

EMTHANJENI MUNICIPALITY



MTREF FINAL BUDGET

2015/2016 FINANCIAL YEAR

**EMTHANJENI MUNICIPALITY
(NC073)**

**SCHEDULE A
FINAL BUDGET AND
SUPPORTING DOCUMENTATION
OF A MUNICIPALITY**

2015-16 MTREF

FINAL BUDGET OF
EMTHANJENI
MUNICIPALITY

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

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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

Budget Speech 2015/16 for the Emthanjeni Municipality, delivered by the Mayor, Cnr Siphon T. Sthonga, Council Chambers, De Aar, 26 May 2014

Speaker
Chief Whip of the ANC
Members of the Executive Committee
Whip of the Democratic Alliance
Councillors
Municipal Manager
Chief Financial Officer and officials
Members of the Public
Media Houses
Leadership from Political Parties
Ladies and Gentlemen

Good Morning,

The timing of this budget speech is to remind the meeting that South Africa was celebrating 21 years of democracy. In this 21 years of democracy the ANC led government was balancing the imbalances of the past. The ANC led government was building the economy locally and nationally.

Today I am proud to deliver The Municipal Budget Speech of Emthanjeni Municipality in the same year that we celebrate the Freedom Charter as well as celebrating the 103rd anniversary of the mighty African National Congress, where 2015 was declared the year of the Freedom Charter.

ANC led government was not only developing the townships but balancing the imbalances created according to racial lines. There were developments taking place in the Municipal area namely:

SMME Hub- assisting the small businesses in the area. Council need to celebrate on their achievements.

There were also developments taking place of which Council is not always informed. May month is Africa month and we are celebrating this month. Africa is for Africans and we need to support our national teams. ANC led government has a plan to better the lives of the communities.

The achievements of the ANC in National, Provincial and Local Government are evident in all corners of the country and more specific in the municipal areas of Emthanjeni Municipality. With all these successes that the ANC Lead Council brought to the communities of Emthanjeni we acknowledge that we still need to do more for the communities.

The Renewable Energy projects within our municipal area and all other developments are testimonies of the development that is taking place in Emthanjeni. Forming partnerships with Local Government, NGO's and the involvement of the Business/Private Sector will lead to the achievements of greater economic successes when all stakeholders work in hand to build the local economy of Emthanjeni.

The ANC is the only organisation that continue to exist and championing the struggle to improve the lives of the poor and the marginalised masses of our country. As sphere of government we have responsibility of responding to the triple challenge faced by our / masses. We need to contribute to the reduction of poverty, inequality and unemployment particularly amongst the youth. We need to address the stewed development we inherit from the Apartheid regime and to improve skills amongst the previously disadvantage names of our people. The world economy remains under pressure and we are experiencing the hard times in our growth. The South African Economy does not create jobs due to the slow grow. The unstable platinum mining sector also contributes to the current realities that exist in the country. We are not divorced or excluded from these influences on a micro and macro levels.

The African National Congress will continue to serve the people and to create a better life for all.

Our Strategic Planning session identified Strategic Objectives which we as a Council will priorities over the Medium Term Expenditure Framework (MTEF). This will be done on collaboration with National Development Plan (NDP)

The increased demand for electricity remains a priority to capitalize and further develop our natural resources as well as our planning capacity must be in line up with the extent and speed of service delivery. As reflected by the high business energy demands that is being required. All these programmes must be community driven and focused must be for the upliftment of our communities within Emthanjeni Municipality.

This budget was prepared under the back drop of extensive community participation via the Council Meets the people, Ward Meetings and various consultative meetings with agricultural unions, non-governmental organizations, Sector Departments, Community based organizations to mention a few.

Madam Speaker please find the Budget Executive Summary outlining the Capital and operational budget. The total revenue is R268 million the Capital and Operational Budget amounts to R288 million.

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

An Revised IDP was 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 26 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 R67 344 191.

The total is broken down as follows:

1. Capital Grants	R55 957 750
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

2. Borrowed Capital R 3 545 900

2.1 Upgrading of Electricity (augmentation of INEP)	R1 500 000
2.2 Procurement of Smart Meters	R3 545 900

3. Own Capital Funding R 8 340 541

3.1 Resealing and construction of new streets	R2 800 000
-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	R1, 640 541.

