded)				
Rent : Not Affiliated	1,890.35	2,032.46	2,032.46	2,185.09
(Marking, layout of lanes and toilet paper excluded)				
Rent : Chreche	423.68	455.26	455.26	489.47
Deposit changerooms and pavilion hall	768.00	826.00	826.00	887.00
Rent changerooms	294.74	316.67	316.67	340.35
Rent pavilion hall	278.95	300.00	300.00	321.93
Floodlights	214.04	230.70	230.70	247.37
Caretaker fee	294.74	316.67	316.67	340.35
<b>Rugby</b>				
Rent Field "A"(affiliated changerooms included)	186.84	200.00	200.00	215.79
Rent Field "B"(affiliated changerooms included)	136.84	147.37	147.37	158.77
Rent Field "A"(not affiliated)	423.68	455.26	455.26	489.47
Rent Field "B"(not affiliated)	246.49	264.91	264.91	284.21
Deposit changerooms and pavilion hall				
Affiliated	577.00	620.00	620.00	667.00
Not Affiliated	996.49	1,071.05	1,071.05	1,151.75
Rent changerooms	294.74	316.67	316.67	340.35
Rent pavilion hall	278.95	300.00	300.00	321.93
Floodlights	214.04	230.70	230.70	247.37
Caretaker fee	294.74	316.67	316.67	340.35
<b>Cricket</b>				
Rent Field "A" (not affiliated)	423.68	455.26	455.26	489.47
Rent Field "B" (not affiliated)	246.49	264.91	264.91	284.21
Rent Field "A" (affiliated)				
Rent Field "B" (affiliated)				
Deposit changerooms and pavilion hall				
Affiliated	577.00	620.00	620.00	667.00
Not Affiliated	996.00	1,071.00	1,071.00	1,151.00
Rent changerooms	294.74	316.67	316.67	340.35
Rent pavilion hall	278.95	300.00	300.00	321.93
Floodlights	214.04	230.70	230.70	247.37
Caretaker fee	294.74	316.67	316.67	340.35
*Tariffs do not include VAT				

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
Social functions				
Deposit changerooms and pavilion hall	623.68	<b>670.18</b>	670.18	720.18
Rent changerooms	278.95	<b>300.00</b>	300.00	321.93
Rent pavilion hall	591.23	<b>635.96</b>	635.96	683.33
Floodlights	199.12	<b>214.04</b>	214.04	229.82
Caretaker fee	294.74	<b>316.67</b>	316.67	340.35
Annual fees (Affiliation fees)				
De Aar Rugby Klub	1,552.63	<b>1,669.30</b>	1,669.30	1,793.86
Primary De Aar (without trompoppies)	7,675.44	<b>8,250.88</b>	8,250.88	8,870.18
High school De Aar	11,950.00	<b>12,846.49</b>	12,846.49	13,809.65
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				
Merino Park				
Rent sportsgrounds (not affiliated)	153.51	<b>164.91</b>	164.91	177.19
Rent sportsgrounds (affiliated)	70.18	<b>75.44</b>	75.44	81.58
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)	153.51	<b>164.91</b>	164.91	177.19
Rent sportsgrounds (affiliated)	70.18	<b>75.44</b>	75.44	81.58
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)	153.51	<b>164.91</b>	164.91	177.19
Rent sportsgrounds (affiliated)	70.18	<b>75.44</b>	75.44	81.58
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)	153.51	<b>164.91</b>	164.91	177.19
Rent sportsgrounds (affiliated)	70.18	<b>75.44</b>	75.44	81.58
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				
Criket oval				
Rent	735.09	<b>790.35</b>	790.35	850.00
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				
*Tariffs do not include VAT				



**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Swimming pools*</b>				
Public swimming pool				
A) Admission fees daily per visit				
Adults	14.04	16.00	17.60	19.36
Children	10.53	13.00	14.30	15.73
B) Seasonal admission fees (1/10 - 30/3)*				
Adults	243.86	262.28	262.28	281.58
Children	153.51	164.91	164.91	177.19
C) Rent of swimming pool				
Schools 10:00 - 13:00 (Mondays - Fridays)	304.39	327.19	327.19	351.75
(Saturdays)	304.39	327.19	327.19	351.75
Provincial level	906.14	973.68	973.68	1,046.49
Functions : Schools & Private after 18:00	543.86	585.09	585.09	628.95
D) Deposit	441.00	474.00	474.00	510.00
E) Flood lights*	199.12	214.04	214.04	229.82
F) Caretaker fee*	199.12	214.04	214.04	229.82
Oasis swimming pool				
A) Admission fees daily per visit				
Adults	11.40	13.00	14.30	15.73
Children	8.77	10.00	11.00	12.10
B) Seasonal admission fees (1/10 - 30/3)*				
Adults	214.04	230.70	230.70	247.37
Children	123.68	133.33	133.33	142.98
C) Rent of swimming pool*				
Schools 10:00 - 13:00 (Mondays - Fridays)	153.51	164.91	164.91	177.19
(Saturdays)	227.19	244.74	244.74	263.16
Provincial level	228.95	245.61	245.61	264.04
Functions : Schools & Private after	378.07	406.14	406.14	435.96
D) Deposit	319.00	343.00	343.00	369.00
E) Flood lights*	214.04	230.70	230.70	247.37
F) Caretaker fee*	167.54	180.70	180.70	193.86
If there is any major damages not covered by the deposit the lessee will be alliable for repairs.(Work done departmentally)				
*Tariffs do not include VAT				
<b>Airdome*</b>				
One engine Aircraft	85.96	92.11	92.11	99.12
Two engine Aircraft	94.74	101.75	101.75	109.65
Three and more engine Aircraft	139.47	150.00	150.00	160.53
Annual airstrip hiring - local	1,200.34	1,290.37	1,290.37	1,387.14
*Tariffs do not include VAT				

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
<b>Water</b>				
Basic levy per service connection				
Households *	54.55	57.39	57.39	60.83
Businesses*	276.56	290.95	290.95	308.40
Defence Force*	276.56	290.95	290.95	308.40
Industrial *	276.56	290.95	290.95	308.40
Schools *	276.56	290.95	290.95	308.40
Flats *	276.56	290.95	290.95	308.40
Old age homes *	276.56	290.95	290.95	308.40
Churches *	51.51	54.19	54.19	57.44
Municipal activities *	13.07	13.75	13.75	14.58
Government offices *	276.56	290.95	290.95	308.40
Hospitals *	276.56	290.95	290.95	308.40
S A P D *	276.56	290.95	290.95	308.40
Correctional Services *	276.56	290.95	290.95	308.40
Transnet *	276.56	290.95	290.95	308.40
Clinics *	276.56	290.95	290.95	308.40
Consumptions - households				
1 - 6 kl * (Tariff per kiloliter)	-	-	-	-
7 - 15 kl * (Tariff per kiloliter)	7.22	7.60	7.65	8.05
16 - 30 kl * (Tariff per kiloliter)	8.20	8.63	8.69	9.14
31 - 45 kl * (Tariff per kiloliter)	9.56	10.05	10.13	10.66
46 kl and more * (Tariff per kiloliter)	10.04	10.56	10.64	11.20
Consumptions - Indigent households				
1 - 6 kl * (Tariff per kiloliter)	-	-	-	-
7 - 15 kl * (Tariff per kiloliter)	7.22	7.60	7.65	8.05
16 - 30 kl * (Tariff per kiloliter)	8.20	8.63	8.69	9.14
31 - 45 kl * (Tariff per kiloliter)	9.56	10.05	10.13	10.66
46 kl and more * (Tariff per kiloliter)	10.04	10.56	10.64	11.20
Consumptions - Government Departments (Exc schools)				
1 - 6 kl * (Tariff per kiloliter)	3.99	4.20	4.23	4.45
7 - 15 kl * (Tariff per kiloliter)	7.22	7.60	7.65	8.05
16 - 30 kl (Tariff per kiloliter)	8.20	8.63	8.69	9.14
31 - 45 kl * (Tariff per kiloliter)	9.56	10.05	10.13	10.66
46 kl and more * (Tariff per kiloliter)	10.04	10.56	10.64	11.20
Consumptions -all other activities excluding Households, Municipal, Indigent and Government cons.				
1 - 6 kl * (Tariff per kiloliter)	3.99	4.20	4.23	4.45
7 - 15 kl * (Tariff per kiloliter)	7.22	7.60	7.65	8.05
16 - 30 kl (Tariff per kiloliter)	8.20	8.63	8.69	9.14
31 - 45 kl * (Tariff per kiloliter)	9.56	10.05	10.13	10.66
46 kl and more * (Tariff per kiloliter)	10.04	10.56	10.64	11.20
Consumptions - Muncipal activities				
1 - 6 kl * (Tariff per kiloliter)	2.63	2.77	2.79	2.93
7 kl and more * (Tariff per kiloliter)	2.63	2.77	2.79	2.93
Consumer deposit				
Household	568.00	598.00	598.00	633.00
Small and medium business	693.00	729.00	729.00	772.00
Industrial	1,150.00	1,210.00	1,210.00	1,283.00
Government Department	Determined by CFO : Actual cost be the basis			
Testing of meter *	214.91	226.32	226.32	240.35

**Emthanjeni Municipality**  
Draft Tariffs for 2015/2016 MTEF Period

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
Service connections				
20 mm / 15 mm water meter *	1,733.33	<b>1,823.68</b>	1,823.68	1,933.33
25 mm / 20 mm water meter *	2,122.81	<b>2,233.33</b>	2,233.33	2,367.54
Larger than abovementioned *				
Special meter readings as requested by consumer				
Read of meter *	135.09	<b>142.11</b>	142.11	150.88
Special meter readings by termination of service *	92.11	<b>97.37</b>	97.37	102.63
Communal water *	52.98	<b>55.74</b>	55.74	59.08
<b>Machinery &amp; Plant equipment</b>				
Hiring of machinery and plant equipment (Excluding Show Grounds)				
Selling of red soil*	<b>Actual Cost as determined by relevant Director</b>			
* Tariff do not include VAT				
<b>Libraries</b>				
Photocopies - per page or part thereof	0.88	<b>1.20</b>	1.40	1.50
<b>Rent</b>				
Rent of Library Hall (De Aar West, De Aar East, Nonzwakazi, Britstown and Hanover)	201.75	<b>213.86</b>	213.86	226.67
<b>Deposit</b>				
Deposit of Library Hall (De Aar West, De Aar East, Nonzwakazi, Britstown and Hanover)	165.00	<b>175.00</b>	175.00	185.00
* Tariff does not include VAT				
<b>Guest Houses*</b>				
Application for Guest House	292.98	<b>314.91</b>	314.91	338.60
* Tariff does not include VAT				

### Toplayer Service Delivery Budget Implementation Plan for 2015/16

Ref	Directorate [R]	STRATEGIC Objective [R]	Municipal KPA [R]	KPI [R]	Unit of Measurement	Ward	Program Driver [R]	Baseline	KPI Calculation Type [R]	KPI Target Type [R]	Annual Target		Q1	Q2	Q3	Q4
1	Financial Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network	Number of residential properties which are billed for water or have pre paid meters	All	Director: Financial Services	8000	Stand-Alone	Number	8000		0	0	0	8000
2	Financial Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	All	Director: Financial Services	8000	Stand-Alone	Number	8000		0	0	0	8000
3	Financial Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	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)	Number of residential properties which are billed for sewerage	All	Director: Financial Services	8000	Stand-Alone	Number	8000		0	0	0	8000
4	Financial Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Number of formal residential properties for which refuse is removed once per week	Number of residential properties which are billed for refuse removal	All	Director: Financial Services	8000	Stand-Alone	Number	8000		0	0	0	8000
5	Financial Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Provide free basic water to indigent households	Number of households receiving free basic water	All	Director: Financial Services	2400	Stand-Alone	Number	2400		0	0	0	2400
6	Financial Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Provide free basic electricity to indigent households	Number of households receiving free basic electricity	All	Director: Financial Services	2400	Stand-Alone	Number	2400		0	0	0	2400

**Toplayer Service Delivery Budget Implementation Plan for 2015/16**

Ref	Directorate [R]	STRATEGIC Objective [R]	Municipal KPA [R]	KPI [R]	Unit of Measurement	Ward	Program Driver [R]	Baseline	KPI Calculation Type [R]	KPI Target Type [R]	Annual Target		Q1	Q2	Q3	Q4
7	Financial Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Provide free basic sanitation to indigent households	Number of households receiving free basic sanitation	All	Director: Financial Services	2400	Stand-Alone	Number	2400		0	0	0	2400
8	Financial Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Provide free basic refuse removal to indigent households	Number of households receiving free basic refuse removal	All	Director: Financial Services	2400	Stand-Alone	Number	2400		0	0	0	2400
9	Financial Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	The percentage of the municipal capital budget actually spent on capital projects identified in terms of the IDP (Actual amount spent on projects /Total amount budgeted for capital projects)X100	(Actual amount spent on projects /Total amount budgeted for capital projects)X100	All	Director: Financial Services	80%	Carry Over	Percentage	80		0	0	0	80
10	Corporate Services	Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	Local Economic Development	Create jobs opportunities through the municipality's LED initiatives including capital projects by 30 June 2016	Number of jobs opportunities created by 30 June 2016	All	Director: Corporate Services	550	Accumulative	Number	550		0	0	0	550
11	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	Municipal Transformation and Institutional Development	The number of people from employment equity target groups employed (newly appointed) in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people employed (newly appointed)	All	Director Corporate Services	1	Accumulative	Number	1		0	0	0	1

**Toplayer Service Delivery Budget Implementation Plan for 2015/16**

Ref	Directorate [R]	STRATEGIC Objective [R]	Municipal KPA [R]	KPI [R]	Unit of Measurement	Ward	Program Driver [R]	Baseline	KPI Calculation Type [R]	KPI Target Type [R]	Annual Target		Q1	Q2	Q3	Q4
12	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	Municipal Transformation and Institutional Development	0.7% of the operating budget spent on training as per the approved skills development plan by 30 June 2016[ (Actual total training expenditure/total operational budget)x100]	(Actual total training expenditure/total operational budget)x100	All	Director: Corporate Services	0.70%	Stand-Alone	Percentage	0.7		0	0	0	0.7
13	Financial Services	Maintaining a financially sustainable and viable municipality	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year))	(Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year))	All	Director: Financial Services	30	Carry Over	Number	30		0	0	0	30
14	Financial Services	Maintaining a financially sustainable and viable municipality	Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors ((Total outstanding service debtors/ revenue received for services)X100)	(Total outstanding service debtors/ revenue received for services)X100	All	Director: Financial Services	20.50%	Reverse Stand-Alone	Percentage	20.5		0	0	0	20.5
15	Financial Services	Maintaining a financially sustainable and viable municipality	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash+ investments)/ Monthly fixed operating expenditure)	((Available cash+ investments)/ Monthly fixed operating expenditure)	All	Director: Financial Services	0.5	Carry Over	Number	0.5		0	0	0	0.5

**Toplayer Service Delivery Budget Implementation Plan for 2015/16**

Ref	Directorate [R]	STRATEGIC Objective [R]	Municipal KPA [R]	KPI [R]	Unit of Measurement	Ward	Program Driver [R]	Baseline	KPI Calculation Type [R]	KPI Target Type [R]	Annual Target		Q1	Q2	Q3	Q4
16	Municipal Manager	Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	Good Governance and Public Participation	Develop Risk based audit plan and submit to the audit committee for approval by 30 June 2016	RBAP submitted to the audit committee by 30 June 2016	All	Municipal Manager	1	Carry Over	Number	1		0	0	0	1
17	Financial Services	Maintaining a financially sustainable and viable municipality	Municipal Financial Viability and Management	Submit the annual financial statements 31 August 2015 to the Auditor-General	Statements submitted to the AG by 31 August 2016	All	Director: Financial Services	1	Carry Over	Number	1		1	0	0	0
18	Financial Services	Maintaining a financially sustainable and viable municipality	Municipal Financial Viability and Management	Achievement of a payment percentage of above 80% by 30 June 2016 ((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	All	Director: Financial Services	80%	Carry Over	Percentage	80		0	0	0	80
19	Financial Services	Maintaining a financially sustainable and viable municipality	Municipal Financial Viability and Management	Prepare and submit to Council the adjustments budget by the 28 February 2016, the draft budget by 31 March 2016 and the final budget by 31 May 2016	Adjustments budget submitted by 28 February 2016, Draft budget by 31 March 2016 and Final Budget by 31 May 2016	All	Director: Financial Services	3	Accumulative	Number	3		0	0	2	1
20	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	90% of the water maintenance budget spent by 30 June 2016 ( (Actual expenditure divided by the approved budget)x100)	% of approved water maintenance budget spent	All	Director: Infrastructure Services	90%	Carry Over	Percentage	90		0	0	0	90

**Toplayer Service Delivery Budget Implementation Plan for 2015/16**

Ref	Directorate [R]	STRATEGIC Objective [R]	Municipal KPA [R]	KPI [R]	Unit of Measurement	Ward	Program Driver [R]	Baseline	KPI Calculation Type [R]	KPI Target Type [R]	Annual Target		Q1	Q2	Q3	Q4
21	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Limit % water unaccounted for to 19.5% [(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / (Number of Kiloliters Water Purchased or Purified) × 100]	(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / (Number of Kiloliters Water Purchased or Purified) × 100	All	Director: Infrastructure Services	19.50%	Reverse Stand-Alone	Percentage	19.5		19.5	19.5	19.5	19.5
22	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	95% water quality as per SANS 241 requirements	% water quality level	All	Director: Infrastructure Services	95%	Stand-Alone	Percentage	95		95	95	95	95
23	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	90% of the waste water maintenance budget spent ((Actual expenditure divided by the approved budget)x100)	% of approved waste water maintenance budget spent	All	Director: Infrastructure Services	90%	Carry Over	Percentage	90		0	0	0	90
24	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Construct new surfaced roads by 30 June 2016	Number of kilometers constructed by 30 June 2016	All	Director: Infrastructure Services	2.5	Accumulative	Number	2		0	0	0	2
25	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	90% of the roads and stormwater maintenance budget spent by 30 June 2016 ( (Actual expenditure divided by the approved budget)X100)	% of approved roads and stormwater maintenance budget spent	All	Director: Infrastructure Services	90%	Carry Over	Percentage	90		0	0	0	90
26	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Reseal existing tar roads by 30 June 2016	Number of kilometers resealed by 30 June 2016	All	Director: Infrastructure Services	1	Accumulative	Number	1		0	0	0	1



**Toplayer Service Delivery Budget Implementation Plan for 2015/16**

Ref	Directorate [R]	STRATEGIC Objective [R]	Municipal KPA [R]	KPI [R]	Unit of Measurement	Ward	Program Driver [R]	Baseline	KPI Calculation Type [R]	KPI Target Type [R]	Annual Target		Q1	Q2	Q3	Q4
27	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Limit % electricity unaccounted for to 22% [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased] × 100]	(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100	All	Director: Infrastructure Services	16%	Reverse Stand-Alone	Percentage	22		0	0	0	22
28	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	90% of the recreational and swimming pool maintenance budget spent by 30 June 2016 ((Actual expenditure divided by the approved budget)X100)	% of approved recreational areas and swimming pool maintenance budget spent	All	Director: Infrastructure Services	90%	Carry Over	Percentage	90		0	0	0	90
29	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	90% of the electricity maintenance budget spent by 30 June 2016 ((Actual expenditure divided by the approved budget)x100)	% of approved electricity maintenance budget spent	All	Director: Infrastructure Services	90%	Carry Over	Percentage	90		0	0	0	90
30	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Complete the New Streets Phase 1 project by 30 June 2016	Project completed by 30 June 2016	1,2,4	Director: Infrastructure Services	1	Accumulative	Number	1		0	0	0	1
31	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Appoint service provider for Stormwater Phase 2 by 31 December 2015	Service provider appointed by 31 December 2015	All	Director: Infrastructure Services	1	Accumulative	Number	1		0	1	0	0
32	Infrastructure Services	Provision of access to all basic services rendered to residents within available resources	Basic Service Delivery	Appoint service provider for Hanover Bulk Sewerage and Pump Station 31 December 2015	Service provider appointed by 31 December 2015	All	Director: Infrastructure Services	1	Accumulative	Number	1		0	1	0	0

**Toplayer Service Delivery Budget Implementation Plan for 2015/16**

Ref	Directorate [R]	STRATEGIC Objective [R]	Municipal KPA [R]	KPI [R]	Unit of Measurement	Ward	Program Driver [R]	Baseline	KPI Calculation Type [R]	KPI Target Type [R]	Annual Target		Q1	Q2	Q3	Q4
33	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	Municipal Transformation and Institutional Development	Establish a client service desk by 31 March 2016	Service desk established by 31 March 2016	All	Director: Corporate Services	1	Carry Over	Number	1		0	0	1	0
34	Corporate Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Local Economic Development	Revise the LED strategy and submit to council by end 31 May 2016	Revised strategy submitted to council by 31 May 2016	All	Director Corporate Services	Current strategy	Carry Over	Number	1		0	0	0	1
35	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	Municipal Transformation and Institutional Development	Review the Organigram and submit to council by 30 September 2015	Revised organogram submitted to council by 30 September 2015	All	Director Corporate Services	Current organogram	Carry Over	Number	1		0	1	0	0
36	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	Municipal Transformation and Institutional Development	Review, workshop and submit the delegation of powers to council by 30 September 2015	Revised delegation of powers submitted to council by 30 September 2015	All	Director Corporate Services	Current system of delegations	Carry Over	Number	1		0	1	0	0