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 but the monthly repayment instalments between R260 000 and R280 000 per month over 36 months will be affordable for Emthanjeni Municipality after the cashflow projections have been taken into account.

B. OPERATING BUDGET

1. Budgeted Income

1.1. Total expected Net Rates Income will be R 27 506 699

- 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 R108 110 549

1.2.1 -Electricity amount to	R57 934 597
1.2.2 -Water amounts	R26 111 497
1.2.3 -Sewerage amounts to	R 14 888 233
1.2.4 -Refuse removal amounts to	R8 936 722
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 R23 433 501 of which Prepaid Electricity is comprised of R26,601 million.

1.9 The Total Budgeted Revenue (Income) for the 2015/2016 Financial year are R268 262 456. 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	- R 3 545 900	
1.9.4 Own generation of budgeted income	- R 167 465 556	

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 803 570** (R62 965 013 in 2014/2015)

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

-However an increase of 7% has been provided as result of the current wage negotiations that is still not finalized.

-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 579 928** (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 16 618 102 (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 626 392 (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.

2.7 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.

2.8 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.

2.9 Capital Grants payments amounts to R55 957 750. These amounts are mainly recognized on the income side and also on the expenditure side.

2.10 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.

2.11 Capital projects that are finance from own funds amounts to R 9 886 441 (R6 141 000 in 2014/2015).

2.12 The ward projects are finance from the repair and maintenance category of R2 100 000. Each ward has an allocation of R300 000.

2.13 Other expenditure amounts to R30 477 693 (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 **R288 240 149** which comprise of Operating Budget of **R220 895 958** and the Capital budget of **R67 344 191**. 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 6%
- Other categories will increased see an exponential increments
- The General Valuation Roll will be continued up and till June 2017. 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 2015.
- The owner must be at least sixty five (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 5.7 %
 - 51-350 kWh increase by 7.3%
 - 351 and more kWh units increase by 12.2%

3. Water

- Basic fee will increase by 6%.
- Water consumption will be increased by 6% 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%

5. Refuse removal

- Tariffs increased by 6.5%

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 valuations exempted from paying Rates and taxes)	
1. 50 kWh of electricity	R46.17
2. Water	R82.75
<input type="checkbox"/> Basic fee	R65.42 R0
<input type="checkbox"/> Consumption: 6000 liters (6kl) of water	
<input type="checkbox"/> Consumption: 2000 liters (8kl) of water	R17.44
<i>(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)</i>	
3. Monthly sewerage	R162.30
4. Monthly refuse removal	R101.02
Total monthly subsidized services to Indigent Households	R392.24

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.**

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

- 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.
- The current situation at ESKOM is also contributing the uncertainties and uncontrollable factors experienced by South Africans as a whole.
- 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. But this guideline was not realistically anticipated. Offers from both parties during the Wage negotiations as at 20 May 2015, was well above the 4.4% increment guideline.
- Apart from the normal salary increments, Medical Aid Employers contributions increments will be between 7% and 11 %. This places a heavier financial burden on the revenue sources and impacts on the tariffs 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.
- The weak Rand Foreign Exchange Rate and the increase of Oil prices are also not favorable to the current economic outlook.
- The Macro Economic outlook impacts not only directly on municipalities but forced municipalities to operate within its budgetary means. Expenditure control will be a major controlling factor for the years to come.
- Repair and Maintenance Costs together with labour costs of repairing municipal assets also fall victim of the huge price hikes which needs to be taken into consideration. This is an area where much more investment will be invested over the next few years.

FORECASTING OF REVENUE AND EXPENDITURE

1. REVENUE

1.1. RATES AND TAXES

- Tariffs will increase and decrease depending the on valuation of the property.
- Conservative an increment of 6 % for properties are being anticipated, but the main levy driver will be the valuation of properties. Various category of properties are being levied differently.

1.2. ELECTRICITY

- Electricity Tariffs will increase on a total average between 5.7% for the block of 0-50 kWh and 7.3% for a consumption of 51 -350 kWh and from 351 kWh 12.20% as from 01 July 2015 for prepaid and conventional electricity meters. Final approval for Electricity tariffs is still outstanding from NERSA.

1.3. WATER

- Water will increase by 6 %.
- 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 will increase by 6.5 %.

1.5. SECONDARY TARIFFS

- Secondary Tariffs will increase by ± 9 % for the 2015/2016 financial year.