**Toplayer Service Delivery Budget Implementation Plan for 2015/16**

Ref	Directorate [R]	STRATEGIC Objective [R]	Municipal KPA [R]	KPI [R]	Unit of Measurement	Ward	Program Driver [R]	Baseline	KPI Calculation Type [R]	KPI Target Type [R]	Annual Target		Q1	Q2	Q3	Q4
37	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	Safety and Security	Review the Disaster Management Plan and submit to the District Municipality by 30 June 2016	Disaster Management Plan submitted to the District Municipality by 30 June 2016	All	Director: Community Services	1	Carry Over	Number	1		0	0	1	0
38	Community Services	Promote a healthy environment for all residents of Emthanjeni	Environmental Management	Review the Integrated Waste Management Plan and submit to Council by 30 June 2016	Integrated Waste Management Plan submitted to Council by 30 June 2016	All	Director: Community Services	1	Carry Over	Number	1		0	0	0	1
39	Community Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Basic Service Delivery	Review the Housing sector plan and submit to Council by 30 June 2016	Housing sector plan reviewed and submitted to Council by 30 June 2016	All	Director: Community Services	1	Carry Over	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	Safety and Security	Review the Community Safety Plan and submit to Council by 30 June 2016	Community Safety Plan submitted to Council by 30 June 2016	All	Director: Community Services	1	Carry Over	Number	1		0	0	0	1
41	Community Services	Promote a healthy environment for all residents of Emthanjeni	Environmental Management	90% of the maintenance budget of refuse removal spent by 30 June 2016 (Actual expenditure divided by the approved budget)	% of the budget spent	All	Director: Community Services	New Key Performance Indicators	Stand-Alone	Percentage	90		0	0	0	90

**Toplayer Service Delivery Budget Implementation Plan for 2015/16**

Ref	Directorate [R]	STRATEGIC Objective [R]	Municipal KPA [R]	KPI [R]	Unit of Measurement	Ward	Program Driver [R]	Baseline	KPI Calculation Type [R]	KPI Target Type [R]	Annual Target		Q1	Q2	Q3	Q4
42	Community Services	Promote a healthy environment for all residents of Emthanjeni	Environmental Management	Erect Dumping Signs to prevent illegal dumping by 31 March 2016	Number of signs erected by 31 March 2016	All	Director: Community Services	New Key Performance Indicators	Accumulative	Number	4		0	0	4	0
43	Community Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Basic Service Delivery	Annual verification of all applicants for low cost housing by 30 June 2016	Annual verification completed by 30 June 2016	All	Director: Community Services	New Key Performance Indicators	Carry Over	Number	1		0	0	0	1
44	Community Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Basic Service Delivery	Submit the housing application to the Provincial Dept of Housing by 30 September 2015	Housing application submitted by 30 September 2015	All	Director: Community Services	New Key Performance Indicators	Carry Over	Number	1		1	0	0	0

**NC073 Emthanjeni - Table A1 Budget Summary**

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
<b>Financial Performance</b>										
Property rates	14 561	17 323	21 185	23 785	23 785	23 785	23 785	27 266	29 039	30 926
Service charges	75 541	79 889	91 655	100 512	96 365	96 365	96 365	107 313	118 942	134 128
Investment revenue	585	1 595	1 030	940	940	940	940	715	769	823
Transfers recognised - operational	34 533	43 510	45 752	39 633	39 633	39 633	39 633	40 601	38 831	38 640
Other own revenue	15 080	21 721	25 560	35 323	29 171	29 171	29 171	32 177	36 304	41 359
<b>Total Revenue (excluding capital transfers and contributions)</b>	140 300	164 039	185 183	200 193	189 893	189 893	189 893	208 072	223 884	245 876
Employee costs	45 675	56 449	59 894	62 980	62 965	62 965	62 965	66 455	69 777	73 883
Remuneration of councillors	3 421	3 694	4 157	4 308	4 261	4 261	4 261	4 559	4 787	5 074
Depreciation & asset impairment	68 668	69 275	68 084	8 681	8 681	8 681	8 681	9 248	9 711	10 291
Finance charges	1 284	1 758	1 608	1 700	2 530	2 530	2 530	2 556	2 671	2 810
Materials and bulk purchases	34 106	40 837	49 123	55 879	55 879	55 879	55 879	61 743	64 830	68 714
Transfers and grants	788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
Other expenditure	51 954	45 858	81 450	54 450	54 019	54 019	54 019	62 851	67 224	72 844
<b>Total Expenditure</b>	205 896	218 175	265 066	201 667	202 004	202 004	202 004	220 350	232 585	247 981
<b>Surplus/(Deficit)</b>	(65 597)	(54 137)	(79 883)	(1 474)	(12 111)	(12 111)	(12 111)	(12 278)	(8 701)	(2 105)
Transfers recognised - capital	9 354	11 451	13 102	29 248	12 708	12 708	-	56 565	41 435	13 641
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	(56 243)	(42 686)	(66 781)	27 774	597	597	(12 111)	44 287	32 734	11 536
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	(56 243)	(42 686)	(66 781)	27 774	597	597	(12 111)	44 287	32 734	11 536
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	18 517	13 721	21 457	40 589	23 899	23 899	23 899	78 758	65 935	36 759
Transfers recognised - capital	13 252	12 139	15 313	28 448	11 908	11 908	11 908	56 565	41 435	14 273
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	6 000	6 000	6 000	6 000	11 546	14 240	12 389
Internally generated funds	5 265	1 582	6 144	6 141	5 991	5 991	5 991	10 647	10 260	10 096
<b>Total sources of capital funds</b>	18 517	13 721	21 457	40 589	23 899	23 899	23 899	78 758	65 935	36 759
<b>Financial position</b>										
Total current assets	114 802	139 835	119 418	78 943	78 943	78 943	117 995	112 201	115 500	112 990
Total non current assets	1 030 475	976 067	929 172	948 055	948 055	948 055	939 684	1 039 322	1 102 146	963 291
Total current liabilities	37 058	40 848	39 672	17 654	17 654	17 654	91 479	33 313	35 622	33 336
Total non current liabilities	38 714	52 267	52 911	45 370	45 370	45 370	3 166	67 438	90 257	97 274
Community wealth/Equity	1 069 504	1 022 787	956 006	963 974	963 974	963 974	963 034	1 050 772	1 091 767	945 671
<b>Cash flows</b>										
Net cash from (used) operating	25 306	16 875	13 042	43 672	16 151	16 151	8 512	57 467	53 966	33 359
Net cash from (used) investing	(19 171)	(13 186)	(20 893)	(40 469)	(23 779)	(23 779)	(5 679)	(62 894)	(64 593)	(33 736)
Net cash from (used) financing	(2 050)	(2 275)	(2 504)	2 751	2 751	2 751	(1 580)	6 296	9 155	7 570
<b>Cash/cash equivalents at the year end</b>	9 225	10 640	285	3 324	(4 592)	(4 592)	(1 376)	(508)	(1 979)	5 214
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	9 236	10 654	307	13 606	13 606	13 606	1 421	2 433	1 407	3 599
Application of cash and investments	(14 742)	(21 650)	(10 646)	(4 114)	(8 099)	(8 099)	(7 940)	(6 953)	(12 418)	(11 590)
<b>Balance - surplus (shortfall)</b>	23 978	32 304	10 952	17 720	21 705	21 705	9 362	9 387	13 825	15 189
<b>Asset management</b>										
Asset register summary (WDV)	1 030 342	976 803	871 175	947 887	943 615	943 615	1 025 857	1 025 857	1 089 291	1 123 883
Depreciation & asset impairment	68 668	69 275	68 084	8 681	8 681	8 681	9 248	9 248	9 711	10 291
Renewal of Existing Assets	3 327	5 437	9 159	10 141	9 991	9 991	9 991	24 853	27 609	30 750
Repairs and Maintenance	8 679	8 471	11 611	12 491	12 491	12 491	16 592	16 592	17 468	18 629
<b>Free services</b>										
Cost of Free Basic Services provided	10 472	12 993	14 906	15 651	15 651	15 651	16 591	16 591	17 586	18 641
Revenue cost of free services provided	10 472	12 993	14 906	15 651	15 651	15 651	16 591	16 591	16 591	17 172
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	0	0	1	19	19	19	0	0	0	0
Energy:	0	0	1	1	1	1	1	1	1	0
Refuse:	-	-	-	-	-	-	-	-	-	-

NC073 Emthanjeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
Governance and administration		34 711	41 938	43 770	42 548	42 548	42 548	46 111	47 722	49 717
Executive and council		4 236	5 410	5 639	3 238	3 238	3 238	3 335	3 330	3 356
Budget and treasury office		30 444	36 485	38 083	39 235	39 235	39 235	42 696	44 305	46 269
Corporate services		31	42	48	74	74	74	80	86	92
Community and public safety		8 933	17 260	23 648	8 744	8 744	8 744	10 229	11 118	11 849
Community and social services		1 444	1 394	1 435	1 410	1 410	1 410	1 844	1 907	2 034
Sport and recreation		79	355	145	102	102	102	114	125	137
Public safety		7 165	14 291	21 037	7 196	7 196	7 196	8 232	9 043	9 634
Housing		244	1 220	1 031	36	36	36	39	42	45
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		4 205	5 939	14 819	14 694	14 694	14 694	13 110	4 846	8 088
Planning and development		3 586	746	1 235	1 800	1 800	1 800	3 395	2 610	632
Road transport		619	5 193	13 584	12 894	12 894	12 894	9 715	2 236	7 456
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		101 804	110 352	116 048	163 455	136 615	136 615	195 187	201 634	189 863
Electricity		58 063	52 352	60 590	75 900	71 350	71 350	80 599	92 232	109 322
Water		19 016	29 792	25 603	45 961	28 621	28 621	40 952	69 570	39 764
Waste water management		15 592	17 737	18 167	25 982	22 802	22 802	59 198	24 987	25 333
Waste management		9 134	10 472	11 687	15 612	13 842	13 842	14 438	14 845	15 443
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	149 654	175 490	198 285	229 441	202 601	202 601	264 637	265 319	259 517
Expenditure - Standard										
Governance and administration		30 946	38 789	44 888	43 503	43 510	43 510	45 845	48 253	51 215
Executive and council		7 669	15 139	15 494	12 680	12 897	12 897	13 326	13 992	14 831
Budget and treasury office		15 412	14 896	18 325	18 910	18 489	18 489	20 218	21 345	22 692
Corporate services		7 865	8 755	11 069	11 914	12 124	12 124	12 301	12 917	13 692
Community and public safety		49 619	23 420	35 256	25 764	25 967	25 967	29 393	31 973	35 323
Community and social services		4 865	5 895	20 439	10 559	10 246	10 246	11 662	12 215	12 954
Sport and recreation		33 033	3 299	3 341	3 948	4 384	4 384	4 641	4 873	5 165
Public safety		8 018	9 304	6 771	9 018	9 058	9 058	10 732	12 410	14 575
Housing		3 534	4 843	4 630	2 069	2 109	2 109	2 175	2 284	2 421
Health		169	79	75	169	169	169	183	192	204
Economic and environmental services		17 257	16 697	39 053	24 681	24 786	24 786	26 757	28 043	29 708
Planning and development		8 624	6 051	18 450	9 647	9 752	9 752	10 319	10 835	11 485
Road transport		8 633	10 646	20 604	15 034	15 034	15 034	16 438	17 208	18 223
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		106 596	137 979	144 247	106 811	106 833	106 833	117 623	123 549	130 922
Electricity		54 353	74 911	82 559	64 771	61 956	61 956	69 790	73 279	77 676
Water		32 572	26 484	32 710	14 979	17 091	17 091	15 852	16 645	17 643
Waste water management		11 300	16 377	15 771	12 298	12 623	12 623	16 699	17 578	18 753
Waste management		8 370	20 206	13 206	14 763	15 163	15 163	15 283	16 047	16 850
Other	4	1 479	1 290	1 621	907	907	907	731	767	813
Total Expenditure - Standard	3	205 896	218 175	265 066	201 667	202 004	202 004	220 350	232 585	247 981
Surplus/(Deficit) for the year		(56 243)	(42 686)	(66 781)	27 774	597	597	44 287	32 734	11 536

References

- Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
- Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
- Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
- All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		4 236	5 410	5 639	3 238	3 238	3 238	3 335	3 330	3 356
Vote 2 - FINANCE AND ADMINISTRATION		30 475	36 528	38 131	39 310	39 310	39 310	42 776	44 392	46 362
Vote 3 - PLANNING AND DEVELOPMENT		3 586	746	1 235	1 800	1 800	1 800	3 395	2 610	632
Vote 4 - HEALTH		—	—	—	—	—	—	—	—	—
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 444	1 394	1 435	1 410	1 410	1 410	1 844	1 907	2 034
Vote 6 - PUBLIC SAFETY		7 165	14 291	21 037	7 196	7 196	7 196	8 232	9 043	9 634
Vote 7 - SPORT AND RECREATION		79	355	145	102	102	102	114	125	137
Vote 8 - ROAD TRANSPORT		619	5 193	13 584	12 894	12 894	12 894	9 715	2 236	7 456
Vote 9 - OTHER		—	—	—	—	—	—	—	—	—
Vote 10 - HOUSING SERVICES		244	1 220	1 031	36	36	36	39	42	45
Vote 11 - WASTE MANAGEMENT		9 134	10 472	11 687	15 612	13 842	13 842	14 438	14 845	15 443
Vote 12 - WASTE WATER MANAGEMENT		15 592	17 737	18 167	25 982	22 802	22 802	59 198	24 987	25 333
Vote 13 - ELECTRICITY		58 063	52 352	60 590	75 900	71 350	71 350	80 599	92 232	109 322
Vote 14 - WATER		19 016	29 792	25 603	45 961	28 621	28 621	40 952	69 570	39 764
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
<b>Total Revenue by Vote</b>	2	<b>149 654</b>	<b>175 490</b>	<b>198 285</b>	<b>229 441</b>	<b>202 601</b>	<b>202 601</b>	<b>264 637</b>	<b>265 319</b>	<b>259 517</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		7 669	15 139	15 494	12 680	12 897	12 897	13 326	13 992	14 831
Vote 2 - FINANCE AND ADMINISTRATION		23 277	23 650	29 395	30 824	30 613	30 613	32 520	34 261	36 384
Vote 3 - PLANNING AND DEVELOPMENT		8 624	6 051	18 450	9 647	9 752	9 752	10 319	10 835	11 485
Vote 4 - HEALTH		169	79	75	169	169	169	183	192	204
Vote 5 - COMMUNITY AND SOCIAL SERVICES		4 865	5 895	20 439	10 559	10 246	10 246	11 662	12 215	12 954
Vote 6 - PUBLIC SAFETY		8 018	9 304	6 771	9 018	9 058	9 058	10 732	12 410	14 579
Vote 7 - SPORT AND RECREATION		33 033	3 299	3 341	3 948	4 384	4 384	4 641	4 873	5 165
Vote 8 - ROAD TRANSPORT		8 633	10 646	20 604	15 034	15 034	15 034	16 438	17 208	18 223
Vote 9 - OTHER		1 479	1 290	1 621	907	907	907	731	767	813
Vote 10 - HOUSING SERVICES		3 534	4 843	4 630	2 069	2 109	2 109	2 175	2 284	2 421
Vote 11 - WASTE MANAGEMENT		8 370	20 206	13 206	14 763	15 163	15 163	15 283	16 047	16 850
Vote 12 - WASTE WATER MANAGEMENT		11 300	16 377	15 771	12 298	12 623	12 623	16 699	17 578	18 753
Vote 13 - ELECTRICITY		54 353	74 911	82 559	64 771	61 956	61 956	69 790	73 279	77 676
Vote 14 - WATER		32 572	26 484	32 710	14 979	17 091	17 091	15 852	16 645	17 643
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
<b>Total Expenditure by Vote</b>	2	<b>205 896</b>	<b>218 175</b>	<b>265 066</b>	<b>201 667</b>	<b>202 004</b>	<b>202 004</b>	<b>220 350</b>	<b>232 585</b>	<b>247 981</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(56 243)</b>	<b>(42 686)</b>	<b>(66 781)</b>	<b>27 774</b>	<b>597</b>	<b>597</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>

**References**

1. Insert "Vote"; e.g. department, if different to standard 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)**

NC073 Emthanjeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	14 337	17 220	21 035	23 785	23 785	23 785	23 785	27 266	29 039	30 926
Property rates - penalties & collection charges		223	103	150	-	-	-	-	-	-	-
Service charges - electricity revenue	2	45 757	48 279	56 488	53 614	50 114	50 114	50 114	57 631	66 276	78 205
Service charges - water revenue	2	15 574	16 439	18 746	24 575	23 775	23 775	23 775	25 853	27 404	29 048
Service charges - sanitation revenue	2	8 797	9 421	10 302	13 906	13 906	13 906	13 906	14 741	15 625	16 563
Service charges - refuse revenue	2	4 947	5 323	5 705	8 347	8 347	8 347	8 347	8 848	9 379	10 036
Service charges - other		466	428	415	69	222	222	222	240	257	276
Rental of facilities and equipment		587	947	722	755	603	603	603	652	701	751
Interest earned - external investments		585	1 595	1 030	940	940	940	940	715	769	823
Interest earned - outstanding debtors		1 116	494	625	819	819	819	819	873	933	996
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		6 703	12 611	19 521	6 624	6 624	6 624	6 624	7 581	8 322	8 844
Licences and permits		1 107	1 201	1 305	1 874	1 874	1 874	1 874	2 099	2 309	2 517
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		34 533	43 510	45 752	39 633	39 633	39 633	39 633	40 601	38 831	38 640
Other revenue	2	5 563	6 148	3 223	25 131	19 131	19 131	19 131	20 843	23 900	28 102
Gains on disposal of PPE		3	319	164	120	120	120	120	130	139	149
Total Revenue (excluding capital transfers and contributions)		140 300	164 039	185 183	200 193	189 893	189 893	189 893	208 072	223 884	245 876
<b>Expenditure By Type</b>											
Employee related costs	2	45 675	56 449	59 894	62 980	62 965	62 965	62 965	66 455	69 777	73 883
Remuneration of councillors		3 421	3 694	4 157	4 308	4 261	4 261	4 261	4 559	4 787	5 074
Debt impairment	3	16 971	12 035	47 932	10 827	10 503	10 503	10 503	11 429	12 078	12 822
Depreciation & asset impairment	2	68 668	69 275	68 084	8 681	8 681	8 681	8 681	9 248	9 711	10 291
Finance charges		1 284	1 758	1 608	1 700	2 530	2 530	2 530	2 556	2 671	2 810
Bulk purchases	2	34 106	38 781	43 536	47 529	47 529	47 529	47 529	53 094	55 749	59 094
Other materials	8	-	2 056	5 588	8 350	8 350	8 350	8 350	8 648	9 081	9 620
Contracted services		8 687	8 095	7 228	8 830	8 238	8 238	8 238	9 629	11 252	13 351
Transfers and grants		788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
Other expenditure	4, 5	25 901	25 409	26 087	34 793	35 278	35 278	35 278	41 793	43 894	46 670
Loss on disposal of PPE		395	319	203	-	-	-	-	-	-	-
Total Expenditure		205 896	218 175	265 066	201 667	202 004	202 004	202 004	220 350	232 585	247 981
<b>Surplus/(Deficit)</b>											
Transfers recognised - capital	6	9 354	11 451	13 102	29 248	12 708	12 708	-	56 565	41 435	13 641
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(56 243)	(42 686)	(66 781)	27 774	597	597	(12 111)	44 287	32 734	11 536
Taxation											
Surplus/(Deficit) after taxation		(56 243)	(42 686)	(66 781)	27 774	597	597	(12 111)	44 287	32 734	11 536
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(56 243)	(42 686)	(66 781)	27 774	597	597	(12 111)	44 287	32 734	11 536
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(56 243)	(42 686)	(66 781)	27 774	597	597	(12 111)	44 287	32 734	11 536