The total budgeted average increment for all revenue sources will between 5-8 %, except for electricity 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 7%

2.2 EMPLOYEE COSTS: SOCIAL CONTRIBUTIONS

- A provision of an average increment of 7 % has been 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 weighted average of 12.2 % from 01 July 2015 and water will increase on average of 6 %.

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.

BUDGET ANALYSIS

- The overall increases during the 2015/2016 and 2016/2017 financial years reflects an annual increment of ± 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 +- 6% which is in line with the expectations of National Treasury except the electricity tariff.
- Electricity tariffs increments are as per NERSA's guidelines.
- The general tariff increment between 6-9% is also in line with the current economic data available.
- The budget is realistic and external or macro- economic factors as well as micro economic factors were taken into consideration. However, the municipality have no control over these macro conditions that impacts very heavily on the operations of the municipality. These are interest rates, fuel prices, inflation rates, high food prices, unemployment rate, and also statutory levies imposed by National and Provincial Governments, etc.
- The budget is very income generated driven and also focus on building and maintaining infrastructure development within the Emthanjeni Municipality.
- All budgeted income will realised by the extensive efforts that will be enforced by the officials.
- 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.

In conclusion the budget is also income driven and Emthanjeni Municipality are committed towards sustainability and improvement of service delivery for all it residents. The various initiatives that Council will be undertaken will cement 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 budget is prepared under the auspices that this realistic budget.

1.1.1 Extract of Council Budget Resolutions

10 RAADSVERGADERING / COUNCIL MEETING 2015/05/26
10. <u>NUWE MOTIES / VOORSTELLE / NEW MOTIONS / PROPOSALS</u>
10.1 FINALE BEGROTING EN HERSIENE GEINTEGREERDE ONTWIKKELINGSPLAN: FINANSIËLE JAAR 2015/2016 MTJUR / FINAL BUDGET AND REVISED INTEGRATED DEVELOPMENT PLAN: FINANCIAL YEAR 2015/2016 MTEF (S/1/1/16 & 16/2)
1. Agtergrond / Background
<p>In Hoofstuk 4 van die Wet op Munisipale Finansiële Bestuur word die munisipale begrotingsproses duidelik uiteengesit en Artikels 15 tot 27 handel oor die implementering van die jaarlikse begroting.</p> <p>Die Finale Begroting vir 2015/16 word hiemeer aan die Raad voorgelê.</p> <p>Artikel 25 en 34 van Hoofstuk 5 van die Sisteemswet bepaal dat die Hersiene Geïntegreerde Ontwikkelingsplan ook jaarliks aan die Raad voorgelê moet word vir goedkeuring.</p> <p>Die Hersiene Geïntegreerde Ontwikkelingsplan vir 2015/16 word hiemeer aan die Raad voorgelê.</p> <p><i>Chapter 4 of the Municipal Finance Management Act clearly outlines the municipal budget process and Sections 15 to 27 give effect to the implementation of the annual budget.</i></p> <p><i>The Final Budget for 2015/16 is hereby submitted to Council.</i></p> <p><i>In terms of Section 25 and 34 of Chapter 5 of the Systems Act the revised Integrated Development Plan must also be submitted to the Council annually for approval.</i></p> <p><i>The Revised Integrated Development Plan for 2015/16 is hereby submitted to Council.</i></p>
2. Regimplikasies / Legal Implications
<p>Daar is voldoen aan die bepalings van die betrokke artikels in die WMFB en die Sisteemswet.</p> <p>Die Konsepbegroting en Hersiene IDP vir 2015/16 is vir 21 dae geadverteer vir openbare kommentaar in die plaaslike koerant, op die munisipale webtuiste, by biblioteke en die munisipale kantore.</p> <p><i>The provisions of the relevant sections of the MFMA and Municipal Systems Act were complied with.</i></p> <p><i>The Draft Budget and Revised IDP for 2015/16 was advertised for 21 days for public comment in the local newspaper, on the municipal website, at libraries and the municipal offices.</i></p>

11 RAADSVERGADERING / COUNCIL MEETING 2015/05/26
3. Finansiële Implikasies / Financial Implications
<p>Alle uitgawes aangegaan vanaf 1 Julie 2015 sal in ooreenstemming wees met die goedgekeurde begroting soos bepaal in die WMFB.</p> <p><i>All expenditure incurred from 1 July 2015 will be in accordance with the approved budget as set out in the MFMA.</i></p>
4. Voorgestelde Aanbeveling / Proposed Recommendation
<p>Dat die Raad die volgende goedkeur:</p> <ol style="list-style-type: none">Begrotingsrede van die Burgemeester.1.1 Die Begroting vir Totale Inkomste vir 2015/2016 wat R268 262 456 bedra.1.2 Die Begroting vir Totale Kapitaal- en Bedryfsuitgawes vir 2015/2016 wat R268 240 149 bedra, asook aanduidende totale bedrae vir die tydperk van die Mediumtermynuitgaweraamwerk:<ol style="list-style-type: none">1.2.1 Begroting vir Bedryfsuitgawes wat R220 895 958 bedra.1.2.2 Begroting vir Kapitale Uitgawes wat R67 344 191 bedra.1.2.3 Aanwendingsbegrotingsposte volgens die regering se finansiële staatslek funksies.1.3 Verhoging van tariewe soos per tariefskedule<ol style="list-style-type: none">(i) Eiendomsbelasting(ii) Elektrisiteit(iii) Water(iv) Vullisverwydering(v) Riolering / Sanitasie(vi) Sekondêre Tariewe1.4 Die Dienslewings- en Begrotingsimplementeringsplan (DLBIP) vir elke direksoraat, 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. <p>2. Ander begrotingeverwante dokumente:</p>

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RAADSVERGADERING / COUNCIL MEETING
2015/05/26

- (a) Begrotingsimplementeringsbeleid
- (b) Hensiene Eiendomsbelastingbeleid
- (c) Hensiene Kredietbeheer- en Skuldinvorderingsbeleid
- (d) Klantediensbeleid
- (e) Hensiene Behoeftigheidsbeleid, tesame met die begroting vir gesubsideerde gratis dienste soos water, elektrisiteit, vuilnisverwydering en riolering
- (f) Hensiene Tariefbeleid vir water, elektrisiteit en ander munisipale dienste
- (g) Beleggingsbeleid en Beleggingskedule
- (h) Hensiene Beleid: Voorsieningskanaalbestuur
- (i) Hensiene Beleid: Reis- en Verblyf
- (j) Batebestuursbeleid
- (k) ander sake soos voorgeskryf word in Artikel 17 (1)(a-e)
 - (a) Tabel van toekennings en subsidies ingevolge die Wet op Verdeling van Inkomste
 - (b) Voorgeselde vergoedingsuitgawes per tabel vir-
 - (c) (i) Raadslede
 - (i) Burgemeester
 - (ii) Speaker
 - (iv) Lede van die Uitvoerende Komitee
 - (v) Ander gewone Raadslede
 - (d) (i) Munisipale Bestuurder
 - (i) Hoof- Finansiële Beampte
 - (ii) Direkteur: Korporatiewe Dienste
 - (iv) Direkteur: Gemeenskapsdienste
 - (v) Direkteur: Infrastruktuurdienste
 - (vi) Ander Artikel 56-bestuurders

That the Council approve:

- 1. The Mayor's Budget Speech.
 - 1.1 The Total Revenue Budget for 2015/2016 amounting to R268 262 456
 - 1.2 The Total Capital and Operating Budget for 2015/2016 amounting to R268 240 149 and also indicative total amounts for Medium Term Expenditure Framework:
 - 1.2.1 Operating Budget amounting to R230 895 958
 - 1.2.2 Capital Budget amounting to R67 344 191
 - 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 Services Delivery and Budget Implementation Plan (SDBIP) for each

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RAADSVERGADERING / COUNCIL MEETING
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directorate i.e. Municipal Manager, Corporate Services, 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) Budget Implementation Policy
- (b) Revised Property Rates Policy
- (c) Revised Credit Control and Debt Collection Policy
- (d) Customer Care Policy
- (e) Revised Indigent Policy, together with the budget for subsidized free basic services such as water, electricity, refuse and sewerage
- (f) Revised Tariff Policy for water, electricity and other municipal services
- (g) Investment Policy and Schedule of Investments
- (h) Revised Supply Chain Management Policy
- (i) Revised Subsistence and Travel Policy
- (j) Asset Management Policy

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

- (a) Grants and subsidies schedule according to Division of Revenue Act (DORA)
- (b) 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

5. Kommentaar deur die Rekenpligte Beampte / Artikel 82 van die Struktuwewet & 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 die Begroting, Begrotingsbeleide soos hierbo genoem en die Hensiene

Geïntegreerde Ontwikkelingsplan vir 2015/2016 goedkeur.