**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



NC073 Emthanjeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	798	-	-	-	-	-	-	-	-
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		183	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 14 - WATER		1 817	6 810	-	16 640	100	100	100	10 000	27 240	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>2 000</b>	<b>7 608</b>	<b>-</b>	<b>16 640</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>10 000</b>	<b>27 240</b>	<b>-</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - EXECUTIVE AND COUNCIL		452	86	585	153	153	153	153	159	167	177
Vote 2 - FINANCE AND ADMINISTRATION		597	432	199	1 687	1 687	1 687	1 687	1 897	2 011	2 119
Vote 3 - PLANNING AND DEVELOPMENT		60	5	500	12	12	12	12	12	13	14
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		211	58	63	295	295	295	295	307	322	341
Vote 6 - PUBLIC SAFETY		-	294	-	85	85	85	85	1 088	1 193	98
Vote 7 - SPORT AND RECREATION		-	42	-	251	251	251	251	261	275	291
Vote 8 - ROAD TRANSPORT		9 579	2 043	15 401	14 716	14 716	14 716	14 716	18 724	16 021	17 303
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		3 627	2	714	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT		-	-	-	1 800	1 800	1 800	1 800	2 945	592	568
Vote 12 - WASTE WATER MANAGEMENT		100	-	-	3 180	3 180	3 180	3 180	35 958	10 000	-
Vote 13 - ELECTRICITY		1 833	3 145	2 314	1 300	1 300	1 300	1 300	5 630	7 912	5 647
Vote 14 - WATER		58	5	1 681	470	320	320	320	1 776	190	10 200
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>16 517</b>	<b>6 113</b>	<b>21 457</b>	<b>23 949</b>	<b>23 799</b>	<b>23 799</b>	<b>23 799</b>	<b>68 758</b>	<b>38 695</b>	<b>36 759</b>
<b>Total Capital Expenditure - Vote</b>		<b>18 517</b>	<b>13 721</b>	<b>21 457</b>	<b>40 589</b>	<b>23 899</b>	<b>23 899</b>	<b>23 899</b>	<b>78 758</b>	<b>65 935</b>	<b>36 759</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>1 049</b>	<b>518</b>	<b>785</b>	<b>1 840</b>	<b>1 840</b>	<b>1 840</b>	<b>1 840</b>	<b>2 056</b>	<b>2 178</b>	<b>2 296</b>
Executive and council		452	86	585	153	153	153	153	159	167	177
Budget and treasury office		597	432	79	1 317	1 317	1 317	1 317	1 369	1 438	1 524
Corporate services		-	-	120	370	370	370	370	528	573	595
<b>Community and public safety</b>		<b>3 838</b>	<b>1 194</b>	<b>777</b>	<b>631</b>	<b>631</b>	<b>631</b>	<b>631</b>	<b>1 657</b>	<b>1 789</b>	<b>731</b>
Community and social services		211	856	63	295	295	295	295	307	322	341
Sport and recreation		-	42	-	251	251	251	251	261	275	291
Public safety		-	294	-	85	85	85	85	1 088	1 193	98
Housing		3 627	2	714	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>9 639</b>	<b>2 048</b>	<b>15 901</b>	<b>14 728</b>	<b>14 728</b>	<b>14 728</b>	<b>14 728</b>	<b>18 737</b>	<b>16 034</b>	<b>17 317</b>
Planning and development		60	5	500	12	12	12	12	12	13	14
Road transport		9 579	2 043	15 401	14 716	14 716	14 716	14 716	18 724	16 021	17 303
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>3 991</b>	<b>9 960</b>	<b>3 995</b>	<b>23 390</b>	<b>6 700</b>	<b>6 700</b>	<b>6 700</b>	<b>56 309</b>	<b>45 934</b>	<b>16 415</b>
Electricity		1 833	3 145	2 314	1 300	1 300	1 300	1 300	5 630	7 912	5 647
Water		1 875	6 815	1 681	17 110	420	420	420	11 776	27 430	10 200
Waste water management		283	-	-	3 180	3 180	3 180	3 180	35 958	10 000	-
Waste management		-	-	-	1 800	1 800	1 800	1 800	2 945	592	568
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>18 517</b>	<b>13 721</b>	<b>21 457</b>	<b>40 589</b>	<b>23 899</b>	<b>23 899</b>	<b>23 899</b>	<b>78 758</b>	<b>65 935</b>	<b>36 759</b>
<b>Funded by:</b>											
National Government		13 252	12 139	15 313	28 448	11 908	11 908	11 908	56 565	41 435	13 641
Provincial Government		-	-	-	-	-	-	-	-	-	632
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>13 252</b>	<b>12 139</b>	<b>15 313</b>	<b>28 448</b>	<b>11 908</b>	<b>11 908</b>	<b>11 908</b>	<b>56 565</b>	<b>41 435</b>	<b>14 273</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 000</b>	<b>6 000</b>	<b>6 000</b>	<b>6 000</b>	<b>11 546</b>	<b>14 240</b>	<b>12 389</b>
<b>Internally generated funds</b>		<b>5 265</b>	<b>1 582</b>	<b>6 144</b>	<b>6 141</b>	<b>5 991</b>	<b>5 991</b>	<b>5 991</b>	<b>10 647</b>	<b>10 260</b>	<b>10 096</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>18 517</b>	<b>13 721</b>	<b>21 457</b>	<b>40 589</b>	<b>23 899</b>	<b>23 899</b>	<b>23 899</b>	<b>78 758</b>	<b>65 935</b>	<b>36 759</b>

**References**

1. 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).
2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
3. Capital expenditure by standard classification must reconcile to the appropriations by vote
4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
5. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17
7. Total Capital Funding must balance with Total Capital Expenditure
8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

NC073 Emthanjeni - Table A6 Budgeted Financial Position

NC073 Emthanjani - Table A6 Budgeted Financial Position											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		14 379	17 196	12 210	2 844	2 844	2 844	116	3 128	2 784	2 010
Call investment deposits	1	—	—	—	11 788	11 788	11 788	—	—	—	—
Consumer debtors	1	38 361	46 604	30 489	9 171	9 171	9 171	53 002	32 013	34 013	36 090
Other debtors		7 789	12 586	13 627	9 243	9 243	9 243	1 770	10 167	15 809	14 307
Current portion of long-term receivables		79	26	32	—	—	—	—	—	—	—
Inventory	2	54 194	63 424	63 059	45 899	45 899	45 899	63 107	66 894	62 894	60 583
<b>Total current assets</b>		<b>114 802</b>	<b>139 835</b>	<b>119 418</b>	<b>78 943</b>	<b>78 943</b>	<b>78 943</b>	<b>117 995</b>	<b>112 201</b>	<b>115 500</b>	<b>112 990</b>
<b>Non current assets</b>											
Long-term receivables		1	1	1	—	4 272	4 272	5 004	—	—	—
Investments		11	14	21	—	—	—	10 575	8 575	8 575	8 575
Investment property		3 100	5 004	5 004	4 272	—	—	140 013	5 004	5 004	5 004
Investment in Associate		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3	1 026 180	970 415	923 699	942 332	942 332	942 332	783 687	1 025 262	1 088 087	949 199
Agricultural		—	—	—	—	—	—	—	—	—	—
Biological		—	—	—	—	—	—	—	—	—	—
Intangible		1 062	538	384	1 283	1 283	1 283	384	413	413	446
Other non-current assets		121	95	63	168	168	168	21	68	68	68
<b>Total non current assets</b>		<b>1 030 475</b>	<b>976 067</b>	<b>929 172</b>	<b>948 055</b>	<b>948 055</b>	<b>948 055</b>	<b>939 684</b>	<b>1 039 322</b>	<b>1 102 146</b>	<b>963 291</b>
<b>TOTAL ASSETS</b>		<b>1 145 277</b>	<b>1 115 902</b>	<b>1 048 590</b>	<b>1 026 998</b>	<b>1 026 998</b>	<b>1 026 998</b>	<b>1 057 679</b>	<b>1 151 523</b>	<b>1 217 646</b>	<b>1 076 281</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	5 154	6 557	11 925	1 026	1 026	1 026	9 269	9 269	9 952	6 985
Borrowing	4	2 257	2 485	2 758	1 374	1 374	1 374	2 502	3 003	3 391	3 765
Consumer deposits		1 782	1 825	1 949	1 932	1 932	1 932	2 029	2 191	2 499	2 690
Trade and other payables	4	27 087	28 680	21 627	11 306	11 306	11 306	21 814	16 752	17 562	17 931
Provisions		778	1 302	1 414	2 017	2 017	2 017	55 865	2 097	2 218	1 966
<b>Total current liabilities</b>		<b>37 058</b>	<b>40 848</b>	<b>39 672</b>	<b>17 654</b>	<b>17 654</b>	<b>17 654</b>	<b>91 479</b>	<b>33 313</b>	<b>35 622</b>	<b>33 336</b>
<b>Non current liabilities</b>											
Borrowing		33 641	6 008	3 231	11 176	11 176	11 176	3 166	14 777	34 016	41 406
Provisions		5 073	46 259	49 680	34 194	34 194	34 194	—	52 661	56 241	55 868
<b>Total non current liabilities</b>		<b>38 714</b>	<b>52 267</b>	<b>52 911</b>	<b>45 370</b>	<b>45 370</b>	<b>45 370</b>	<b>3 166</b>	<b>67 438</b>	<b>90 257</b>	<b>97 274</b>
<b>TOTAL LIABILITIES</b>		<b>75 772</b>	<b>93 115</b>	<b>92 583</b>	<b>63 024</b>	<b>63 024</b>	<b>63 024</b>	<b>94 645</b>	<b>100 751</b>	<b>125 879</b>	<b>130 610</b>
<b>NET ASSETS</b>	5	<b>1 069 504</b>	<b>1 022 787</b>	<b>956 006</b>	<b>963 974</b>	<b>963 974</b>	<b>963 974</b>	<b>963 034</b>	<b>1 050 772</b>	<b>1 091 767</b>	<b>945 671</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		1 069 504	1 022 787	956 006	692 667	692 667	692 667	960 781	1 050 772	1 091 767	945 671
Reserves	4	—	—	—	271 307	271 307	271 307	2 253	—	—	—
Minorities' interests		—	—	—	—	—	—	—	—	—	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>1 069 504</b>	<b>1 022 787</b>	<b>956 006</b>	<b>963 974</b>	<b>963 974</b>	<b>963 974</b>	<b>963 034</b>	<b>1 050 772</b>	<b>1 091 767</b>	<b>945 671</b>

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	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		14 114	13 593	17 407	22 834	22 656	22 656	12 782	26 176	27 877	29 689
Service charges		76 227	66 533	80 959	95 404	91 557	91 557	51 129	103 030	114 194	128 774
Other revenue		7 177	12 295	2 757	34 852	28 231	28 231	15 978	28 048	31 647	35 999
Government - operating	1	33 847	38 073	38 678	39 633	39 633	39 633	30 061	40 601	38 831	38 640
Government - capital	1	19 669	17 054	15 152	29 248	12 708	12 708	7 000	56 565	41 435	13 641
Interest		585	1 595	1 030	940	940	940	81	715	769	823
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(124 240)	(130 205)	(140 583)	(163 870)	(163 376)	(163 376)	(100 875)	(182 174)	(184 532)	(197 032)
Finance charges		(1 284)	(1 758)	(1 608)	(1 700)	(2 530)	(2 530)	(370)	(2 556)	(2 671)	(2 810)
Transfers and Grants	1	(788)	(305)	(750)	(13 669)	(13 669)	(13 669)	(7 274)	(12 938)	(13 585)	(14 365)
NET CASH FROM/(USED) OPERATING ACTIVITIES		25 306	16 875	13 042	43 672	16 151	16 151	8 512	57 467	53 966	33 359
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		47	558	632	120	120	120	1 075	124	134	143
Decrease (Increase) in non-current debtors		44	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		42	-	26	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(7)	79	-	-	-	-	-	-	-	-
Payments											
Capital assets		(19 297)	(13 822)	(21 550)	(40 589)	(23 899)	(23 899)	(6 753)	(63 019)	(64 726)	(33 880)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19 171)	(13 186)	(20 893)	(40 469)	(23 779)	(23 779)	(5 679)	(62 894)	(64 593)	(33 736)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	6 000	6 000	6 000	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	11 546	14 240	12 389
Increase (decrease) in consumer deposits		-	-	-	135	135	135	101	135	138	142
Payments											
Repayment of borrowing		(2 050)	(2 275)	(2 504)	(3 384)	(3 384)	(3 384)	(1 681)	(5 384)	(5 222)	(4 961)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2 050)	(2 275)	(2 504)	2 751	2 751	2 751	(1 580)	6 296	9 155	7 570
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	5 141	9 225	10 640	5 954	(4 877)	(4 877)	1 253	869	(1 472)	7 193
Cash/cash equivalents at the year end:	2	9 225	10 640	285	3 324	(4 592)	(4 592)	(1 376)	(508)	(1 979)	5 214

**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	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
<b>Cash and investments available</b>												
Cash/cash equivalents at the year end		1	9 225	10 640	285	3 324	(4 592)	(4 592)	(1 376)	(508)	(1 979)	5 214
Other current investments > 90 days			(0)	(0)	—	10 281	18 198	18 198	(7 777)	(5 634)	(5 189)	(10 189)
Non current assets - Investments		1	11	14	21	—	—	—	10 575	8 575	8 575	8 575
<b>Cash and investments available:</b>			<b>9 236</b>	<b>10 654</b>	<b>307</b>	<b>13 606</b>	<b>13 606</b>	<b>13 606</b>	<b>1 421</b>	<b>2 433</b>	<b>1 407</b>	<b>3 599</b>
<b>Application of cash and investments</b>												
Unspent conditional transfers			11 954	12 120	7 095	1 348	1 348	1 348	6 602	1 470	1 527	1 651
Unspent borrowing			—	—	—	—	—	—	—	—	—	—
Statutory requirements		2	1 074	—	—	3 679	3 679	3 679	3 679	4 672	4 943	5 170
Other working capital requirements		3	(30 023)	(33 770)	(17 741)	(11 394)	(15 379)	(15 379)	(20 474)	(24 524)	(30 966)	(31 233)
Other provisions			—	—	—	—	—	—	—	11 429	12 078	12 822
Long term investments committed		4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments		5	2 253	—	—	2 253	2 253	2 253	2 253	—	—	—
<b>Total Application of cash and investments:</b>			<b>(14 742)</b>	<b>(21 650)</b>	<b>(10 646)</b>	<b>(4 114)</b>	<b>(8 099)</b>	<b>(8 099)</b>	<b>(7 940)</b>	<b>(6 953)</b>	<b>(12 418)</b>	<b>(11 590)</b>
<b>Surplus(shortfall)</b>			<b>23 978</b>	<b>32 304</b>	<b>10 952</b>	<b>17 720</b>	<b>21 705</b>	<b>21 705</b>	<b>9 362</b>	<b>9 387</b>	<b>13 825</b>	<b>15 189</b>

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



NC073 Emthanjeni - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
<b>Total New Assets</b>	1	15 190	8 284	12 299	30 448	13 908	13 908	53 905	38 325	6 009
Infrastructure - Road transport		1 738	4 084	10 682	13 808	13 808	13 808	8 500	10 583	6 009
Infrastructure - Electricity		-	-	918	-	-	-	-	-	-
Infrastructure - Water		3 585	-	699	16 640	100	100	10 000	27 240	-
Infrastructure - Sanitation		6 000	4 200	-	-	-	-	35 405	502	-
Infrastructure - Other		730	-	-	-	-	-	-	-	-
Infrastructure		12 053	8 284	12 299	30 448	13 908	13 908	53 905	38 325	6 009
Community		1 000	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2 137	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	3 327	5 437	9 159	10 141	9 991	9 991	24 853	27 609	30 750
Infrastructure - Road transport		1 490	761	4 640	500	500	500	5 660	4 110	10 464
Infrastructure - Electricity		-	412	611	250	250	250	3 680	7 000	4 000
Infrastructure - Water		-	17	406	470	320	320	3 546	9 240	9 389
Infrastructure - Sanitation		-	-	-	-	-	-	300	-	-
Infrastructure - Other		-	652	1 312	30	30	30	-	-	-
Infrastructure		1 490	1 842	6 969	1 250	1 100	1 100	13 186	20 349	23 854
Community		-	1 231	63	396	396	396	2 100	2 100	2 100
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 837	2 301	2 126	8 495	8 495	8 495	8 917	2 660	2 596
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	62	-	-	-	-	650	2 500	2 200
<b>Total Capital Expenditure</b>	4									
Infrastructure - Road transport		3 228	4 845	15 322	14 308	14 308	14 308	14 160	14 693	16 473
Infrastructure - Electricity		-	412	1 528	250	250	250	3 680	7 000	4 000
Infrastructure - Water		3 585	17	1 106	17 110	420	420	13 546	36 480	9 389
Infrastructure - Sanitation		6 000	4 200	-	-	-	-	35 705	502	-
Infrastructure - Other		730	652	1 312	30	30	30	-	-	-
Infrastructure		13 543	10 126	19 268	31 698	15 008	15 008	67 091	58 675	29 862
Community		1 000	1 231	63	396	396	396	2 100	2 100	2 100
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		3 974	2 301	2 126	8 495	8 495	8 495	8 917	2 660	2 596
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	62	-	-	-	-	650	2 500	2 200
TOTAL CAPITAL EXPENDITURE - Asset class	2	16 517	13 721	21 457	40 589	23 899	23 899	78 758	65 935	36 759
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	480 979	492 059	300 765	325 791	325 791	325 791	339 951	354 644	371 117
Infrastructure - Electricity		64 762	51 035	55 118	68 752	68 752	68 752	72 432	79 432	83 432
Infrastructure - Water		112 077	97 954	100 790	121 745	121 745	121 745	135 291	171 770	181 160
Infrastructure - Sanitation		129 804	112 359	118 142	127 460	127 460	127 460	163 164	163 667	163 667
Infrastructure - Other		64 967	1 893	2 045	3 861	3 861	3 861	3 861	3 861	3 861
Infrastructure		852 588	755 300	576 860	647 609	647 609	647 609	714 700	773 374	803 237
Community		114 057	155 551	224 026	222 971	222 971	222 971	225 071	227 171	229 271
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		3 100	5 004	5 004	4 272	-	-	5 004	5 004	5 004
Other assets		59 535	60 410	64 901	71 752	71 752	71 752	80 669	83 329	85 926
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		1 062	538	384	1 283	1 283	1 283	413	413	446
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 030 342	976 803	871 175	947 887	943 615	943 615	1 025 857	1 089 291	1 123 883
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		68 668	69 275	68 084	8 681	8 681	8 681	9 248	9 711	10 291
Repairs and Maintenance by Asset Class	3	8 679	8 471	11 611	12 491	12 491	12 491	16 592	17 468	18 629
Infrastructure - Road transport		502	1 368	1 277	1 592	1 592	1 592	616	1 852	2 049
Infrastructure - Electricity		50	1 495	929	1 821	1 821	1 821	1 342	1 586	1 706
Infrastructure - Water		404	750	697	864	864	864	1 145	1 491	1 581
Infrastructure - Sanitation		432	712	464	822	822	822	64	911	942
Infrastructure - Other		351	711	1 068	819	819	819	1 975	944	987
Infrastructure		1 739	5 036	4 435	5 918	5 918	5 918	5 143	6 785	7 265
Community		452	1 626	2 218	1 875	1 875	1 875	3 098	3 546	3 737
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	158	-	182	182	182	-	-	-
Other assets	6, 7	6 489	1 651	4 958	4 516	4 516	4 516	8 350	7 137	7 627
TOTAL EXPENDITURE OTHER ITEMS		77 347	77 746	79 695	21 171	21 171	21 171	25 840	27 178	28 920
Renewal of Existing Assets as % of total capex		18.0%	39.6%	42.7%	25.0%	41.8%	41.8%	31.6%	41.9%	83.7%
Renewal of Existing Assets as % of deprecn"		4.8%	7.8%	13.5%	116.8%	115.1%	115.1%	268.7%	284.3%	298.8%
R&M as a % of PPE		0.8%	0.9%	1.3%	1.3%	1.3%	1.3%	1.6%	1.6%	2.0%
Renewal and R&M as a % of PPE		1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	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. Donated/contributed and assets funded by finance leases to be allocated to the respective category

NC073 Emthanjeni - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		8 046	8 288	8 738	9 175	9 175	9 175	11 114	11 670	12 720
Piped water inside yard (but not in dwelling)		—	—	450	473	473	473	695	765	841
Using public tap (at least min.service level)	2	21	21	471	495	495	495	465	521	500
Other water supply (at least min.service level)	4	—	—	450	473	473	473	341	324	279
Minimum Service Level and Above sub-total		8 067	8 309	10 109	10 614	10 614	10 614	12 615	13 279	14 339
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
<b>Total number of households</b>	5	8 067	8 309	10 109	10 614	10 614	10 614	12 615	13 279	14 339
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		6 639	6 838	7 288	7 652	7 652	7 652	8 847	9 477	10 342
Flush toilet (with septic tank)		1 143	1 177	1 627	1 709	1 709	1 709	2 252	2 487	2 761
Chemical toilet		236	243	693	727	727	727	705	684	643
Pit toilet (ventilated)		—	—	450	473	473	473	458	458	430
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		8 018	8 258	10 058	10 561	10 561	10 561	12 262	13 106	14 176
Bucket toilet		62	63	513	539	539	539	353	173	163
Other toilet provisions (< min.service level)		—	—	450	9 175	9 175	9 175	—	—	—
No toilet provisions		—	—	—	9 175	9 175	9 175	—	—	—
Below Minimum Service Level sub-total		62	63	963	18 888	18 888	18 888	353	173	163
<b>Total number of households</b>	5	8 079	8 321	11 021	29 449	29 449	29 449	12 615	13 279	14 339
<b>Energy:</b>										
Electricity (at least min.service level)		3 222	3 318	3 768	3 957	3 957	3 957	3 838	3 723	3 623
Electricity - prepaid (min.service level)		4 847	4 993	5 443	5 715	5 715	5 715	8 115	9 051	10 293
Minimum Service Level and Above sub-total		8 069	8 311	9 211	9 671	9 671	9 671	11 953	12 774	13 916
Electricity (< min.service level)		10	11	461	484	484	484	469	385	385
Electricity - prepaid (< min. service level)		—	—	450	473	473	473	193	120	38
Other energy sources		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		10	11	911	956	956	956	662	505	423
<b>Total number of households</b>	5	8 079	8 321	10 121	10 627	10 627	10 627	12 615	13 279	14 339
<b>Refuse:</b>										
Removed at least once a week		8 079	8 321	10 121	10 627	10 627	10 627	12 615	13 279	14 339
Minimum Service Level and Above sub-total		8 079	8 321	10 121	10 627	10 627	10 627	12 615	13 279	14 339
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
<b>Total number of households</b>	5	8 079	8 321	10 121	10 627	10 627	10 627	12 615	13 279	14 339
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		8 079	8 321	8 771	9 210	9 210	9 210	2 908	3 100	3 395
Sanitation (free minimum level service)		2 475	3 000	3 300	3 465	3 465	3 465	2 908	3 100	3 395
Electricity/other energy (50kwh per household per month)		2 475	3 000	3 300	3 465	3 465	3 465	2 908	3 100	3 395
Refuse (removed at least once a week)		2 475	3 000	3 300	3 465	3 465	3 465	2 908	3 100	3 395
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		4 483	4 894	5 469	5 742	5 742	5 742	6 087	6 452	6 839
Sanitation (free sanitation service)		3 159	4 275	4 985	5 234	5 234	5 234	5 548	5 881	6 234
Electricity/other energy (50kwh per household per month)		860	1 158	1 344	1 411	1 411	1 411	1 496	1 586	1 681
Refuse (removed once a week)		1 970	2 666	3 108	3 264	3 264	3 264	3 459	3 667	3 887
<b>Total cost of FBS provided (minimum social package)</b>		10 472	12 993	14 906	15 651	15 651	15 651	16 591	17 586	18 641
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		18 000	18 000	18 000	18 900	18 900	18 900	28 000	28 000	28 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	8	8	8
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		—	119	126	132	132	132	161	171	181
Electricity (kwh per household per month)		50	50	50	53	53	53	46	53	57
Refuse (average litres per week)		70	74	78	82	82	82	101	107	113
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		—	—	—	—	—	—	—	—	—
Property rates (other exemptions, reductions and rebates)		—	—	—	—	—	—	—	—	—
Water		4 483	4 894	5 469	5 742	5 742	5 742	6 087	6 087	6 150
Sanitation		3 159	4 275	4 985	5 234	5 234	5 234	5 548	5 548	5 765
Electricity/other energy		860	1 158	1 344	1 411	1 411	1 411	1 496	1 496	1 601
Refuse		1 970	2 666	3 108	3 264	3 264	3 264	3 459	3 459	3 656
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<b>Total revenue cost of free services provided (total social package)</b>	6	10 472	12 993	14 906	15 651	15 651	15 651	16 591	16 591	17 172