Council must approve the Budget, Budget Policies set out above and the Revised Integrated Development Plan for 2015/2016.

E. Aanhangele / Attachments

1. Bedryfsbegroting vir Inkomste en Uitgawe vir 2015/2016 volgens funksionele klassifikasie (Opsommingsverslag) word aangeheg as RV 1 tot RV 10.
2. Skedule van Beraemde Tariewe word aangeheg as RV 11 tot RV 25.
3. Hersiene Geïntegreerde Ontwikkelingsplan vir 2015/2016 (Opsomming) word aangeheg as RV 26 tot RV 38.
4. Begrotingsimplementeringsbeleid word aangeheg as RV 39 tot RV 67.
5. Hersiene Eiendomsbelastingsbeleid word aangeheg as RV 68 tot RV 89.
6. Hersiene Kredietbeheer- en Skuldinvorderingsbeleid word aangeheg as RV 90 tot RV 99.
7. Klientediensbeleid word aangeheg as RV 100 tot RV 118.
8. Hersiene Behoeftighedsbeleid en begroting vir gratis basiese dienste word aangeheg as RV 119 tot RV 129.
9. Hersiene Tariefbeleid word aangeheg as RV 130 tot RV 143.
10. Beleggingsbeleid en beleggingskedule word aangeheg as RV 144 tot RV 163.
11. Hersiene Beleid: Voorsieningskanaalbestuur word aangeheg as RV 164 tot RV 232.
12. Hersiene Beleid: Reis- en Verblyf word aangeheg as RV 233 tot RV 241.
13. Batebestuursbeleid word aangeheg as RV 242 tot RV 283.
14. Begrotingsopsomming word aangeheg as RV 284 tot RV 291.
15. Begrotingsaanname word aangeheg as RV 292 tot RV 297.
16. Sleutelbegrotingskwessies word aangeheg as RV 298 tot RV 302.
17. Kapitaalprogram word aangeheg as RV 303.

1. The Operating Income and Expenditure for 2015/2016 by Classification (Summary Report) is attached as RV 1 to RV 10.
2. Schedule of Estimated Tariffs is attached as RV 11 to RV 25.
3. Revised Integrated Development Plan for 2015/2016 (Summary) is attached as RV 26 to RV 38.
4. Budget Implementation Policy is attached as RV 39 to RV 67.
5. Revised Property Rates Policy is attached as RV 68 to RV 89.
6. Revised Credit Control and Debt Collection Policy is attached as RV 90 to RV 99.
7. Customer Care Policy is attached as RV 100 to RV 118.
8. Revised Indigent Policy and budget for free basic services is attached as RV 119 to RV 129.
9. Revised Tariff Policy is attached as RV 130 to RV 143.
10. Investment Policy and Schedule of Investments is attached as RV 144 to RV 163.
11. Revised Supply Chain Management Policy is attached as RV 164 to RV 232.
12. Revised Subsistence and Travel Policy is attached as RV 233 to RV 241.
13. Asset Management Policy is attached as RV 242 to RV 283.
14. Executive Budget Summary is attached as RV 284 to RV 291.
15. Budget Assumptions is attached as RV 292 to RV 297.
16. Key Budget Issues is attached as RV 298 to RV 302.
17. Capital Programme is attached as RV 303.

7. Besluit van die Raad / Resolution of Council

Dat die Raad die volgende goedkeur:

1. Begrotingsrede van die Burgemeester. (Aangeheg)

- 1.1 Die Begroting vir Totale Inkomste vir 2015/2016 wat R268 262 456 bedra.
- 1.2 Die Begroting vir Totale Kapitaal- en Bedryfsuitgawes vir 2015/2016 wat R288 240 149 bedra, asook aanduidende totale bedrae vir die tydperk van die Mediumtermynuitgaweraamwerk:
- 1.2.1 Begroting vir Bedryfsuitgawes wat R220 895 958 bedra.
- 1.2.2 Begroting vir Kapitale Uitgawes wat R67 344 191 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
 - (iv) Vullisverwydering
 - (v) Riolering / Sanitasie
 - (vi) Sekondêre Tariewe
- 1.4 Die Dienslewings- en Begrotingsimplementeringsplan (DLBIP) vir elke direktoraat, dit wil sê Munisipale Bestuurder, Korporatiewe Dienste, Finansiële Dienste, Gemeenskapsdienste en Infrastruktuur dienste soos uiteengesit in elk van die Sleutelprestasiemetingsaamwysers 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:
- (d) Begrotingsimplementeringsbeleid
 - (e) Hersiene Eiendomsbelastingsbeleid
 - (f) Hersiene Kredietbeheer- en Skuldinvorderingsbeleid
 - (g) Klantediensbeleid
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 - (k) Hersiene Beleid: Voorzieningskanaalbestuur
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 - (m) Batebestuursbeleid
 - (n) 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: Infrastruktuur dienste
(vi) Ander Artikel 56-bestuurders

Voorsteller: Raadslid: NS Thomas
Sekondant: Raadslid: GL Nyl

That the Council approves:

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- (i) Rates and Taxes
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- (vi) Secondary Tariffs

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

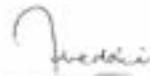
Performance Areas.

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:

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

Proposed: Councillor: NS Thomas
Seconded: Councillor: GL Nyl



VOORSITTER / CHAIRPERSON

2015/06/01

DATUM / DATE

1.1.2 Executive Summary Final 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 solicit 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, 72, 74 and 75.

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

An Revised IDP was 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 26 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 R67 344 191.

The total is broken down as follows:

1. Capital Grants	R55 957 750
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
2. Borrowed Capital	R 3 545 900
2.1 Upgrading of Electricity (augmentation of INEP)	R1 500 000
2.2 Procurement of Smart Meters	R3 545 900
3. Own Capital Funding	R 8 340 541
3.1 Resealing and construction of new streets -R2 800 000 will be financed from surplus internal funding	R2 800 000
3.2 Machinery and Equipment amounts to	R1 900 000
3.3 Other smaller Capital Projects estimated to	R1, 640 541.

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 but the monthly repayment instalments between R260 000 and R280 000 per month over 36 months will be affordable for Emthanjeni Municipality after the cashflow projections have been taken into account.

B. OPERATING BUDGET

3. Budgeted Income

3.1. Total expected Net Rates Income will be R 27 506 699

- 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.

1.9 Other Levied Services budgeted income are almost R108 110 549

- 1.9.1 -Electricity amount to R57 934 597
- 1.9.2 -Water amounts R26 111 497
- 1.9.3 -Sewerage amounts to R 14 888 233
- 1.9.4 -Refuse removal amounts to R8 936 722
- 1.9.5 -Other service charges amounts to R239 500

1.10 Fines will be budgeted for at gross amounts of R7 581 014

1.11 Licenses and permits will be R2 099 234

1.12 Rental of facilities and equipment expected income will be R651 748

1.13 Interest Income will be R1 588 111

- 1.13.1 External Investments amounts to R715 200
- 1.13.2 Interest charged on Arrear accounts amounts to R872 911

1.14 Operating Grants and Subsidies amount to R40 601 000

- 1.14.1 - Equitable Share R35 929 000
- 1.14.2 -Finance Management Grant R 1 600 000
- 1.14.3 -Municipal Systems Grant R 930 000
- 1.14.4 -Library Development Fund R 1 142 000
- 1.7.5 -EPWP R 1 000 000

1.15 Other Budgeted Revenue

Other budgeted revenue amounts to R23 433 501 of which Prepaid Electricity is comprised of R26,601 million.

1.10 The Total Budgeted Revenue (Income) for the 2015/2016 Financial year are R268 262 456. The total budgeted income consists out of

1.10.1 Capital Grants	-	R 56 650 000
1.9.2 Operating Grants and Subsidies	-	R 40 601 000
1.9.3 Borrowed Capital	-	R 3 545 900
1.9.4 Own generation of budgeted income	-	R 167 465 556

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.**
- (viii) **The huge increase in capital grant funding, as well as the transfer of funds from Investment portfolio.**
- (ix) **The increase of Capital Grants.**
- (x) **The acquisition of smart prepaid electricity and water which will be financed from borrowed capital.**

4. Expenditure

2.1 Salary and wages

-The total salaries and social contributions for the year amounts to **R66 803 570** (R62 965 013 in 2014/2015)
 -Annual increase of 4.40 % has been provided as per National Treasury Budget Circular 75/2015.
 -However an increase of 7% has been provided as result of the current wage negotiations that is still not finalized.
 -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%**

2.8 Councillor Remuneration

-Councillor Remuneration amounts for **R4 579 928** (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.