## 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

NC07 Emhlanjeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2019/20	2019/20	2019/20	Current Year 2019/20				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Provisional outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>REVENUE ITEMS:</b>											
<b>Revenue Items:</b>											
Property rates	6	14 337	17 229	21 035	40 084	40 084	40 084	40 084	35 855	36 188	40 468
Net Property Rates		14 337	17 229	21 035	23 785	23 785	23 785	23 785	27 364	29 039	30 826
Service charges - electricity revenue	6	45 757	40 278	56 483	50 614	50 114	50 114	50 114	57 631	66 276	70 259
Net Service charges - electricity revenue		45 757	40 278	56 483	50 614	50 114	50 114	50 114	57 631	66 276	70 259
Service charges - water revenue	6	15 674	16 439	18 748	24 679	23 775	23 775	23 775	25 933	27 404	29 648
Net Service charges - water revenue		15 674	16 439	18 748	24 679	23 775	23 775	23 775	25 933	27 404	29 648
Service charges - sanitation revenue	6	8 797	9 421	10 302	13 904	13 906	13 906	13 906	14 741	15 425	16 583
Net Service charges - sanitation revenue		8 797	9 421	10 302	13 904	13 906	13 906	13 906	14 741	15 425	16 583
Service charges - refuse revenue	6	4 847	5 023	5 705	8 347	8 347	8 347	8 347	8 868	9 379	10 036
Net Service charges - refuse revenue		4 847	5 023	5 705	8 347	8 347	8 347	8 347	8 868	9 379	10 036
Other Revenue by source											
Provincial Council: Grants		2 775	3 047	2 956	18 250	18 250	18 250	18 250	20 611	23 012	27 154
Grants: Free		228	250	21	320	320	320	320	342	360	381
Grants: Income		2 547	2 797	2 935	17 930	17 930	17 930	17 930	20 269	22 652	26 773
Insurance Claims: Proceeds		170	180	181	40	40	40	40	40	40	42
Special meter readings		12	14	11	26	26	26	26	28	30	32
Participation fees		20	20	20	10	10	10	10	17	18	19
Valuation certificates		10	20	22	16	16	16	16	17	18	19
Other		--	--	--	--	--	--	--	--	--	--
Extensive funding		--	--	--	576	176	176	176	195	212	220
Total Other Revenue	3	5 943	6 448	7 221	25 131	18 131	18 131	18 131	20 643	23 806	28 102
<b>EXPENDITURE ITEMS:</b>											
<b>Expenditure Items:</b>											
Employee related costs	2	20 132	35 650	37 787	43 904	43 904	43 904	43 904	40 594	52 388	55 485
Basic Salaries and Wages		1 154	7 330	7 806	8 252	8 252	8 252	8 252	8 830	9 272	9 815
Medical Aid Contributions		780	838	1 135	1 477	1 477	1 477	1 477	1 724	1 819	1 819
Overhead		1 195	2 433	2 904	2 072	2 072	2 072	2 072	1 775	1 854	1 976
Performance Bonus		--	--	--	--	--	--	--	--	--	--
Motor Vehicle Allowance		1 756	2 081	2 258	1 730	1 730	1 730	1 730	1 863	1 935	2 084
Cellphone Allowance		--	--	--	450	450	450	450	373	392	475
Housing Allowance		100	150	140	150	150	150	150	181	189	179
Other benefits and allowances		--	--	--	1 040	1 040	1 040	1 040	792	1 374	1 455
Payments in lieu of leave		--	--	--	2 941	2 941	2 941	2 941	--	--	--
Long service awards		2 071	2 479	2 602	1 716	1 716	1 716	1 716	1 523	572	607
Post retirement benefit obligations	4	4 489	3 369	5 417	716	716	716	716	1 523	572	607
Less: Employees costs constrained by PPE	5	43 475	56 449	59 684	62 900	62 900	62 900	62 900	68 455	89 777	72 883
Total Employee related costs	1	45 676	56 448	59 684	62 900	62 900	62 900	62 900	68 455	89 777	72 883
Contributions recognised - capital		--	--	--	--	--	--	--	--	--	--
Contributions by contract		--	--	--	--	--	--	--	--	--	--
Total Contributions recognised - capital		--	--	--	--	--	--	--	--	--	--
Depreciation & asset impairment	10	68 662	69 275	68 084	8 081	8 081	8 081	8 081	9 240	9 711	10 291
Depreciation of Property, Plant & Equipment		--	--	--	--	--	--	--	--	--	--
Lease amortisation		--	--	--	--	--	--	--	--	--	--
Capital asset impairment		--	--	--	--	--	--	--	--	--	--
Depreciation resulting from disposals of PPE		--	--	--	--	--	--	--	--	--	--
Total Depreciation & asset impairment	1	68 662	69 275	68 084	8 081	8 081	8 081	8 081	9 240	9 711	10 291
Subsidies	1	31 178	37 624	42 151	45 229	45 229	45 229	45 229	50 535	53 189	56 381
Water Bulk Purchases		322	1 147	1 332	2 305	2 305	2 305	2 305	2 713	2 713	2 713
Total bulk purchases	1	31 178	37 624	42 151	47 534	47 534	47 534	47 534	53 248	55 902	59 094
Transfers and grants	1	701	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 265
Cash transfers and grants		--	--	--	--	--	--	--	--	--	--
Non-cash transfers and grants		--	--	--	--	--	--	--	--	--	--
Total transfers and grants	1	701	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 265
Contracted services	3	5 135	4 785	4 272	3 511	3 511	3 511	3 511	4 365	5 534	7 714
Traffic Violation Systems		1 001	323	333	2 180	2 180	2 180	2 180	2 380	2 380	2 380
Security Services		--	--	--	--	--	--	--	--	--	--
Waste Asset Maintenance		--	--	--	--	--	--	--	--	--	--
Libraries IT Maintenance		--	--	--	--	--	--	--	--	--	--
Provincial Security Commission		340	397	283	2 231	1 431	1 431	1 431	1 601	1 744	1 868
Professional Consultancy Fees		2 219	2 060	1 636	940	940	940	940	1 158	1 210	1 259
sub-total	1	5 087	4 695	4 221	3 511	3 511	3 511	3 511	4 365	5 534	7 714
Allocations to organs of state:											
Electricity		--	--	--	--	--	--	--	--	--	--
Water		--	--	--	--	--	--	--	--	--	--
Sanitation		--	--	--	--	--	--	--	--	--	--
Other		--	--	--	--	--	--	--	--	--	--
Total contracted services	1	5 087	4 695	4 221	3 511	3 511	3 511	3 511	4 365	5 534	7 714
Other Expenditure By Type											
Collection costs		--	--	--	1 242	1 242	1 242	1 242	1 475	1 785	1 869
Contributions to other provisions		--	--	--	--	--	--	--	--	--	--
Consultant fees		940	970	976	--	--	--	--	7 944	8 387	9 086
Audit fees		1 506	1 473	1 511	3 646	3 646	3 646	3 646	3 822	4 023	4 264
General expenses		4 037	4 788	4 665	10 284	10 284	10 284	10 284	7 702	8 064	8 591
Depreciable Service Accounts		2 874	2 812	2 885	3 888	3 888	3 888	3 888	4 150	4 357	4 610
External Licences and Subscriptions		344	337	346	369	369	369	369	385	405	425
Travel and O/A		2 796	2 795	2 846	3 223	3 223	3 223	3 223	3 363	3 521	3 718
General Valuation and Expenses		2 292	2 203	2 260	650	650	650	650	680	744	796
Insurance		2 614	1 670	2 022	1 550	1 550	1 550	1 550	1 617	1 688	1 786
SALGA Membership Fees		331	324	333	616	616	616	616	672	725	747
Telephone expenses		1 140	1 123	1 163	947	947	947	947	1 010	1 070	1 130
Printing and Stationery		421	607	624	843	843	843	843	881	889	943
Production Charges		247	310	319	180	180	180	180	190	198	240
Publicity Costs		229	224	240	374	374	374	374	430	451	475
Tourism Strategy		250	240	259	375	375	375	375	440	455	485
Subsistence and Travel		1 140	1 124	1 164	1 717	1 717	1 717	1 717	1 820	1 913	2 014
Skills Development Training		382	374	385	546	546	546	546	588	620	652
Electricity Costs for Rural Water supply		880	850	879	1 287	1 287	1 287	1 287	1 364	1 432	1 518
Employee Related expenses		533	513	552	1 430	1 430	1 430	1 430	1 562	1 626	1 706
Waste Capabilities and Training		--	--	--	--	--	--	--	--	--	--
Electricity Meter plan		--	--	--	--	--	--	--	--	--	--
Overhead Fund		--	--	--	--	--	--	--	--	--	--
Brand Execution		--	--	--	--	--	--	--	--	--	--
Cleaning materials		--	--	--	--	--	--	--	--	--	--
Material Acquisition		--	--	--	--	--	--	--	--	--	--
Total Other Expenditure	1	25 911	25 405	26 087	34 783	35 276	35 276	35 276	41 793	43 934	46 070
<b>By Expenditure Item</b>											
Employee related costs		260	5 675	7 663	8 350	8 350	8 350	8 350	8 640	9 081	9 420
Other materials		4 352	2 795	3 940	4 140	4 140	4 140	4 140	7 944	8 387	9 086
Contracted Services		5 135	4 785	4 272	3 511	3 511	3 511	3 511	4 365	5 534	7 714
Other Expenditure		1 454	1 135	1 156	1 480	1 480	1 480	1 480	1 550	1 610	1 669
Total Repairs and Maintenance Expenditure	5	6 075	6 475	11 611	12 401	12 401	12 401	12 401	16 502	17 460	18 629

check

**Notes:**

1. Must reconcile with 'Budgeted Financial Performance (Revenue and Expenditure)

2. Must reconcile to supporting documentation on staff salaries

3. Just other categories where revenue or expenditure is of a material nature (not separate items and 'General expenses' is not > 10% of Total Expenditure)

4. Expenditure to meet any 'inflected obligations'

5. This sub-total must agree with the total SA22, but excluding councillor and board member items

6. Include a note for each revenue item that is affected by revenue items

7. Special consideration may have to be given to including 'provisional' or 'final' budgets where circumstances require this (include separately under relevant notes)

IC073 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 ADMINISTRATI ON	Vote 3 - PLANNING AND DEVELOPMEN T	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 MANAGEMEN T	Vote 12 - WASTE WATER MANAGEMEN T	Vote 13 - ELECTRICITY	Vote 14 - WATER	Vote 15 - [NAME OF VOTE 15]	Total
£ thousand	1																
<b>Revenue By Source</b>																	
Property rates		-	27 266	-	-	-	-	-	-	-	-	-	-	-	-	-	27 26
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	57 631	-	-	57 63
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	25 853	-	25 85
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	14 741	-	-	-	14 74
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	8 848	-	-	-	-	8 84
Service charges - other		-	6	-	-	196	-	-	-	-	38	-	-	-	-	-	24
Rental of facilities and equipment	491	-	-	-	-	123	-	33	4	-	-	-	-	-	-	-	65
Interest earned - external investments	-	-	715	-	-	-	-	-	-	-	-	-	-	-	-	-	71
Interest earned - outstanding debtors	-	-	135	-	-	-	-	-	-	-	1	85	195	229	228	-	87
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	7 320	-	-	-	-	-	-	261	-	-	7 58
Licences and permits	-	-	-	-	-	-	904	-	1 195	-	-	-	-	-	-	-	2 09
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	119	-	101	-	-	383	8	81	15	-	-	-	30	20 064	41	-	20 84
Transfers recognised - operational	2 595	-	14 552	1 000	-	1 142	-	-	-	-	-	5 505	8 827	2 415	4 565	-	40 60
Gains on disposal of PPE	130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13
<b>Total Revenue (excluding capital transfers and contributions)</b>		3 335	42 776	1 000	-	1 844	8 232	114	1 215	-	39	14 438	23 793	80 599	30 687	-	208 07
<b>Expenditure By Type</b>																	
Employee related costs	2 936	-	14 917	5 626	-	7 283	4 547	3 342	6 669	392	1 928	7 667	3 449	5 511	2 191	-	66 45
Remuneration of councillors	4 559	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 55
Debt impairment	-	-	2 563	-	-	-	-	-	-	-	-	728	1 113	4 942	2 084	-	11 42
Depreciation & asset impairment	13	-	923	25	164	2 005	-	-	3 721	-	53	221	852	500	772	-	9 24
Finance charges	133	-	131	-	-	-	-	-	1 118	-	-	398	418	277	81	-	2 55
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	50 656	2 438	-	53 06
Other materials	65	-	873	1 485	-	515	525	450	1 207	36	26	502	487	1 423	1 055	-	8 64
Contracted services	-	-	3 243	57	-	-	4 565	-	-	-	-	-	-	1 764	-	-	9 62
Transfers and grants	420	-	930	1 000	-	914	-	-	-	-	-	3 413	4 194	1 822	3 510	-	16 20
Other expenditure	5 196	-	8 943	2 125	19	946	1 096	849	3 725	302	168	2 355	6 187	2 895	3 721	-	38 52
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		13 322	32 523	10 318	183	11 662	10 732	4 641	16 440	731	2 175	15 283	16 699	69 790	15 852	-	220 35
<b>Surplus/(Deficit)</b>		(9 986)	10 252	(9 318)	(183)	(9 818)	(2 500)	(4 527)	(15 225)	(731)	(2 136)	(845)	7 095	10 810	14 835	-	(12 27)
Transfers recognised - capital	-	-	-	2 395	-	-	-	-	8 500	-	-	-	35 405	-	-	-	56 56
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(9 986)	10 252	(6 923)	(183)	(9 818)	(2 500)	(4 527)	(6 725)	(731)	(2 136)	(845)	42 499	10 810	25 100	-	44 28

References

\*, Departmental columns to be based on municipal organisation structure



Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>ASSETS</b>											
<u>Call investment deposits</u>											
Call deposits < 90 days											
Other current investments > 90 days					11 788	11 788	11 788				
<b>Total Call investment deposits</b>	2	–	–	–	11 788	11 788	11 788	–	–	–	–
<u>Consumer debtors</u>											
Consumer debtors		38 361	46 604	30 489	9 171	9 171	9 171	53 002	32 013	34 013	36 090
Less: Provision for debt impairment											
<b>Total Consumer debtors</b>	2	38 361	46 604	30 489	9 171	9 171	9 171	53 002	32 013	34 013	36 090
<u>Debt impairment provision</u>											
Balance at the beginning of the year					67 001	67 001	67 001	67 001			
Contributions to the provision					7 609	7 609	7 609	7 609			
Bad debts written off		1 026 180	970 415	923 699	942 332	942 332	942 332	783 687	11 429	12 078	12 822
<b>Balance at end of year</b>		1 026 180	970 415	923 699	1 016 942	1 016 942	1 016 942	858 297	11 429	12 078	12 822
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)	3	1 094 848	1 039 690	991 783	1 491 941	1 491 941	1 491 941	1 333 296	1 076 927	1 142 335	1 006 690
Leases recognised as PPE					53	53	53	53	–		
Less: Accumulated depreciation		68 668	69 275	68 084	549 661	549 661	549 661	549 661	51 665	54 248	57 492
<b>Total Property, plant and equipment (PPE)</b>	2	1 026 180	970 415	923 699	942 332	942 332	942 332	783 687	1 025 262	1 088 087	949 199
<b>LIABILITIES</b>											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		2 257	2 485	2 758	1 374	1 374	1 374	2 502	3 003	3 391	3 765
<b>Total Current liabilities - Borrowing</b>		2 257	2 485	2 758	1 374	1 374	1 374	2 502	3 003	3 391	3 765
<u>Trade and other payables</u>											
Trade and other creditors		12 766	12 349	14 532	6 279	6 279	6 279	11 533	15 283	16 035	16 280
Unspent conditional transfers		11 954	12 120	7 095	1 348	1 348	1 348	6 602	1 470	1 527	1 651
VAT		2 367	4 211		3 679	3 679	3 679	3 679			
<b>Total Trade and other payables</b>	2	27 087	28 680	21 627	11 306	11 306	11 306	21 814	16 752	17 562	17 931
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	33 641	6 008	3 231	11 115	11 115	11 115	3 166	14 777	34 016	41 406
Finance leases (including PPP asset element)		–			61	61	61	–	–	–	–
<b>Total Non current liabilities - Borrowing</b>		33 641	6 008	3 231	11 176	11 176	11 176	3 166	14 777	34 016	41 406
<u>Provisions - non-current</u>											
Retirement benefits		5 073	46 259	49 680	30 977	30 977	30 977	–	52 661	56 241	55 868
List other major provision items											
Refuse landfill site rehabilitation		–	–	–	3 217	3 217	3 217	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
<b>Total Provisions - non-current</b>		5 073	46 259	49 680	34 194	34 194	34 194	–	52 6		

NC073 Emthanjeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>												
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)			345	350	390	420	371	371	458	459	449
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			3 890	6 339	7 068	2 818	2 489	2 489	8 072	8 093	7 916
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			303	1 142	1 273	-	-	-	-	-	-
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			43 743	51 155	57 038	87 555	77 311	77 311	95 433	95 681	93 585
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure			619	658	734	11 826	10 443	10 443	12 890	12 924	12 641
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			58 731	59 083	65 878	75 900	67 020	67 020	82 729	82 945	81 128
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality			505	338	377	12 766	11 272	11 272	13 914	13 951	13 645
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality			14 480	15 868	17 693	800	706	706	7 419	7 438	7 275
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality			9 038	13 305	17 449	23 935	21 135	21 135	26 089	26 157	25 584
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective			5 100	5 700	6 356	934	825	825	1 018	1 021	998
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA			1 321	1 500	1 673	2	1	1	2	2	2
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			-	-	-	4 214	3 721	3 721	4 593	4 605	4 504
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices			31	40	45	74	66	66	81	81	79
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			1 444	2 233	2 490	-	-	-	-	-	-
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			323	105	117	-	-	-	-	-	-
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			3 283	10 319	11 506	1 000	883	883	3 090	3 098	3 030
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			6 495	7 354	8 200	7 196	6 359	6 359	8 849	8 866	8 680
<b>Allocations to other priorities</b>			2									
<b>Total Revenue (excluding capital transfers and contributions)</b>			1	<b>149 654</b>	<b>175 490</b>	<b>198 285</b>	<b>229 441</b>	<b>202 601</b>	<b>202 601</b>	<b>264 637</b>	<b>265 319</b>	<b>259 517</b>

## 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
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			1 056	2 614	4 077	3 102	3 107	3 107	4 366	4 595	4 881	
Promote representative governance through the sustainable utilisation of available resources in consultation with the	To be an executive council by leading and consulting our community and do on-going oversight of our service delivery			6 424	7 816	9 198	6 998	7 010	7 010	7 594	7 993	8 490	
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			4 723	2 031	5 390	4 101	4 108	4 108	4 450	4 684	4 975	
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			52 932	80 951	95 271	72 482	72 606	72 606	78 654	82 791	87 932	
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure			9 493	10 878	14 802	11 262	11 281	11 281	12 221	12 863	13 662	
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			54 164	53 725	63 229	48 105	48 186	48 186	52 200	54 946	58 358	
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality			3 348	1 678	2 975	2 263	2 267	2 267	2 456	2 585	2 746	
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality			8 965	9 330	10 980	8 354	8 368	8 368	9 065	9 542	10 134	
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality			1 911	4 213	4 958	3 772	3 778	3 778	4 093	4 309	4 576	
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective			424	655	1 770	1 347	1 349	1 349	1 462	1 538	1 634	
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA			1 502	1 916	2 255	1 715	1 718	1 718	1 861	1 959	2 081	
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			5 405	8 585	10 104	7 687	7 700	7 700	8 342	8 780	9 326	
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices			2 600	3 686	4 338	3 301	3 306	3 306	3 582	3 770	4 004	
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			4 845	7 660	9 015	6 858	6 870	6 870	7 442	7 834	8 320	
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			36 379	7 545	8 880	6 756	6 767	6 767	7 331	7 717	8 196	
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			5 195	6 220	7 321	5 569	5 579	5 579	6 044	6 362	6 757	
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			6 532	8 673	10 502	7 995	8 003	8 003	9 188	10 317	11 910	
Allocations to other priorities													
Total Expenditure				1	205 896	218 175	265 066	201 667	202 004	202 004	220 350	232 585	247 981

**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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
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		10 666	5 195	9 970	14 188	10 188	10 188	12 285	10 285	5 734	
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure	B		3 382	2 480	8 923	23 485	10 795	10 795	18 314	15 333	8 548	
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		283	3 160	26	39	39	39	36 377	30 455	16 979	
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality	D		1 561	266	232	348	348	348	1 591	1 332	742	
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality	E		990	1 010	1 092	704	704	704	2 194	1 837	1 024	
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,	F		876	420	241	363	363	363	1 615	1 352	754	
	To upgrade and maintain municipal buildings and offices	G		80	347	227	341	341	341	1 578	1 321	737	
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		364	412	239	359	359	359	1 609	1 347	751	
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		245	412	496	746	746	746	2 866	2 399	1 338	
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		68	18	11	16	16	16	327	272	152	
		K											
		L											
		M											
		N											
		O											
		P											
Allocations to other priorities				3									
Total Capital Expenditure				1	18 517	13 721	21 457	40 589	23 899	23 899	78 758	65 935	36 759

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure

2. Goal code must be used on Table SA36

**NC073 Emthanjeni - Supporting Table SA7 Measureable performance objectives**

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Vote 1 - Executive and Council</b>										
<b>Function 1 - Governance</b>										
<b>Sub-function 1 - Office of the Municipal</b>										
<i>our community and do on-going oversight of our</i>	No of performance reports	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>To continuously review the accountable and</b>	% completed	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Sub-function 2 - Council</b>										
<i>audit committee for approval by end June</i>	RBAP submitted to the audit	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Submit quarterly performance reports ito of the</b>	No of performance	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Sub-function 3 - Internal audit Section</b>										
<i>SDBIP to the council</i>	No of performance reports	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Implement public education campaigns on</b>	No of education campaigns	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Function 2 - Local Economic Development</b>										
<b>Sub-function 1 - Economic Development</b>										
<i>municipal area</i>	No meetings	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Awareness programmes through exhibitions</b>	Number of campaigns	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Sub-function 2 - Office of the Mayor</b>										
<i>Compile a rural development strategy</i>	Strategy approved	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Establish commonage committee</b>	Committee established	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Sub-function 3 - Public Safety</b>										
<i>the Department of Community Safety and the District</i>	Number of plans	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Inspect and assess infrastructure and role</b>	Number of reports	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Vote 2 - Finance and Admin</b>										
<b>Function 1 - Directorate Chief Financial Officer</b>										
<b>Sub-function 1 - Directorate CFO</b>										
<i>August to the Auditor-General</i>	Statements submitted	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Monthly financial reporting to council</b>	No of reports	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Sub-function 2 - Financial Services</b>										
<i>Compilation of a Revenue Enhancement Strategy</i>	% Completion	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Achievement of a payment percentage of above</b>	Payment %	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Sub-function 3 - Assessment Rates</b>										
<i>end of May</i>	Valuation Roll completed	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Prepare and submit the adjustments budget by</b>	Approved main &	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Function 2 - Public Participation</b>										
<b>Sub-function 1 - DCCDS</b>										
<i>the indigent application process</i>	Workshop held	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Compile contingency plans for all municipal</b>	Number of plans	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Sub-function 2 - Public Safety</b>										
<i>revenue collection</i>	Number of staff appointed	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Road safety awareness campaigns held in all</b>	Number of campaigns	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Sub-function 3 - Community Services</b>										
<i>Programme</i>	Number of joint operations	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<i>Speed law enforcement (direct prosecution)</i>	# of enforcement sessions	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Vote 3 - Basic Service Delivery</b>										
<b>Function 1 - Infrastructure Services</b>										
<b>Sub-function 1 - Directorate Infrastructure</b>										
<i>applications within 30 days for buildings less than</i>	% building plans evaluated	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Implement the De Aar and Hanover housing</b>	Number of sites serviced	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Sub-function 2 - Water</b>										
<i>DWA</i>	% of approved project	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Spent the approved maintenance budget for water</b>	% of approved maintenance	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Sub-function 3 - Water and Waste Water</b>										
<i>Planning of new boreholes for De Aar</i>	DWA approval and	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Water quality as per blue drop</b>	% water quality level	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
<b>Function 2 - Waste Water Management</b>										
<b>Sub-function 1 - Waste Water Management</b>										
<i>sewerage infrastructure to upgrade UDS sanitation</i>	Business plan submitted to	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Spent the approved maintenance budget for</b>	% of approved maintenance	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Sub-function 2 - Road Transport</b>										
<i>Construct new tar roads</i>	No of kilometers	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Spent the approved maintenance budget for</b>	% of approved maintenance	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
<b>Sub-function 3 - Infrastructural Services</b>										
<i>June for the project approval for the application of</i>	Business plan submitted to	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<i>Electricity Master plan</i>	Completed plan	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>And so on for the rest of the Votes</b>										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities

3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

**NC073 Emthanjeni - Entities measureable performance objectives**

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Entity 1 - (name of entity)										
Insert measure/s description										
Entity 2 - (name of entity)										
audit committee for approval by end June										
Entity 3 - (name of entity)										
audit committee for approval by end June										
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

NGO's Environment - Supporting Table SA0 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b><u>Borrowing Management</u></b>											
Credit Rating		B	B	B	B	B	B	B			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.6%	1.8%	1.6%	2.5%	2.9%	2.9%	2.1%	3.6%	3.4%	3.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.2%	3.3%	2.9%	3.2%	3.9%	3.9%	2.8%	4.7%	4.3%	3.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	49.4%	50.0%	50.0%	0.0%	52.0%	58.1%	55.1%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	4.1%	4.1%	4.1%	140.5%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	3.1	3.4	3.0	4.5	4.5	4.5	1.3	3.4	3.2	3.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.1	3.4	3.0	4.5	4.5	4.5	1.3	3.4	3.2	3.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.4	0.3	0.8	0.8	0.8	0.0	0.1	0.1	0.0
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.4%	82.4%	87.2%	95.1%	95.1%	95.1%	53.2%	96.0%	96.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.3%	82.4%	87.2%	95.1%	95.1%	95.1%	53.2%	96.0%	96.0%	96.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	33.0%	36.1%	23.8%	9.2%	11.9%	11.9%	31.5%	20.3%	22.3%	20.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	99.0%	99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		138.4%	116.1%	5090.8%	188.9%	-136.7%	-136.7%	-837.9%	-3009.7%	-810.1%	312.3%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	7820438	8234071	7503467	6200000	6200000	6200000	6200000	5500000	5300000	5150000
	Total Cost of Losses (Rand '000)	4 770	5 599	5 553	5 000	5 000	5 000	5 000	4 500	4 000	3 950
	% Volume (units purchased and generated less units sold)/units purchased and generated	14	15	13	12	12	12	12	11	10	10
Water Distribution Losses (2)	Total Volume Losses (kℓ)	479	565	652	550	550	550	550	540	526	510
	Total Cost of Losses (Rand '000)	156054	386444	497258	450500	450500	450500	450500	420000	411000	409500
	% Volume (units purchased and generated less units sold)/units purchased and generated	17	19	17	16	16	16	16	15	13	11
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.6%	34.4%	32.3%	31.5%	33.2%	33.2%	33.2%	31.9%	31.2%	30.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.0%	34.7%	34.6%	33.6%	35.4%	35.4%		34.0%	33.0%	30.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.2%	5.2%	6.3%	6.2%	6.6%	6.6%		8.0%	7.8%	7.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	49.9%	43.3%	37.6%	5.2%	5.9%	5.9%	5.9%	5.7%	5.5%	5.3%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	27.3	34.1	32.2	37.1	37.1	37.1	24.6	28.0	32.0	35.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	51.0%	60.3%	38.9%	14.7%	15.2%	15.2%	45.4%	31.2%	33.5%	30.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.9	1.0	0.0	0.2	(0.3)	(0.3)	(0.1)	(0.0)	(0.1)	0.0

**References**

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality



NC073 Emthamneni - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator		Ref.	Basis of calculation		2001 Census	2007 Survey	2011 Census	2011/12		2012/13		2013/14		Current Year 2014/15		2015/16 Medium Term Revenue Framework	
Demographics		Ref.						Outcome	Outcome	Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome	Outcome
Population			Census count/estimate					36	36	36	36	36	36	36	36	36	36
Females aged 5 - 14			Census count/estimate					6	6	6	6	6	6	6	6	6	6
Males aged 5 - 14			Census count/estimate					6	6	6	6	6	6	6	6	6	6
Females aged 15 - 34			Census count/estimate					5	5	5	5	5	5	5	5	5	5
Males aged 15 - 34			Census count/estimate					5	5	5	5	5	5	5	5	5	5
Unemployment			Census count/estimate					14	14	14	14	14	14	14	14	14	14
Monthly household income (no. of households)		1, 12															
No income			Census count/estimate					924	924	924	924	924	924	924	924	924	924
R1 - R1 600			Census count/estimate					2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728
R1 601 - R3 200			Census count/estimate					2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350
R3 201 - R6 400			Census count/estimate					1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760	1 760
R6 401 - R12 900			Census count/estimate					1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264
R12 901 - R25 600			Census count/estimate					939	939	939	939	939	939	939	939	939	939
R25 601 - R51 200			Census count/estimate					368	368	368	368	368	368	368	368	368	368
R52 201 - R102 400			Census count/estimate					68	68	68	68	68	68	68	68	68	68
R102 401 - R204 800			Census count/estimate					32	32	32	32	32	32	32	32	32	32
R204 801 - R409 600			Census count/estimate					24	24	24	24	24	24	24	24	24	24
R409 601 - R819 200			Census count/estimate														
> R819 200			Census count/estimate														
Poverty profiles (no. of households)		13															
< R2 060 per household per month		2															
Insert description																	
Household demographics (000)																	
Number of people in municipal area								7	7	7	7	7	7	7	7	7	7
Number of poor people in municipal area								6	6	6	6	6	6	6	6	6	6
Number of households in municipal area								2	2	2	2	2	2	2	2	2	2
Number of poor households in municipal area								2	2	2	2	2	2	2	2	2	2
Definition of poor household (R per month)								3 800	3 800	3 800	3 800	3 800	3 800	3 800	3 800	3 800	3 800
Housing statistics		3															
Formal																	
Informal																	
Total number of households																	
Dwellings provided by municipality		4															
Dwellings provided by provincials																	
Dwellings provided by private sector		5															
Total new housing dwellings																	
Economic		6															
Inflation/inflation outlook (CPI)								6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Interest rate - borrowing								11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Interest rate - investment								7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Remuneration increases								8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Consumption growth (electricity)								0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)								-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%
Collection rates		7															
Property tax/service charges								88.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rental of facilities & equipment								95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments								7.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Interest - debtors								0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue from agency services								100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Detail on the provision of municipal services for A10																	
Total municipal services			Ref.		2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue Framework					
					Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17					
Household service targets (000)					8 046	8 288	8 738	9 175	9 175	9 175	11 114	11 670					
Water					-	-	450	473	473	473	695	765					
Piped water inside dwelling																	
Piped water inside yard (but not in dwelling)																	



**NC073 Emthanjeni Supporting Table SA10 Funding measurement**

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	9 225	10 640	285	3 324	(4 592)	(4 592)	(1 376)	(508)	(1 979)	5 214
Cash + investments at the yr end less applications - R'000	18(1)b	2	23 978	32 304	10 952	17 720	21 705	21 705	9 362	9 387	13 825	15 189
Cash year end/monthly employee/supplier payments	18(1)b	3	0.9	1.0	0.0	0.2	(0.3)	(0.3)	(0.1)	(0.0)	(0.1)	0.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(56 243)	(42 686)	(66 781)	36 677	9 500	9 500	(3 208)	44 287	32 734	11 536
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	1.9%	10.1%	4.2%	(9.3%)	(6.0%)	(6.0%)	6.0%	4.0%	5.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	92.7%	77.9%	73.2%	96.0%	95.5%	95.5%	53.5%	94.4%	94.3%	94.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	18.8%	12.4%	42.5%	8.7%	8.7%	8.7%	8.7%	8.5%	8.2%	7.8%
Capital payments % of capital expenditure	18(1)c,19	8	104.2%	100.7%	100.4%	100.0%	100.0%	100.0%	28.3%	80.0%	98.2%	92.2%
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%	52.0%	58.1%	55.1%
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.	28.1%	(25.4%)	(58.3%)	0.0%	0.0%	197.5%	129.1%	18.1%	1.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	(100.0%)	0.0%	0.0%	17.1%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.8%	0.9%	1.3%	1.3%	1.3%	1.3%	2.1%	1.6%	1.6%	2.0%
Asset renewal % of capital budget	20(1)(vi)	14	18.0%	39.6%	42.7%	25.0%	41.8%	41.8%	0.0%	31.6%	41.9%	83.7%

**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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Valuation:</b>	1									
Date of valuation:		2008/01/07	2008/01/07	2013/01/07	2013/01/07					
Financial year valuation used		2008	2008	2013	2013			2013		
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes	Yes	Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Municipal partnership s38 used? (Y/N)		No	No	No	No	No	No	No	No	No
No. of assistant valuers (FTE)	3	2	2	2	2	2	2	2	2	2
No. of data collectors (FTE)	3	2	2	2	2	2	2	2	2	2
No. of internal valuers (FTE)	3	-	-	-	-	-	-	-	-	-
No. of external valuers (FTE)	3	1	1	1	1	1	1	1	1	1
No. of additional valuers (FTE)	4	-	-	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Implementation time of new valuation roll (mths)		36								
No. of properties	5	10 636	10 636	10 636	10 657	10 657	10 657	10 657	10 657	10 657
No. of sectional title values	5	2	2	2	2	2				
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations				64	64	64				
No. of valuation roll amendments										
No. of objections by rate payers				8	8	8	8	8	8	8
No. of appeals by rate payers				9	9	9	9	9	9	9
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Public service infrastructure value (Rm)	5	-	-	-	-	-	-	-	-	-
Municipality owned property value (Rm)		1 510	1 510	1 510	1 510	1 510		96	96	96
<b>Valuation reductions:</b>										
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)										
<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5	135	135							
Total land value (Rm)	5	87	87							
Total value of improvements (Rm)	5	48	48							
Total market value (Rm)	5	135	135							
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Differential rates used? (Y/N)	5	Yes	Yes	Yes	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Special rating area used? (Y/N)		No	No	No	No			No		
Phasing-in properties s21 (number)		2280	2280	2280	2280	2280	2280	2280	2280	2280
Rates policy accompanying budget? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Fixed amount minimum value (R'000)		18	18	18	18			18		
Non-residential prescribed ratio s19? (%)		15.0%	15.0%	15.0%	15.0%			15.0%		
<b>Rate revenue:</b>										
Rate revenue budget (R'000)	6	15 321	17 220	21 373	23 785	23 785	23 785	27 266	29 039	30 926
Rate revenue expected to collect (R'000)	6	14 095	16 531	14 095	22 834	22 656	22 656	26 176	27 877	29 689
Expected cash collection rate (%)		92.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%
Special rating areas (R'000)	7	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)		6 193	6 316	12 315	12 315	12 315	12 315	12 455	12 755	13 056
Rebates, exemptions - pensioners (R'000)		-	-	-	-	-	-	-	-	-
Rebates, exemptions - bona fide farm. (R'000)		-	-	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)		-	-	-	-	-	-	-	-	-
Phase-in reductions/discounts (R'000)		-	-	-	-	-	-	-	-	-
<b>Total rebates, exemptns, reductns, discs (R'000)</b>		<b>6 193</b>	<b>6 316</b>	<b>12 315</b>	<b>12 315</b>	<b>12 315</b>	<b>12 315</b>	<b>12 455</b>	<b>12 755</b>	<b>13 056</b>

**References**

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand
2. To give effect to rates policy
3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff
4. Required to implement new system (FTE)
5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12
6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)
7. Included in rate revenue budget
8. In favour of the rate-payer

NC073 Emthlenjeni - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resl.	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)(b) (note 1)	Protect. Areas	National Monuments	Public benefit organs.	Mining Props.
<b>Current Year 2014/15</b>																	
<b>Valuation:</b>																	
No. of properties		7 294	9	359	1 011	45	272	164	-	-	-	-	-	-	-	8	2
No. of sectional title property values		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations		11	-	3	5	1	21	-	-	-	-	-	-	-	-	5	-
Supplementary valuation (R/m)		348 000	-	-	5 711 000	7 930 000	6 734 000	-	-	-	-	-	-	-	-	277 000	-
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers		6	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers		6	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised		-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%		5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Frequency of valuation (select)		Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Method of valuation used (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Base of valuation (select)		Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
Phasing in properties s21 (number)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Combination of rating types used? (Y/N)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Flat rate used? (Y/N)		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?		Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (R/m)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (R/m)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (R/m)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (R/m)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (R/m)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-other (R/m)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total valuation reductions:</b>																	
Total value used for rating (R/m)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total land value (R/m)		6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Total value of improvements (R/m)		6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Total market value (R/m)		6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
<b>Rating:</b>																	
Average rate		3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Rate revenue budget (R '000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate revenue expected to collect (R'000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expected cash collection rate (%)		4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	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, exemptions, discounts (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 MPRR 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 Emthamneni - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Rasl.	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)(b) (note 1)	Protect. Areas	National Monuments	Public benefit organs.	Mining Props.
<b>Budget Year 2015/16</b>																	
<b>Valuation:</b>																	
No. of properties		7 294	9	359	1 011	45	272	164	-	-	-	-	-	-	-	8	2
No. of sectional title property values		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations		11	-	3	5	1	21	-	-	-	-	-	-	-	-	5	-
Supplementary valuation (R'm)		348 000	-	-	5 711 000	7 930 000	6 724 000	-	-	-	-	-	-	-	-	277 000	-
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers		6	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers		6	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised		6	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Frequency of valuation (select)		Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Method of valuation used (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Base of valuation (select)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Placing-in properties s21 (number)		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Combination of rating types used? (Y/N)		Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
Fiel rate used? (Y/N)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Is balance rated by uniform rate/variable rate?		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (R'm)																	
Valuation reductions-nature reserves/park (R'm)																	
Valuation reductions-mineral rights (R'm)																	
Valuation reductions-R15,000 threshold (R'm)																	
Valuation reductions-public worship (R'm)																	
Valuation reductions-other (R'm)																	
<b>Total valuation reductions:</b>																	
Total value used for rating (R'm)																	
Total land value (R'm)																	
Total value of improvements (R'm)																	
Total market value (R'm)																	
<b>Rating:</b>																	
Average rate																	
Rate revenue budget (R' 000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)																	
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)																	
<b>Total rebates,exempts,redusns,discs (R'000)</b>																	

**References**

1. Land & Assistance Act, Restitution of Land Rights, Communal Property Associations
2. Include value of additional reductions is three value greater than MPRSA 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 Enthlanieni - Supporting Table SA13a Service Tariffs by category**

Description	Ref	Provide description of tariff structure where appropriate	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
							Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Property rates (rate in the Rand)</b>	1								
Residential properties					0.0115	0.0121			
Residential properties - vacant land					0.0115	0.0163			
Formal/informal settlements									
Small holdings					0.0029	0.0030			
Farm properties - used									
Farm properties - not used					0.0150	0.0161			
Industrial properties					0.0117	0.0126			
Business and commercial properties									
Commercial land - residential									
Commercial land - small holdings									
Commercial land - farm property									
Commercial land - business and commercial									
Commercial land - other									
State-owned properties					0.0150	0.0159			
Municipal properties					0.0115	0.0121			
Public service infrastructure									
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
<b>Exemptions, reductions and rebates (Rands)</b>									
<b>Residential properties</b>									
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									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
<b>Other rebates or exemptions</b>	2								
<b>Water tariffs</b>									
<b>Domestic</b>					52	55	57	60	63
Basic charge/fixed fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/k)									
Water usage - life line tariff		(describe structure)							
Water usage - Block 1 (c/k)		1 - 6 kilo liters							
Water usage - Block 2 (c/k)		7 - 15 kilo liters							
Water usage - Block 3 (c/k)		16 - 30 kiloliters							
Water usage - Block 4 (c/k)		31 kiloliters - and more							
<b>Other</b>	2								
<b>Waste water tariffs</b>									
<b>Domestic</b>					126	133	141	150	159
Basic charge/fixed fee (Rands/month)									
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/k)									
Volumetric charge - Block 1 (c/k)		(fill in structure)							