- 2.9 Provision for Bad Debts, working capital reserve to R11 429 410** (R10 826 537 in 2014/2015).
- 2.10 Net Impairment of assets & depreciation estimated at R9 248 185** (R8 680 760 in 2014/2015)
- 2.11 Repair and maintenance total estimation are R 16 618 102** (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)**
- 2.12 Contracted Services costs are budgeted for R9 626 392** (R8 830 182 in 2014/2015)
- 2.13 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.**

- 2.14 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.**
- 2.15 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.
- 2.16 Capital Grants payments amounts to R55 957 750.** These amounts are mainly recognized on the income side and also on the expenditure side.
- 2.17 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.**
- 2.18 Capital projects that are finance from own funds amounts to R 9 886 441** (R6 141 000 in 2014/2015).
- 2.19 The ward projects are finance from the repair and maintenance category of R2 100 000. Each ward has an allocation of R300 000.**
- 2.20 Other expenditure amounts to R30 477 693** (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 **R288 240 149** which comprise of Operating Budget of **R220 895 958** and the Capital budget of **R67 344 191**. This represents a total increase of +/-16% in the relation to the previous year's Budget.

E. Tariff Increments

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

7. Rates and taxes

- Residential and Agricultural properties will increased by 6%
- Other categories will increased see an exponential increments
- The General Valuation Roll will be continued up and till June 2017. 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 2015.
- The owner must be at least sixty five (65) years of age and total gross monthly income or earnings must not exceed
 - (iv) an amount of R4 750 to qualify for a 50% rates rebate
 - (v) an amount of R5 350 to qualify for a 45% rates rebate
 - (vi) 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.

8. Electricity

- Basic fee will increase by 12.2%
- Conventional and Prepaid electricity tariffs will be increase (see tariff schedule)
- 1-50 kWh increase by 5.7 %
- 51-350 kWh increase by 7.3%
- 351 and more kWh units increase by 12.2%

9. Water

- Basic fee will increase by 6%.
- Water consumption will be increased by 6% 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.

10. Sewerage and sanitation

- Tariffs increased by 6.5%

11. Refuse removal

- Tariffs increased by 6.5%

12. All other secondary tariffs.

- Tariffs increased by 9%

F. Indigent households

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

1. Rates (the first R28 000 of municipal valuation s exempted from paying Rates and taxes)	R 0
1. 50 kWh of electricity	R46.17
2. Water	R82.75
➤ Basic fee	R65.42
➤ Consumption: 6000 liters (6kl) of water	R0
➤ Consumption: 2000 liters (8kl) of water	R17.44
<i>(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)</i>	
3. Monthly sewerage	R162.30
4. Monthly refuse removal	R101.02
Total monthly subsidized services to Indigent Households	R392.24

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.**

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 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 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 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 2015/16 MTREF (classified by main revenue source): Table 1 Summary of revenue classified by main revenue source

Description	Ref	2015/16			Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework			
		2011/12	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Revenue By Source												
Property rates	1	14 337	17 220	21 035	23 785	23 785	23 785	23 785	27 503	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	57 935	66 276	78 205	
Service charges - water revenue	2	15 574	16 439	18 746	24 575	23 775	23 775	23 775	26 111	27 404	29 048	
Service charges - sanitation revenue	2	8 797	9 421	10 302	13 906	13 906	13 906	13 906	14 888	15 625	16 563	
Service charges - refuse revenue	2	4 947	5 323	5 705	8 347	8 347	8 347	8 347	8 937	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	23 434	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	211 697	223 884	245 876	