Volumetric charge - Block 2 (cM)  
Volumetric charge - Block 3 (cM)

(fill in structure)  
(fill in structure)

Other	Volumetric charge - Block 4 (c/k)						
Electricity tariffs		(fill in structure)					
Domestic		2					
Basic charge/fixed fee (Rands/month)							
Service point - vacant land (Rands/month)							
FBE							
Life-line tariff - meter		(how is this targeted?)					
Life-line tariff - meter (c/kwh)		(describe structure)					
Flat rate tariff - meter (c/kwh)		(describe structure)					
Flat rate tariff - prepaid (c/kwh)							
Meter - IBT Block 1 (c/kwh)		1kwh - 50 kwh	1	1	1	1	1
Meter - IBT Block 2 (c/kwh)		51kwh - 350kwh	1	1	1	1	1
Meter - IBT Block 3 (c/kwh)		351 kwh - 600kwh	1	1	1	2	2
Meter - IBT Block 4 (c/kwh)		601 kwh and more	1	1	2	2	2
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)					
Prepaid - IBT Block 1 (c/kwh)		1kwh - 50 kwh	1	1	1	1	1
Prepaid - IBT Block 2 (c/kwh)		51kwh - 350kwh	1	1	1	1	1
Prepaid - IBT Block 3 (c/kwh)		351 kwh - 600kwh	1	1	1	1	2
Prepaid - IBT Block 4 (c/kwh)		601 kwh and more	1	1	1	2	2
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)					
Other		2					
Waste management tariffs							
Domestic							
Street cleaning charge							
Basic charge/fixed fee							
80l bin - once a week			78	83	88	93	99
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 SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		456.30	637.58	787.75	831.08	831.08	831.08	5.0%	872.63	916.26	962.07
Electricity: Basic levy		99.00	104.94	111.24	117.35	117.35	117.35	12.2%	131.67	147.73	165.75
Electricity: Consumption		881.38	977.74	1 042.67	1 119.72	1 119.72	1 119.72	12.2%	1 256.32	1 409.60	1 581.57
Water: Basic levy		46.24	49.01	51.96	54.55	54.55	54.55	5.0%	57.28	60.20	63.33
Water: Consumption		159.24	168.96	179.02	187.97	187.97	187.97	5.2%	197.74	208.22	218.64
Sanitation		112.03	118.75	125.86	133.42	133.42	133.42	6.0%	141.43	150.05	159.06
Refuse removal		69.86	74.05	78.49	83.20	83.20	83.20	6.0%	88.19	93.48	99.09
Other											
sub-total		1 824.05	2 131.03	2 376.99	2 527.28	2 527.28	2 527.28	8.6%	2 745.26	2 985.54	3 249.51
VAT on Services		191.49	209.08	222.49	237.47	237.47	237.47		251.72	264.30	280.16
Total large household bill:		2 015.54	2 340.11	2 599.48	2 764.75	2 764.75	2 764.75	8.4%	2 996.98	3 249.84	3 529.67
% increase/-decrease			16.1%	11.1%	6.4%	-	-		8.4%	8.4%	8.6%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		14.44	588.72	596.08	628.87	628.87	628.87	5.0%	660.31	693.99	730.07
Electricity: Basic levy		-	104.94	111.24	117.35	117.35	117.35	12.2%	131.67	147.73	165.46
Electricity: Consumption		485.87	653.02	695.21	746.58	746.58	746.58	12.2%	837.66	939.86	1 054.52
Water: Basic levy		46.24	49.01	51.96	54.55	54.55	54.55	5.0%	57.28	60.20	63.33
Water: Consumption		132.70	132.11	140.04	147.04	147.04	147.04	5.2%	154.68	162.57	170.86
Sanitation		112.03	118.75	125.86	133.42	133.42	133.42	6.0%	141.43	149.91	158.91
Refuse removal		69.86	74.05	78.49	83.20	83.20	83.20	6.0%	88.19	93.48	99.09
Other		-	-	-	-	-	-				
sub-total		861.14	1 720.60	1 798.87	1 911.01	1 911.01	1 911.01	8.4%	2 071.22	2 247.74	2 442.24
VAT on Services		118.54	158.46	168.39	179.50	179.50	179.50		188.47	198.28	208.78
Total small household bill:		979.68	1 879.07	1 967.27	2 090.51	2 090.51	2 090.51	8.1%	2 259.69	2 446.02	2 651.02
% increase/-decrease			91.8%	4.7%	6.3%	-	-		8.1%	8.2%	8.4%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		14.05	39.09	40.25	42.46	42.46	42.46	5.0%	44.59	46.91	49.72
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		40.16	32.18	34.05	36.50	36.50	36.50	12.2%	40.95	45.87	51.83
Water: Basic levy		46.24	49.01	51.96	54.55	54.55	54.55	5.0%	57.28	60.20	63.33
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		112.03	118.75	125.86	133.42	133.42	133.42	6.0%	141.43	150.19	159.51
Refuse removal		69.86	74.05	78.49	83.20	83.20	83.20	6.0%	88.19	93.66	99.37
Other		-	-	-	-	-	-	-	-	-	-
sub-total		282.34	313.08	330.61	350.13	350.13	350.13	6.4%	372.44	396.83	423.76
VAT on Services		37.56	38.36	40.65	43.07	43.07	43.07	#NAME?	45.22	48.26	46.09
Total small household bill:		319.90	351.43	371.25	393.21	393.21	393.21	6.2%	417.66	445.09	469.85
% increase/-decrease			9.9%	5.6%	5.9%	-	-		6.2%	6.6%	5.6%

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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand										
Parent municipality										

**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	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
Name of institution & investment ID	1	Yrs/Months							
Parent municipality General Investment		Yes	Fixed Deposit	Yes	Yes	0.075	0	0	30/06/2015
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 - Categorised by type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		33 641	6 008	3 231	11 176	11 176	11 176	14 777	34 016	41 406
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	33 641	6 008	3 231	11 176	11 176	11 176	14 777	34 016	41 406
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 Borrowing	1	33 641	6 008	3 231	11 176	11 176	11 176	14 777	34 016	41 406

<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</b>										
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										
<b>Municipality sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Entities</b>										
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										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Unspent Borrowing</b>	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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:		1, 2									
<u>Operating Transfers and Grants</u>											
National Government:			32 679	37 623	38 493	38 876	38 876	38 876	40 959	39 670	38 401
Local Government Equitable Share			30 439	34 323	34 819	35 342	35 342	35 342	35 929	35 088	34 668
Finance Management			1 450	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement			790	800	890	934	934	934	930	957	1 033
EPWP Incentive			–	1 000	1 234	1 000	1 000	1 000	1 000	–	–
Energy Efficiency and Demand Management											
Integrated National Electrification Programme									1 500	2 000	1 000
Provincial Government:			218	1 683	4 912	757	757	757	1 142	1 161	1 239
Health subsidy			–	1 001	1 150	–	–	–	–	–	–
Housing			218	–	458	–	–	–	–	–	–
Sport and Recreation			–	682	679	757	757	757	1 142	1 161	1 239
Department of Education			–	–	235	–	–	–	–	–	–
Department of Roads			–	–	2 389	–	–	–	–	–	–
District Municipality:			–	–	–	–	–	–	–	–	–
[insert description]			–	–	–	–	–	–	–	–	–
Other grant providers:			–	–	2 050	–	–	–	–	–	–
Department of Water Affairs			–	–	2 050	–	–	–	–	–	–
			–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants		5	32 897	39 306	45 455	39 633	39 633	39 633	42 101	40 831	39 640
<u>Capital Transfers and Grants</u>											
National Government:			–	16 141	13 102	29 248	12 708	12 708	55 065	39 435	12 641
Municipal Infrastructure Grant (MIG)				16 141	13 102	12 608	12 608	12 608	11 898	12 195	12 641
Regional Bulk Infrastructure				–	–	16 640	100	100	10 000	27 240	–
Bucket Eradication Programme Grant									33 167	–	–
Provincial Government:			–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]											
District Municipality:			–	–	–	–	–	–	–	–	–
[insert description]											
Other grant providers:			–	–	–	–	–	–	–	–	–
Department of Water Affairs											
Total Capital Transfers and Grants		5	–	16 141	13 102	29 248	12 708	12 708	55 065	39 435	12 641
TOTAL RECEIPTS OF TRANSFERS & GRANTS			32 897	55 447	58 557	68 881	52 341	52 341	97 166	80 266	52 281

References

- Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
- Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)
- Replacement of RSC levies
- Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
- Total transfers and grants must reconcile to Budgeted Cash Flows
- 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		32 680	37 573	38 259	38 876	38 876	38 876	40 959	39 670	38 401
Local Government Equitable Share		30 440	34 323	34 819	35 342	35 342	35 342	35 929	35 088	34 668
Finance Management		1 450	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive		–	950	1 000	1 000	1 000	1 000	1 000	–	–
Energy Efficiency and Demand Management		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme		–	–	–	–	–	–	1 500	2 000	1 000
0		–	–	–	–	–	–	–	–	–
Provincial Government:		1 669	1 683	6 811	757	757	757	1 142	1 161	1 239
Health subsidy		979	1 001	1 311	–	–	–	–	–	–
Housing		–	–	268	–	–	–	–	–	–
Sport and Recreation		690	682	679	757	757	757	1 142	1 161	1 239
Department of Education		–	–	2 503	–	–	–	–	–	–
Department of Roads		–	–	2 050	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Department of Water Affairs		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		34 349	39 256	45 070	39 633	39 633	39 633	42 101	40 831	39 640
Capital expenditure of Transfers and Grants										
National Government:		13 566	16 141	14 362	28 448	11 908	11 908	55 065	39 435	12 641
Municipal Infrastructure Grant (MIG)		13 306	16 141	14 362	11 808	11 808	11 808	11 898	12 195	12 641
Regional Bulk Infrastructure		260	–	–	16 640	100	100	10 000	27 240	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Bucket Eradication Programme Grant		–	–	–	–	–	–	33 167	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Department of Water Af		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		13 566	16 141	14 362	28 448	11 908	11 908	55 065	39 435	12 641
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		47 915	55 397	59 433	68 081	51 541	51 541	97 166	80 266	52 281

**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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year + 2017/18
R thousand										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		32 679	37 623	38 493	38 876	38 876	38 876	40 959	39 670	38 401
<b>Conditions met - transferred to revenue</b>		<b>32 679</b>	<b>37 623</b>	<b>38 493</b>	<b>38 876</b>	<b>38 876</b>	<b>38 876</b>	<b>40 959</b>	<b>39 670</b>	<b>38 401</b>
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		218	1 683	4 912	757	757	757	1 142	1 161	1 239
<b>Conditions met - transferred to revenue</b>		<b>218</b>	<b>1 683</b>	<b>4 912</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>1 142</b>	<b>1 161</b>	<b>1 239</b>
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		<b>32 897</b>	<b>39 306</b>	<b>43 405</b>	<b>39 633</b>	<b>39 633</b>	<b>39 633</b>	<b>42 101</b>	<b>40 831</b>	<b>39 640</b>
<b>Total operating transfers and grants - CTBM</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts			16 141	13 102	29 248	12 708	12 708	55 065	39 435	12 641
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>16 141</b>	<b>13 102</b>	<b>29 248</b>	<b>12 708</b>	<b>12 708</b>	<b>55 065</b>	<b>39 435</b>	<b>12 641</b>
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		<b>-</b>	<b>16 141</b>	<b>13 102</b>	<b>29 248</b>	<b>12 708</b>	<b>12 708</b>	<b>55 065</b>	<b>39 435</b>	<b>12 641</b>
<b>Total capital transfers and grants - CTBM</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>32 897</b>	<b>55 447</b>	<b>56 506</b>	<b>68 881</b>	<b>52 341</b>	<b>52 341</b>	<b>97 166</b>	<b>80 266</b>	<b>52 281</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b>											
<i>Insert description</i>	4										
<b>Total Cash Transfers To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Groups of Individuals</b>											
<i>Free Basic Services to Indigent Households</i>	5	788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
<b>Total Cash Transfers To Groups Of Individuals:</b>		788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365
<b>Non-Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Non-Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Non-Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Non-Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Grants to Organisations</b>											
<i>Insert description</i>	4										
<b>Total Non-Cash Grants To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Groups of Individuals</b>											
<i>Insert description</i>	5										
<b>Total Non-Cash Grants To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS</b>	6	788	305	750	13 669	13 669	13 669	13 669	12 938	13 585	14 365

- 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 Emthanjeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		2 475	2 475	2 920	2 962	2 962	2 962	3 170	3 320	3 508
Pension and UIF Contributions		-	-	338	-	-	-	-	-	-
Medical Aid Contributions		-	-	38	-	-	-	-	-	-
Motor Vehicle Allowance		825	825	629	985	985	985	1 054	1 104	1 166
Cellphone Allowance		183	183	198	314	314	314	336	363	400
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	20	34	47	-	-	47	-	-
<b>Sub Total - Councillors</b>	<b>4</b>	<b>3 483</b>	<b>3 503</b>	<b>4 157</b>	<b>4 308</b>	<b>4 261</b>	<b>4 261</b>	<b>4 606</b>	<b>4 787</b>	<b>5 074</b>
<b>% Increase</b>			<b>0.6%</b>	<b>18.7%</b>	<b>3.6%</b>	<b>(1.1%)</b>		<b>8.1%</b>	<b>3.9%</b>	<b>6.0%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		2 701	2 660	3 102	3 369	3 369	3 369	3 518	3 694	3 915
Pension and UIF Contributions		449	441	469	560	560	560	584	588	623
Medical Aid Contributions		40	90	132	159	159	159	166	174	185
Overtime		633	-	-	-	-	-	-	-	-
Performance Bonus		-	-	475	-	-	-	-	-	-
Motor Vehicle Allowance		-	728	588	847	847	847	885	929	985
Cellphone Allowance		298	47	177	151	151	151	155	165	175
Housing Allowances		307	-	-	-	-	-	-	-	-
Other benefits and allowances		-	575	168	217	217	217	220	238	252
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>4</b>	<b>4 428</b>	<b>4 541</b>	<b>5 112</b>	<b>5 303</b>	<b>5 303</b>	<b>5 303</b>	<b>5 528</b>	<b>5 787</b>	<b>6 134</b>
<b>% Increase</b>			<b>2.5%</b>	<b>12.6%</b>	<b>3.7%</b>			<b>4.2%</b>	<b>4.7%</b>	<b>6.0%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		31 741	36 570	35 534	43 450	43 450	43 450	45 859	47 876	48 834
Pension and UIF Contributions		5 195	6 750	6 403	7 592	7 592	7 592	7 926	8 322	8 489
Medical Aid Contributions		2 555	2 605	2 140	1 505	1 505	1 505	1 614	1 695	1 729
Overtime		797	419	2 282	2 070	2 070	2 070	1 870	1 963	2 003
Performance Bonus		-	-	2 993	-	-	-	-	-	-
Motor Vehicle Allowance		-	892	1 269	892	892	892	1 044	1 096	1 118
Cellphone Allowance		435	-	254	168	168	168	175	184	186
Housing Allowances		-	785	1 124	702	702	702	733	770	785
Other benefits and allowances		1 937	189	2 436	1 244	1 230	1 230	1 284	1 348	1 375
Payments in lieu of leave		-	-	366	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	683	-	54	54	54	56	59	60
<b>Sub Total - Other Municipal Staff</b>	<b>4</b>	<b>42 660</b>	<b>48 893</b>	<b>54 781</b>	<b>57 677</b>	<b>57 662</b>	<b>57 662</b>	<b>60 560</b>	<b>63 313</b>	<b>64 579</b>
<b>% Increase</b>			<b>14.6%</b>	<b>12.0%</b>	<b>5.3%</b>	<b>(0.0%)</b>		<b>5.0%</b>	<b>4.5%</b>	<b>2.0%</b>
<b>Total Parent Municipality</b>		<b>50 571</b>	<b>56 937</b>	<b>64 051</b>	<b>67 288</b>	<b>67 226</b>	<b>67 226</b>	<b>70 695</b>	<b>73 887</b>	<b>75 788</b>
			<b>12.6%</b>	<b>12.5%</b>	<b>5.1%</b>	<b>(0.1%)</b>		<b>5.2%</b>	<b>4.5%</b>	<b>2.6%</b>
<b>Board Members of Entities</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Board Members of Entities</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% Increase</b>										
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Entities</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% Increase</b>										
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Staff of Entities</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% Increase</b>										
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>50 571</b>	<b>56 937</b>	<b>64 051</b>	<b>67 288</b>	<b>67 226</b>	<b>67 226</b>	<b>70 695</b>	<b>73 887</b>	<b>75 788</b>
<b>% Increase</b>	<b>4</b>		<b>12.6%</b>	<b>12.5%</b>	<b>5.1%</b>	<b>(0.1%)</b>		<b>5.2%</b>	<b>4.5%</b>	<b>2.6%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>5,7</b>	<b>47 088</b>	<b>53 434</b>	<b>59 894</b>	<b>62 980</b>	<b>62 965</b>	<b>62 965</b>	<b>66 089</b>	<b>69 100</b>	<b>70 714</b>

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 SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4	1	444 294	4 811	172 793			621 898
Chief Whip		-	-	-	-			-
Executive Mayor		1	547 533	5 496	206 514			759 543
Deputy Executive Mayor		-	-	-	-			-
Executive Committee		2	458 178	6 748	201 446			666 372
Total for all other councillors		10	1 719 531	29 895	808 807			2 558 233
<b>Total Councillors</b>	8	14	3 169 536	46 950	1 389 560			4 606 046
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)		1	856 480	205 427	362 324			1 424 231
Chief Finance Officer		1	779 961	227 092	298 551			1 305 604
Director of Corporate Services		1	565 162	201 324	150 052			916 538
Director of Infrastructure Services		1	564 980	151 528	117 598			834 106
Director of Community Services		1	618 987	186 993	241 800			1 047 780
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	5	3 385 570	972 365	1 170 325	-		5 528 260
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total for municipal entities</b>	8,10	-	-	-	-	-		-
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	19	6 555 106	1 019 315	2 559 885	-		10 134 306

## References

1. Pension and medical aid
2. Total package must equal the total cost to the municipality
3. List each political office bearer by designation. Provide a total for all other councillors
4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)
5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation
6. List each entity where municipality has an interest and state percentage ownership and control
7. List each senior manager reporting to the CEO of an Entity by designation
8. Must reconcile to relevant section of Table SA24
9. Must reconcile to totals shown for the budget year of Table SA22
10. Correct as at 30 June

**NC073 Emthanjeni - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers		Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			14	2	12	14	2	12	14	2	12
Board Members of municipal entities	4		–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>	5		–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3		4	3	1	5		5	5		5
Other Managers	7		7	6	1	7	6	1	7	6	1
Professionals			3	3	–	6	6	–	6	6	–
Finance			1	1	–	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			17	12	5	33	31	2	33	31	2
Finance			6	1	5	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	–
Clerks (Clerical and administrative)			112	112	–	138	136	2	138	136	2
Service and sales workers			–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers			–	–	–	–	–	–	–	–	–
Craft and related trades			36	36	–	45	45	–	45	45	–
Plant and Machine Operators			20	20	–	40	40	–	40	40	–
Elementary Occupations			133	124	9	170	160	10	170	160	10
<b>TOTAL PERSONNEL NUMBERS</b>	9		<b>346</b>	<b>318</b>	<b>28</b>	<b>458</b>	<b>426</b>	<b>32</b>	<b>458</b>	<b>426</b>	<b>32</b>
<b>% increase</b>						32.4%	34.0%	14.3%	–	–	–
<b>Total municipal employees headcount</b>	6, 10		<b>359</b>	<b>340</b>	<b>19</b>	<b>359</b>	<b>340</b>	<b>19</b>	<b>359</b>	<b>340</b>	<b>19</b>
Finance personnel headcount	8, 10		<b>44</b>	<b>37</b>	<b>7</b>	<b>44</b>	<b>37</b>	<b>7</b>	<b>44</b>	<b>37</b>	<b>7</b>
Human Resources personnel headcount	8, 10		<b>3</b>	<b>3</b>	<b>–</b>	<b>3</b>	<b>3</b>	<b>–</b>	<b>3</b>	<b>3</b>	<b>–</b>

**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 of 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

R thousand	Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>																	
	Property rates		11 600	4 000	1 568	1 229	1 291	1 350	1 010	1 007	1 005	1 087	1 002	1 119	27 266	29 039	30 926
	Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service charges - electricity revenue		6 001	5 985	5 432	4 956	4 350	4 407	3 907	3 659	4 308	4 630	4 700	5 297	57 631	66 276	78 205
	Service charges - water revenue		1 465	1 600	1 935	2 135	2 445	2 465	2 466	2 565	2 535	2 356	2 200	1 866	25 853	27 404	29 048
	Service charges - sanitation revenue		1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	1 228	14 741	15 625	16 563
	Service charges - refuse revenue		737	737	737	737	737	737	737	737	737	737	737	737	8 848	9 379	10 036
	Service charges - other		20	20	20	20	20	20	20	20	20	20	20	20	240	257	276
	Rental of facilities and equipment		60	60	60	60	60	60	60	60	60	60	60	652	652	701	751
	Interest earned - external investments		82	96	90	74	67	64	75	78	54	64	69	61	715	769	823
	Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	873	933	996
	Dividends received		725	641	528	765	13	296	190	39	433	1 659	1 680	612	7 581	8 322	8 844
	Fines		48	27	20	31	40	12	4	44	235	356	468	813	2 099	2 309	2 517
	Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers recognised - operational		15 972	1 330	-	-	12 157	-	-	400	9 701	-	-	1 042	40 601	38 831	38 640
	Other revenue		2 003	1 572	1 698	1 883	1 724	2 360	1 446	1 450	1 651	1 957	1 779	1 321	20 843	23 900	28 102
	Gains on disposal of PPE		11	11	11	11	11	11	11	11	11	11	11	11	130	139	149
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>39 952</b>	<b>17 308</b>	<b>13 327</b>	<b>13 130</b>	<b>24 142</b>	<b>13 010</b>	<b>11 152</b>	<b>11 298</b>	<b>21 978</b>	<b>14 164</b>	<b>13 953</b>	<b>14 658</b>	<b>208 072</b>	<b>223 884</b>	<b>245 876</b>
<b>Expenditure By Type</b>																	
	Employee related costs		5 196	5 154	5 259	5 592	5 489	6 928	5 337	5 353	5 465	5 602	5 327	5 753	66 455	69 777	73 883
	Remuneration of councillors		333	340	340	333	340	440	340	340	445	449	408	453	4 559	4 787	5 074
	Debt impairment		-	-	-	-	-	-	-	-	-	-	-	11 429	11 429	12 078	12 822
	Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	-	9 248	9 248	9 711	10 291
	Finance charges		213	213	213	213	213	213	213	213	213	213	213	213	2 556	2 671	2 810
	Bulk purchases		6 810	3 410	4 650	3 535	3 452	3 338	3 344	6 651	4 711	4 271	4 537	4 386	53 094	55 749	59 094
	Other materials		276	642	554	702	370	244	367	724	1 444	1 764	1 064	495	8 648	9 081	9 620
	Contracted services		804	1 027	579	1 119	486	844	587	938	1 231	1 160	720	135	9 629	11 252	13 351
	Transfers and grants		1 434	886	523	429	1 396	1 010	750	701	1 722	1 506	1 493	1 089	12 938	13 585	14 365
	Other expenditure		2 263	5 248	2 847	2 778	3 146	2 204	2 027	2 852	4 898	4 883	5 213	3 433	41 793	43 894	46 670
	Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>			<b>17 329</b>	<b>16 919</b>	<b>14 965</b>	<b>14 701</b>	<b>14 892</b>	<b>15 220</b>	<b>12 966</b>	<b>17 771</b>	<b>20 129</b>	<b>19 850</b>	<b>18 974</b>	<b>36 634</b>	<b>220 350</b>	<b>232 585</b>	<b>247 981</b>
<b>Surplus/(Deficit)</b>			<b>22 623</b>	<b>389</b>	<b>(1 638)</b>	<b>(1 571)</b>	<b>9 250</b>	<b>(2 210)</b>	<b>(1 813)</b>	<b>(6 473)</b>	<b>1 849</b>	<b>(5 686)</b>	<b>(5 021)</b>	<b>(21 975)</b>	<b>(12 278)</b>	<b>(8 701)</b>	<b>(2 105)</b>
	Transfers recognised - capital		5 569	6 000	1 500	-	4 759	-	3 500	-	7 569	-	-	27 667	56 565	41 435	13 641
	Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			<b>28 192</b>	<b>6 389</b>	<b>(138)</b>	<b>(1 571)</b>	<b>14 009</b>	<b>(2 210)</b>	<b>1 687</b>	<b>(6 473)</b>	<b>9 418</b>	<b>(5 686)</b>	<b>(5 021)</b>	<b>5 692</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>
	Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>1</b>	<b>Surplus/(Deficit)</b>		<b>28 192</b>	<b>6 389</b>	<b>(138)</b>	<b>(1 571)</b>	<b>14 009</b>	<b>(2 210)</b>	<b>1 687</b>	<b>(6 473)</b>	<b>9 418</b>	<b>(5 686)</b>	<b>(5 021)</b>	<b>5 692</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>

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 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>																
Vote 1 - EXECUTIVE AND COUNCIL		67	566	1 074	33	947	64	77	62	54	41	47	303	3 335	3 330	3 356
Vote 2 - FINANCE AND ADMINISTRATION		21 206	1 048	1 236	1 161	5 154	1 384	1 148	1 217	2 437	1 690	2 927	2 168	42 776	44 392	46 362
Vote 3 - PLANNING AND DEVELOPMENT		102	1 400	795	-	300	123	-	300	-	21	80	274	3 395	2 610	632
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		180	57	174	481	58	57	54	251	135	30	169	199	1 844	1 907	2 034
Vote 6 - PUBLIC SAFETY		168	144	47	874	553	541	205	557	189	2 023	2 000	931	8 232	9 043	9 634
Vote 7 - SPORT AND RECREATION		1	5	21	10	15	29	8	-	4	8	8	6	114	125	137
Vote 8 - ROAD TRANSPORT		3 103	16	1	96	6	21	116	5	601	188	1 395	4 168	9 715	2 236	7 456
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		3	6	3	3	3	3	3	3	3	3	3	5	39	42	45
Vote 11 - WASTE MANAGEMENT		1 715	1 923	716	712	2 576	718	718	719	2 127	788	747	978	14 438	14 845	15 443
Vote 12 - WASTE WATER MANAGEMENT		27 116	5 809	1 864	1 518	8 554	2 348	1 513	1 513	3 831	1 413	1 619	2 100	59 198	24 987	25 333
Vote 13 - ELECTRICITY		7 271	8 409	6 642	6 135	5 973	5 658	7 557	4 089	14 673	5 199	2 775	6 220	80 599	92 232	109 322
Vote 14 - WATER		7 211	3 928	2 255	2 108	4 764	2 063	3 254	2 581	5 495	2 761	2 184	2 349	40 952	69 570	39 764
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>68 144</b>	<b>23 308</b>	<b>14 827</b>	<b>13 130</b>	<b>28 901</b>	<b>13 010</b>	<b>14 652</b>	<b>11 298</b>	<b>29 547</b>	<b>14 164</b>	<b>13 953</b>	<b>19 702</b>	<b>264 637</b>	<b>265 319</b>	<b>259 517</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - EXECUTIVE AND COUNCIL		1 523	902	873	912	819	1 188	902	1 293	1 466	1 532	1 464	451	13 326	13 992	14 831
Vote 2 - FINANCE AND ADMINISTRATION		2 821	2 164	1 910	2 850	1 524	2 614	1 546	2 577	2 922	3 126	2 988	5 477	32 520	34 261	36 384
Vote 3 - PLANNING AND DEVELOPMENT		566	770	733	811	814	740	551	1 082	1 226	704	672	1 650	10 319	10 835	11 485
Vote 4 - HEALTH		-	-	-	1	0	-	-	17	20	-	-	145	183	192	204
Vote 5 - COMMUNITY AND SOCIAL SERVICES		559	650	690	772	704	867	585	1 597	1 810	909	868	1 651	11 662	12 215	12 954
Vote 6 - PUBLIC SAFETY		655	639	713	601	652	704	712	955	1 083	709	678	2 631	10 732	12 410	14 579
Vote 7 - SPORT AND RECREATION		367	368	267	406	475	390	455	467	530	380	363	173	4 641	4 873	5 165
Vote 8 - ROAD TRANSPORT		1 233	1 233	881	926	1 049	1 245	758	1 187	1 346	1 550	1 482	4 147	16 438	17 208	18 223
Vote 9 - OTHER		61	61	61	61	61	61	61	61	61	61	61	61	731	767	813
Vote 10 - HOUSING SERVICES		180	200	195	199	223	187	189	119	155	177	169	183	2 175	2 284	2 421
Vote 11 - WASTE MANAGEMENT		1 012	1 049	1 348	1 213	1 308	1 076	1 331	1 807	2 048	1 509	1 442	142	15 283	16 047	16 850
Vote 12 - WASTE WATER MANAGEMENT		756	844	768	516	1 113	672	739	1 299	1 473	2 650	2 533	3 336	16 699	17 578	18 753
Vote 13 - ELECTRICITY		7 450	7 183	5 584	4 544	5 166	4 705	4 133	4 291	5 063	4 895	4 676	12 099	69 790	73 279	77 676
Vote 14 - WATER		744	868	942	889	984	771	1 002	1 018	927	1 650	1 577	4 489	15 852	16 645	17 643
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>17 329</b>	<b>16 919</b>	<b>14 965</b>	<b>14 701</b>	<b>14 892</b>	<b>15 220</b>	<b>12 966</b>	<b>17 771</b>	<b>20 129</b>	<b>19 850</b>	<b>18 974</b>	<b>36 634</b>	<b>220 350</b>	<b>232 565</b>	<b>247 981</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>50 815</b>	<b>6 389</b>	<b>(138)</b>	<b>(1 571)</b>	<b>14 009</b>	<b>(2 210)</b>	<b>1 687</b>	<b>(6 473)</b>	<b>9 418</b>	<b>(5 686)</b>	<b>(5 021)</b>	<b>(16 531)</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>50 815</b>	<b>6 389</b>	<b>(138)</b>	<b>(1 571)</b>	<b>14 009</b>	<b>(2 210)</b>	<b>1 687</b>	<b>(6 473)</b>	<b>9 418</b>	<b>(5 686)</b>	<b>(5 021)</b>	<b>(16 531)</b>	<b>44 287</b>	<b>32 734</b>	<b>11 536</b>

**References**

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NC073 Emthanjeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

R thousand	Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>																	
	<b>Governance and administration</b>		21 274	1 613	2 310	1 194	6 101	1 448	1 225	1 280	2 491	1 731	2 974	2 471	46 111	47 722	49 717
	Executive and council		67	566	1 074	33	947	64	77	62	54	41	47	303	3 335	3 330	3 356
	Budget and treasury office		21 206	1 040	1 236	1 153	5 146	1 376	1 140	1 209	2 429	1 682	2 919	2 160	42 696	44 305	46 269
	Corporate services		—	8	—	8	8	8	8	8	8	8	8	8	80	86	92
	<b>Community and public safety</b>		353	211	245	1 367	628	630	269	811	330	2 064	2 179	1 142	10 229	11 118	11 849
	Community and social services		180	57	174	481	58	57	54	251	135	30	169	199	1 844	1 907	2 034
	Sport and recreation		1	5	21	10	15	29	8	—	4	8	8	6	114	125	137
	Public safety		168	144	47	874	553	541	205	557	189	2 023	2 000	931	8 232	9 043	9 634
	Housing		3	6	3	3	3	3	3	3	3	3	3	5	39	42	45
	Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	<b>Economic and environmental services</b>		3 205	1 416	796	96	306	144	116	305	601	209	1 475	4 442	13 110	4 846	8 088
	Planning and development		102	1 400	795	—	300	123	—	300	—	21	80	274	3 395	2 610	632
	Road transport		3 103	16	1	96	6	21	116	5	601	188	1 395	4 168	9 715	2 236	7 456
	Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	<b>Trading services</b>		43 312	20 068	11 477	10 473	21 867	10 787	13 042	8 903	26 125	10 160	7 325	11 647	195 187	201 634	189 863
	Electricity		7 271	8 409	6 642	6 135	5 973	5 658	7 557	4 089	14 673	5 199	2 775	6 220	80 599	92 322	109 322
	Water		7 211	3 928	2 255	2 108	4 764	2 063	3 254	2 581	5 495	2 761	2 184	2 349	40 952	69 570	39 764
	Waste water management		27 116	5 809	1 864	1 518	8 554	2 348	1 513	1 513	3 831	1 413	1 619	2 100	59 198	24 987	25 333
	Waste management		1 715	1 923	716	712	2 576	718	718	719	2 127	788	747	978	14 438	14 845	15 443
	<b>Other</b>		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	<b>Total Revenue - Standard</b>		68 144	23 308	14 827	13 130	28 901	13 010	14 652	11 298	29 547	14 164	13 953	19 702	264 637	265 319	259 517
	<b>Expenditure - Standard</b>																
	<b>Governance and administration</b>		4 344	3 066	2 783	3 762	2 344	3 802	2 449	3 871	4 387	4 658	4 452	5 928	45 845	48 253	51 215
	Executive and council		1 523	902	873	912	819	1 188	902	1 293	1 466	1 532	1 464	451	13 326	13 992	14 831
	Budget and treasury office		1 777	1 363	1 204	1 795	960	1 647	974	1 624	1 841	1 969	1 882	3 182	20 218	21 345	22 692
	Corporate services		1 044	801	707	1 054	564	967	572	954	1 081	1 156	1 105	2 296	12 301	12 917	13 692
	<b>Community and public safety</b>		1 760	1 856	1 865	1 980	2 054	2 148	1 942	3 155	3 598	2 174	2 078	4 783	29 393	31 973	35 323
	Community and social services		559	650	690	772	704	867	585	1 597	1 810	909	868	1 651	11 662	12 215	12 954
	Sport and recreation		367	368	267	406	475	390	455	467	530	380	363	173	4 641	4 873	5 165
	Public safety		655	639	713	601	652	704	712	955	1 083	709	678	2 631	10 732	12 410	14 579
	Housing		180	200	195	199	223	187	189	119	155	177	169	183	2 175	2 284	2 421
	Health		—	—	—	1	0	—	—	17	20	—	—	145	183	192	204
	<b>Economic and environmental services</b>		1 201	2 002	1 614	1 737	1 863	1 985	1 308	2 269	2 572	2 254	2 154	5 797	26 757	28 043	29 708
	Planning and development		566	770	733	811	814	740	551	1 082	1 226	704	672	1 650	10 319	10 835	11 485
	Road transport		635	1 233	881	926	1 049	1 245	758	1 187	1 346	1 550	1 482	4 147	16 438	17 208	18 223
	Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	<b>Trading services</b>		9 963	9 934	8 642	7 162	8 570	7 223	7 206	8 415	9 512	10 704	10 229	20 065	117 623	123 549	130 922
	Electricity		7 450	7 183	5 584	4 544	5 166	4 705	4 133	4 291	5 063	4 895	4 676	12 099	69 790	73 279	77 676
	Water		744	858	942	889	984	771	1 002	1 018	927	1 650	1 577	4 489	15 852	16 645	17 643
	Waste water management		756	844	768	516	1 113	672	739	1 299	1 473	2 650	2 533	3 336	16 699	17 578	18 753
	Waste management		1 012	1 049	1 348	1 213	1 308	1 076	1 331	1 807	2 048	1 509	1 442	142	15 283	16 047	16 850
	<b>Other</b>		61	61	61	61	61	61	61	61	61	61	61	61	731	767	813
	<b>Total Expenditure - Standard</b>		17 329	16 919	14 965	14 701	14 892	15 220	12 966	17 771	20 129	19 850	18 974	36 634	220 350	232 585	247 981
	<b>Surplus/(Deficit) before assoc.</b>		50 815	6 389	(138)	(1 571)	14 009	(2 210)	1 687	(6 473)	9 418	(5 686)	(5 021)	(16 931)	44 287	32 734	11 536
	Share of surplus/ (deficit) of associate																
	<b>Surplus/(Deficit)</b>	1	50 815	6 389	(138)	(1 571)	14 009	(2 210)	1 687	(6 473)	9 418	(5 686)	(5 021)	(16 931)	44 287	32 734	11 536

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

**NC073 Emthanjani - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Multi-year expenditure to be appropriated</b>	<b>1</b>															
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]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>2</b>	-	-	-	-	-	-	-	-	-	-	-	-	10 000	10 000	27 240
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - EXECUTIVE AND COUNCIL		40	12	22	2	-	-	48	31	-	4	-	1	159	167	177
Vote 2 - FINANCE AND ADMINISTRATION		74	431	27	60	-	26	74	1 006	52	-	148	-	1 897	2 011	2 119
Vote 3 - PLANNING AND DEVELOPMENT		1	1	1	1	-	1	-	1	-	1	-	5	12	13	14
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		25	25	27	27	27	27	77	25	21	25	-	1	307	322	341
Vote 6 - PUBLIC SAFETY		7	7	8	8	8	8	840	7	-	7	11	178	1 088	1 193	98
Vote 7 - SPORT AND RECREATION		-	-	135	10	8	19	9	5	-	17	-	59	261	275	291
Vote 8 - ROAD TRANSPORT		219	2 802	50	48	2 222	14	10 664	1 506	509	-	560	129	18 724	16 021	17 303
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT		-	1 823	-	13	1 109	-	-	-	-	-	-	-	2 945	592	568
Vote 12 - WASTE WATER MANAGEMENT		11 502	3 275	-	-	10 000	265	-	-	5 690	-	3 001	2 224	35 958	10 000	-
Vote 13 - ELECTRICITY		214	1 082	5	-	1 449	560	1 151	535	-	26	280	329	5 630	7 912	5 647
Vote 14 - WATER		52	3	116	85	166	9	642	16	16	8	535	130	1 776	190	10 200
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>2</b>	12 135	9 460	391	253	14 988	930	13 505	3 131	6 287	87	4 535	3 056	68 758	36 695	36 759
<b>Total Capital Expenditure</b>	<b>2</b>	12 135	9 460	391	253	14 988	930	13 505	3 131	6 287	87	4 535	13 056	78 758	65 935	36 759

**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 (standard classification)

[illegible]

NC073 Emthatheni - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS												Medium Term Revenue and Expenditure Framework			
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year *1 2015/16	Budget Year *1 2016/17	Budget Year *2 2017/18
<b>Cash Receipts By Source</b>															
Property rates	1 276	2 620	1 489	3 723	4 015	1 438	1 004	1 388	2 306	2 536	2 145	2 235	26 176	27 877	29 689
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	3 985	4 912	4 087	5 001	5 527	4 240	4 362	3 794	5 025	5 165	4 145	5 081	55 326	63 825	75 077
Service charges - water revenue	1 680	1 477	1 200	1 961	2 282	1 212	1 805	1 274	2 821	3 660	3 918	1 530	24 819	26 308	27 886
Service charges - sanitation revenue	1 030	1 099	591	661	1 192	699	788	662	1 704	1 732	1 959	2 044	14 151	15 000	15 900
Service charges - refuse revenue	729	524	690	688	911	745	437	758	726	718	721	849	8 494	9 004	9 634
Service charges - other	20	20	20	20	20	20	20	20	20	20	20	20	240	257	276
Rental of facilities and equipment	61	61	66	65	64	61	78	62	60	33	24	75	652	701	751
Interest earned - external investments	60	60	60	60	60	60	60	60	60	60	60	60	715	789	823
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	410	240	1 178	584	970	122	337	1 075	689	240	935	801	7 581	8 322	8 844
Agency services	156	158	46	277	117	40	127	166	277	172	122	442	2 099	2 309	2 517
Transfer receipts - operational	-	1 330	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	15 972	1 339	1 199	2 506	12 157	-	-	400	9 701	-	-	1 042	40 601	38 831	38 640
<b>Cash Receipts by Source</b>	<b>26 901</b>	<b>13 838</b>	<b>10 628</b>	<b>15 546</b>	<b>28 892</b>	<b>9 714</b>	<b>10 173</b>	<b>10 819</b>	<b>24 648</b>	<b>15 902</b>	<b>15 471</b>	<b>16 036</b>	<b>198 570</b>	<b>213 319</b>	<b>233 924</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	5 569	6 000	1 500	-	4 759	-	-	-	3 569	-	-	35 167	56 565	41 435	13 641
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	10	10	10	10	10	10	10	10	10	10	10	10	124	134	143
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/financing	6 000	5 546	-	-	-	-	-	-	-	-	-	-	11 546	14 240	12 389
Increase (decrease) in consumer deposits	11	-	12	23	-	15	21	-	11	21	9	12	135	138	142
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>38 492</b>	<b>25 395</b>	<b>12 151</b>	<b>15 579</b>	<b>33 652</b>	<b>9 740</b>	<b>10 205</b>	<b>10 829</b>	<b>28 239</b>	<b>15 933</b>	<b>15 491</b>	<b>51 225</b>	<b>266 940</b>	<b>269 265</b>	<b>260 240</b>
<b>Cash Payments by Type</b>															
Employee related costs	5 025	5 184	5 286	5 425	5 521	5 962	5 367	5 384	5 497	5 334	5 357	5 451	64 796	67 986	71 928
Remuneration of councillors	351	358	358	351	356	358	359	356	369	473	429	438	4 559	4 787	5 074
Finance charges	213	213	213	213	213	213	213	213	213	213	213	213	2 556	2 671	2 810
Bulk purchases - Electricity	5 953	3 376	4 676	3 449	3 429	3 331	3 364	5 695	4 473	4 096	4 376	4 439	50 656	53 189	56 381
Bulk purchases - Water & Sewer	104	156	141	211	146	126	100	195	402	325	320	211	2 438	2 560	2 713
Other materials	284	660	570	723	381	851	378	745	786	915	1 095	914	8 302	863	914
Contracted services	656	572	511	449	1 089	1 203	289	663	715	1 392	1 236	855	9 629	11 552	13 351
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	877	913	539	942	1 438	1 041	773	723	1 774	1 552	838	1 526	12 998	13 585	14 365
Other expenditure	3 103	2 933	2 533	3 809	2 944	1 651	4 014	3 096	3 838	5 257	4 270	4 344	41 733	43 994	46 670
<b>Cash Payments by Type</b>	<b>16 567</b>	<b>14 365</b>	<b>14 830</b>	<b>15 570</b>	<b>15 519</b>	<b>14 736</b>	<b>14 858</b>	<b>17 072</b>	<b>18 067</b>	<b>19 558</b>	<b>18 134</b>	<b>18 392</b>	<b>197 668</b>	<b>200 788</b>	<b>214 206</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	12 135	9 460	391	253	14 988	930	13 505	3 131	6 287	87	1 535	317	63 019	64 726	33 880
Repayment of borrowing	376	464	454	444	434	464	464	464	464	464	464	424	5 384	5 222	4 961
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>29 078</b>	<b>24 289</b>	<b>15 676</b>	<b>16 267</b>	<b>30 941</b>	<b>16 130</b>	<b>28 827</b>	<b>20 667</b>	<b>24 819</b>	<b>20 109</b>	<b>20 134</b>	<b>19 133</b>	<b>266 071</b>	<b>270 736</b>	<b>253 047</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>9 413</b>	<b>1 105</b>	<b>(3 525)</b>	<b>(668)</b>	<b>2 720</b>	<b>(6 391)</b>	<b>(18 623)</b>	<b>(9 839)</b>	<b>3 420</b>	<b>(4 176)</b>	<b>(4 643)</b>	<b>32 092</b>	<b>889</b>	<b>(1 472)</b>	<b>7 193</b>
Cash/Cash equivalents at the month/year begin:	(1 376)	8 037	9 142	5 617	4 929	7 650	1 259	(17 364)	(27 201)	(23 781)	(27 957)	(32 600)	(1 376)	(508)	(1 979)
Cash/Cash equivalents at the month/year end:	8 037	9 142	5 617	4 929	7 650	1 259	(17 364)	(27 201)	(23 781)	(27 957)	(32 600)	(508)	(508)	(1 979)	5 214



**NC073 Emthanjeni - NOT REQUIRED - municipality does not have entities**

[illegible]

**NC073 Emthanjeni - Supporting Table SA32 List of external mechanisms**

[illegible]

## References

1. Total agreement period from commencement until end

2. Annual value

NC073 Enthanjeni - Supporting Table SA33 Contracts having future budgetary implications

R thousand	Description	Ref	Preceding Years	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework			Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Total Contract Value
					Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
2	Parent Municipality:														
	Revenue Obligation By Contract														
	Contract 1														-
	Contract 2														-
	Contract 3 etc														-
	Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
	Expenditure Obligation By Contract														
	Contract 1														-
	Contract 2														-
	Contract 3 etc														-
2	Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
	Capital Expenditure Obligation By Contract														
	Contract 1														-
	Contract 2														-
	Contract 3 etc														-
	Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
	Capital Expenditure Obligation By Contract														
	Contract 1														-
	Contract 2														-
	Contract 3 etc														-
2	Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
	Entities:														
	Revenue Obligation By Contract														
	Contract 1														-
	Contract 2														-
	Contract 3 etc														-
	Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
	Expenditure Obligation By Contract														
	Contract 1														-
2	Contract 2														-
	Contract 3 etc														-
	Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
	Expenditure Obligation By Contract														
	Contract 1														-
	Contract 2														-
	Contract 3 etc														-
	Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
	Capital Expenditure Obligation By Contract														
	Contract 1														-
2	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)

NC073 Emthanjeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			12 053	8 284	12 299	30 448	13 908	13 908	53 905	38 325	6 009
Infrastructure - Road transport			1 738	4 084	10 682	13 808	13 808	13 808	8 500	10 583	6 009
Roads, Pavements & Bridges			1 738	-	10 682	13 808	13 808	13 808	8 500	400	-
Storm water			-	4 084	-	-	-	-	-	10 183	6 009
Infrastructure - Electricity			-	-	918	-	-	-	-	-	-
Generation			-	-	-	-	-	-	-	-	-
Transmission & Reticulation			-	-	918	-	-	-	-	-	-
Street Lighting			-	-	-	-	-	-	-	-	-
Infrastructure - Water			3 585	-	699	16 640	100	100	10 000	27 240	-
Dams & Reservoirs			-	-	-	-	-	-	-	-	-
Water purification			-	-	-	-	-	-	-	-	-
Reticulation			3 585	-	699	16 640	100	100	10 000	27 240	-
Infrastructure - Sanitation			6 000	4 200	-	-	-	-	35 405	502	-
Reticulation			6 000	-	-	-	-	-	35 405	502	-
Sewerage purification			-	4 200	-	-	-	-	-	-	-
Infrastructure - Other			730	-	-	-	-	-	-	-	-
Waste Management			-	-	-	-	-	-	-	-	-
Transportation	2		-	-	-	-	-	-	-	-	-
Gas			-	-	-	-	-	-	-	-	-
Other	3		730	-	-	-	-	-	-	-	-
Community			1 000	-	-	-	-	-	-	-	-
Parks & gardens			-	-	-	-	-	-	-	-	-
Sportsfields & stadia			-	-	-	-	-	-	-	-	-
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-	-
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			-	-	-	-	-	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Buses	7		-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing	8		-	-	-	-	-	-	-	-	-
Other			1 000	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings			-	-	-	-	-	-	-	-	-
Other	9		-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Other assets			2 137	-	-	-	-	-	-	-	-
General vehicles			-	-	-	-	-	-	-	-	-
Specialised vehicles			-	-	-	-	-	-	-	-	-
Plant & equipment			-	-	-	-	-	-	-	-	-
Computers - hardware/equipment			576	-	-	-	-	-	-	-	-
Furniture and other office equipment			-	-	-	-	-	-	-	-	-
Abattoirs			-	-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-	-
Civic Land and Buildings			-	-	-	-	-	-	-	-	-
Other Buildings			-	-	-	-	-	-	-	-	-
Other Land			-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-	-
Other			1 561	-	-	-	-	-	-	-	-
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming			-	-	-	-	-	-	-	-	-
Other (list sub-class)			-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1		15 190	8 284	12 299	30 448	13 908	13 908	53 905	38 325	6 009
Specialised vehicles			-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-	-
Fire			-	-	-	-	-	-	-	-	-
Conservancy			-	-	-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-	-	-

**References**

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expenditure in Budgeted Capital Expenditure
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WiFi infrastructure) for economic development purposes
4. Work-in-progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class

NC073 Emthanjeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
R thousand	1					
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>						
<b>Infrastructure</b>		<b>1 490</b>	<b>1 842</b>	<b>6 969</b>	<b>1 250</b>	<b>1 100</b>
Infrastructure - Road transport		1 490	761	4 640	500	500
Roads, Pavements & Bridges		1 490	761	4 640	500	500
Storm water		-	-	-	-	-
Infrastructure - Electricity		-	412	611	250	250
Generation		-	-	-	-	-
Transmission & Reticulation		-	412	611	250	250
Street Lighting		-	-	-	-	-
Infrastructure - Water		-	17	406	470	320
Dams & Reservoirs		-	-	-	-	-
Water purification		-	-	-	470	320
Reticulation		-	17	406	-	-
Infrastructure - Sanitation		-	-	-	-	-
Reticulation		-	-	-	-	-
Sewerage purification		-	-	-	-	-
Infrastructure - Other		-	652	1 312	30	30
Waste Management		-	652	-	30	30
Transportation	2	-	-	-	-	-
Gas		-	-	-	-	-
Other	3	-	-	1 312	-	-
<b>Community</b>		<b>-</b>	<b>1 231</b>	<b>63</b>	<b>396</b>	<b>396</b>
Parks & gardens		-	45	-	51	51
Sportsfields & stadia		-	50	-	65	65
Swimming pools		-	118	-	-	-
Community halls		-	300	63	250	250
Libraries		-	-	-	-	-
Recreational facilities		-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-
Security and policing		-	-	-	-	-
Buses	7	-	-	-	-	-
Clinics		-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-
Cemeteries		-	300	-	30	30
Social rental housing	8	-	-	-	-	-
Other		-	418	-	-	-
<b>Heritage assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings		-	-	-	-	-
Other	9	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development		-	-	-	-	-
Other		-	-	-	-	-
<b>Other assets</b>		<b>1 837</b>	<b>2 301</b>	<b>2 126</b>	<b>8 495</b>	<b>8 495</b>
General vehicles		-	-	959	3 660	3 660
Specialised vehicles	10	-	600	-	1 770	1 770
Plant & equipment		591	791	153	552	552
Computers - hardware/equipment		435	535	-	698	698
Furniture and other office equipment		275	375	515	462	462
Abattoirs		-	-	-	-	-

Markets	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-
Other Buildings	-	-	-	510	510
Other Land	-	-	500	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-
Other	536	-	-	844	844
<b>Agricultural assets</b>	-	-	-	-	-
List sub-class	-	-	-	-	-
<b>Biological assets</b>	-	-	-	-	-
List sub-class	-	-	-	-	-
<b>Intangibles</b>	-	62	-	-	-
Computers - software & programming	-	62	-	-	-
Other (list sub-class)	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>1</b>	<b>3 327</b>	<b>5 437</b>	<b>9 159</b>	<b>10 141</b>
				<b>9 991</b>	

<b>Specialised vehicles</b>	-	600	-	1 770	1 770
Refuse	-	600	-	1 770	1 770
Fire	-	-	-	-	-
Conservancy	-	-	-	-	-
Ambulances	-	-	-	-	-
<b>Renewal of Existing Assets as % of total capex</b>	18.0%	39.6%	42.7%	25.0%	41.8%
<b>Renewal of Existing Assets as % of deprecn"</b>	4.8%	7.8%	13.5%	116.8%	115.1%

#### References

1. Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on new assets (SA34a) must reconcile to total capital
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes
4. Work-in-progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrast
6. Donated/contributed & leased assets to be included within the respective sub-class
7. Busses used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

check balance	-	-	-	-	-
---------------	---	---	---	---	---

15	2015/16 Medium Term Revenue & Expenditure Framework		
Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
1 100	13 186	20 349	23 854
500	5 660	4 110	10 464
500	5 395	4 110	10 464
-	265	-	-
250	3 680	7 000	4 000
-	-	-	-
250	3 680	7 000	4 000
-	-	-	-
320	3 546	9 240	9 389
-	-	-	-
320	3 546	9 240	9 389
-	-	-	-
-	300	-	-
-	-	-	-
-	300	-	-
30	-	-	-
30	-	-	-
-	-	-	-
-	-	-	-
396	2 100	2 100	2 100
51	-	-	-
65	-	-	-
-	-	-	-
250	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
30	-	-	-
-	-	-	-
-	2 100	2 100	2 100
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
8 495	8 917	2 660	2 596
3 660	3 000	-	-
1 770	3 000	-	-
552	1 120	853	392
698	657	587	606
462	-	-	-
-	-	-	-



-			
-			
510	420	460	475
-			
-			
844	720	760	1 124
-	-	-	-
-			
-			
-	-	-	-
-			
-			
-	650	2 500	2 200
-	650	2 500	2 200
-			
9 991	24 853	27 609	30 750

1 770	3 000	-	-
1 770	2 000		
-	1 000	-	-
-	-	-	-
-	-	-	-
41.8%	31.6%	41.9%	83.7%
115.1%	268.7%	284.3%	298.8%

expenditure in Budgeted Capital Expenditure

structure



NC073 Emthanjeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Repairs and maintenance expenditure by Asset Class/Sub-class							
Infrastructure		1 739	5 036	4 435	5 918	5 918	5 918
Infrastructure - Road transport		502	1 368	1 277	1 592	1 592	1 592
Roads, Pavements & Bridges		502	1 368	1 277	1 592	1 592	1 592
Storm water		-	-	-	-	-	-
Infrastructure - Electricity		50	1 495	929	1 821	1 821	1 821
Generation		-	-	-	-	-	-
Transmission & Reticulation		50	1 495	929	1 821	1 821	1 821
Street Lighting		-	-	-	-	-	-
Infrastructure - Water		404	750	697	864	864	864
Dams & Reservoirs		-	-	-	172	172	172
Water purification		404	750	697	273	273	273
Reticulation		-	-	-	419	419	419
Infrastructure - Sanitation		432	712	464	822	822	822
Reticulation		-	-	-	822	822	822
Sewerage purification		432	712	464	-	-	-
Infrastructure - Other		351	711	1 068	819	819	819
Waste Management		351	-	987	819	819	819
Transportation	2	-	-	-	-	-	-
Gas		-	-	-	-	-	-
Other	3	-	711	81	-	-	-
Community		452	1 626	2 218	1 875	1 875	1 875
Parks & gardens		-	-	232	38	38	38
Sportsfields & stadia		-	-	104	66	66	66
Swimming pools		163	-	-	321	321	321
Community halls		289	-	244	433	433	433
Libraries		-	-	128	44	44	44
Recreational facilities		-	-	-	-	-	-
Fire, safety & emergency		-	-	-	879	879	879
Security and policing		-	-	-	-	-	-
Buses	7	-	-	-	-	-	-
Clinics		-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-
Cemeteries		-	-	-	39	39	39
Social rental housing	8	-	-	-	-	-	-
Other		-	1 626	1 509	56	56	56
Heritage assets		-	-	-	-	-	-
Buildings		-	-	-	-	-	-
Other	9	-	-	-	-	-	-
Investment properties		-	158	-	182	182	182
Housing development		-	-	-	182	182	182
Other		-	158	-	-	-	-
Other assets		6 489	1 651	4 958	4 457	4 457	4 457
General vehicles		1 935	-	2 322	2 066	2 066	2 066
Specialised vehicles	10	4 330	-	-	366	366	366

Plant & equipment	-	-	488	252	252	252
Computers - hardware/equipment	224	-	-	370	370	370
Furniture and other office equipment	-	-	430	511	511	511
Abattoirs	-	-	-	-	-	-
Markets	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-
Other Buildings	-	1 651	-	532	532	532
Other Land	-	-	1 091	161	161	161
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-
Other	-	-	627	198	198	198
<b>Agricultural assets</b>	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-
<b>Biological assets</b>	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-
<b>Intangibles</b>	-	-	-	59	59	59
Computers - software & programming	-	-	-	59	59	59
Other (list sub-class)	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>8 679</b>	<b>8 471</b>	<b>11 611</b>	<b>12 491</b>	<b>12 491</b>

<b>Specialised vehicles</b>	<b>4 330</b>	<b>-</b>	<b>-</b>	<b>366</b>	<b>366</b>	<b>366</b>
Refuse	4 330	-	-	366	366	366
Fire	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-
<b>R&amp;M as a % of PPE</b>	<b>0.8%</b>	<b>0.9%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>4.2%</b>	<b>3.9%</b>	<b>4.4%</b>	<b>6.2%</b>	<b>6.2%</b>	<b>6.2%</b>

#### References

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes
4. Work-in-progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class
7. Busses used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

check balance

- - - - -

2015/16 Medium Term Revenue & Expenditure Framework		
Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
5 143	6 785	7 265
616	1 852	2 049
322	1 852	2 049
294	-	-
1 342	1 586	1 706
-	-	-
995	1 235	1 352
347	351	354
1 145	1 491	1 581
382	384	407
-	-	-
763	1 107	1 174
64	911	942
64	911	942
-	-	-
1 975	944	987
1 975	944	987
-		
-		
-		
3 098	3 546	3 737
19	47	29
47	82	93
603	442	469
692	525	550
47	48	49
-		
1 612	2 297	2 436
-		
-		
-		
-		
79	104	110
-	-	-
-		
-		
-	-	-
-		
-		
7 042	6 880	7 355
3 731	4 239	4 498
-	-	-

748	634	748
380	596	631
631	533	547
-		
-		
-		
1 436	714	756
-		
-		
116	165	174
-	-	-
-		
-		
-	-	-
-		
-		
1 308	257	272
1 308	257	272
-		
16 592	17 468	18 629

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

1.6%	1.6%	2.0%
7.5%	7.5%	7.5%

- - -

**NC073 Emthanjeni - Supporting Table SA34d Depreciation by asset class**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>R thousand</b>	<b>1</b>						
<b><u>Depreciation by Asset Class/Sub-class</u></b>							
<b><u>Infrastructure</u></b>		<b>32 554</b>	<b>32 839</b>	<b>41 234</b>	<b>4 765</b>	<b>4 765</b>	<b>4 765</b>
Infrastructure - Road transport		17 109	17 258	18 940	2 433	2 433	2 433
<i>Roads, Pavements &amp; Bridges</i>		17 109	17 258	18 940	2 433	2 433	2 433
<i>Storm water</i>		-	-	-	-	-	-
Infrastructure - Electricity		4 621	4 661	6 764	482	482	482
<i>Generation</i>		-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>		4 621	4 661	6 764	482	482	482
<i>Street Lighting</i>		-	-	-	-	-	-
Infrastructure - Water		7 063	7 125	7 441	955	955	955
<i>Dams &amp; Reservoirs</i>		-	-	-	-	-	-
<i>Water purification</i>		-	-	-	-	-	-
<i>Reticulation</i>		7 063	7 125	7 441	955	955	955
Infrastructure - Sanitation		1 979	1 996	4 735	683	683	683
<i>Reticulation</i>		1 979	1 996	4 735	683	683	683
<i>Sewerage purification</i>		-	-	-	-	-	-
Infrastructure - Other		1 781	1 798	3 353	213	213	213
<i>Waste Management</i>		1 781	1 798	3 353	213	213	213
<i>Transportation</i>	2	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-
<i>Other</i>	3	-	-	-	-	-	-
<b><u>Community</u></b>		<b>16 053</b>	<b>16 195</b>	<b>11 432</b>	<b>1 450</b>	<b>1 450</b>	<b>1 450</b>
Parks & gardens		-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-
Community halls		6 180	6 235	4 870	614	614	614
Libraries		4 983	5 027	3 517	460	460	460
Recreational facilities		-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-
Security and policing		-	-	-	-	-	-
Buses	7	-	-	-	-	-	-
Clinics		947	955	947	125	125	125
Museums & Art Galleries		-	-	-	-	-	-
Cemeteries		1 908	1 925	744	124	124	124
Social rental housing	8	-	-	-	-	-	-
Other		2 035	2 053	1 353	127	127	127
<b><u>Heritage assets</u></b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings		-	-	-	-	-	-
Other	9	-	-	-	-	-	-
<b><u>Investment properties</u></b>		<b>-</b>	<b>-</b>	<b>338</b>	<b>20</b>	<b>20</b>	<b>20</b>
Housing development		-	-	-	-	-	-
Other		-	-	338	20	20	20
<b><u>Other assets</u></b>		<b>18 112</b>	<b>18 276</b>	<b>15 081</b>	<b>2 445</b>	<b>2 445</b>	<b>2 445</b>
General vehicles		3 360	3 390	4 382	326	326	326
Specialised vehicles	10	3 590	3 624	4 400	1 760	1 760	1 760

Plant & equipment		-	-	440	-	-	-
Computers - hardware/equipment		1 323	1 335	3 353	115	115	115
Furniture and other office equipment		62	63	138	12	12	12
Abattoirs		-	-	-	-	-	-
Markets		-	-	-	-	-	-
Civic Land and Buildings		3 658	3 691	676	49	49	49
Other Buildings		3 157	3 186	1 691	183	183	183
Other Land		-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-
Other		2 962	2 987	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-
List sub-class		-	-	-	-	-	-
		-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-
List sub-class		-	-	-	-	-	-
		-	-	-	-	-	-
<b>Intangibles</b>		1 950	1 966	-	-	-	-
Computers - software & programming		-	-	-	-	-	-
Other (list sub-class)		1 950	1 966	-	-	-	-
<b>Total Depreciation</b>	<b>1</b>	<b>68 668</b>	<b>69 275</b>	<b>68 084</b>	<b>8 681</b>	<b>8 681</b>	<b>8 681</b>

<b>Specialised vehicles</b>		<b>3 590</b>	<b>3 624</b>	<b>4 400</b>	<b>1 760</b>	<b>1 760</b>	<b>1 760</b>
Refuse		3 590	3 624	4 400	1 760	1 760	1 760
Fire		-	-	-	-	-	-
Conservancy		-	-	-	-	-	-
Ambulances		-	-	-	-	-	-

#### References

1. Depreciation based on write down values. Not including Depreciation resulting from revaluation.
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes
4. Work-in-progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class
7. Busses used to provide a service to the community
8. Not municipal contributions to the 'top structure' being built using the housing subsidies
9. Statues, art collections, medals etc.
10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment'

Check	-	-	-	-	-	-
-------	---	---	---	---	---	---

2015/16 Medium Term Revenue & Expenditure Framework		
Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
5 058	5 299	5 597
2 582	2 705	2 858
2 582	2 705	2 858
-	-	-
511	536	566
-	-	-
511	536	566
-	-	-
1 013	1 062	1 121
-	-	-
-	-	-
1 013	1 062	1 121
725	759	802
725	759	802
-	-	-
227	237	251
227	237	251
-	-	-
-	-	-
-	-	-
1 539	1 635	1 727
-	-	-
-	-	-
-	-	-
651	682	721
488	534	564
-	-	-
-	-	-
-	-	-
-	-	-
133	140	147
-	-	-
132	138	146
-	-	-
135	141	149
-	-	-
-	-	-
-	-	-
22	23	24
-	-	-
22	23	24
2 629	2 754	2 942
346	362	383
1 868	1 957	2 100