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	%
Revenue By Source								
Property rates	23 785	12.53%	27 503	12.99%	29 039	12.97%	30 926	12.58%
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges - electricity revenue	50 114	26.39%	57 935	27.37%	66 276	29.60%	78 205	31.81%
Service charges - water revenue	23 775	12.52%	26 111	12.33%	27 404	12.24%	29 048	11.81%
Service charges - sanitation revenue	13 906	7.32%	14 888	7.03%	15 625	6.98%	16 563	6.74%
Service charges - refuse revenue	8 347	4.40%	8 937	4.22%	9 379	4.19%	10 036	4.08%
Service charges - other	222	0.12%	240	0.11%	257	0.11%	276	0.11%
Rental of facilities and equipment	603	0.32%	652	0.31%	701	0.31%	751	0.31%
Interest earned - external investments	940	0.50%	715	0.34%	769	0.34%	823	0.33%
Interest earned - outstanding debtors	819	0.43%	873	0.41%	933	0.42%	996	0.41%
Dividends received	-	-	-	-	-	-	-	-
Fines	6 624	3.49%	7 581	3.58%	8 322	3.72%	8 844	3.60%
Licences and permits	1 874	0.99%	2 099	0.99%	2 309	1.03%	2 517	1.02%
Agency services	-	-	-	-	-	-	-	-
Transfers recognised - operational	39 633	20.87%	40 601	19.18%	38 831	17.34%	38 640	15.72%
Other revenue	19 131	10.07%	23 434	11.07%	23 900	10.68%	28 102	11.43%
Gains on disposal of PPE	120	0.06%	130	0.06%	139	0.06%	149	0.06%
Total Revenue (excluding capital transfers and contributions)	189 893	100%	211 697	100%	223 884	100%	245 876	100%

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 R135, 613 million or 50.55 %. 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 11.40 per cent in 2015/16, to 8.36 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.

The largest source of income is generated from Electricity which totals R57, 935. Property Rates is the second largest revenue source totalling 10.25per cent or R27, 503 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

NC073 Emthanjeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	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
RECEIPTS:										
Operating Transfers and Grants										
National Government:		32 679	37 623	38 493	38 876	38 876	38 876	39 459	37 670	37 401
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		-	-	-	-	-	-	-	-	-
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	40 601	38 831	38 640

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 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. Wages negotiations are also not yet finalised which will be above 6% when agreements are reached.

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

1.2.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

Property Rates tariffs increased very conservatively since 2009.

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

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;
- 10 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 further 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 2015 is contained below:

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

Category	Current Tariff (1 July 2014) c/R	Proposed tariff (from 1 July 2015) c/R
Residential properties	0.0121	0.012860
State owned properties	0.0159	0.016934
Business & Guesthouses	0.0126	0.013396
Industrial	0.0161	0.017415
Place of Worship	0.1213	0.128610
Public Benefit Organization	0.01213	0.012861
Mining	0.016275	0.020344
Vacant land	0.016275	0.032550
Farm property where a portion is used for renewable energy generation purpose	-	0.041000

1.2.2 Sale of Water and Impact of Tariff Increases

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

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

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

Better maintenance of infrastructure, new water provision construction programmes and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Emthanjeni Municipality will increase water tariffs by an average of 6 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 6 per cent from 1 July 2015 for water is proposed. This is based on input cost assumptions of between 6 to 15 per cent increase in the cost of bulk water to the water farmers. In addition 6 kℓ water per 30-day period will again be granted free of charge to all households.

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

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
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	7.65
(iii) 16 to 30 kℓ per 30-day period	8.20	8.69
(iv) 31 to 45 kℓ per 30-day period	9.56	10.13
(v) 46 kℓ and more per 30-day period	10.04	10.64
NON-RESIDENTIAL		
Basic fee: Business	276.56	293.16
(i) 1 to 6 kℓ per 30-day period	3.99	4.23
(ii) 7 to 15 kℓ per 30-day period	7.22	7.65
(iii) 16 to 30 kℓ per 30-day period	8.20	8.69
(iv) 31 to 45 kℓ per 30-day period	9.56	10.13
(v) 46 kℓ and more per 30-day period	10.04	10.64

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
Basic Fee	54.55	57.82	3.27	6%
6				0%
15	64.98	68.88	3.90	6%
25	82.00	86.92	4.92	6%
31	50.56	53.59	3.03	6%
51	194.08	205.72	11.64	6%
100	491.96	521.48	29.52	6%

The tariff structure of the 2015/16 financial year has unchanged, however the tariff structure is still designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R10.64 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)

Monthly consumption kWh	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
100	85.00	90.75	5.75	6.34%
250	139.50	149.68	10.18	7.3%
500	371.50	416.82	45.32	12.2%
750	312.50	350.63	38.13	12.2%
1 000	322.50	365.85	43.35	12.2%
2 000	1290.00	1447.38	157.38	12.2%

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

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

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

1.2.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.5 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, 888 million 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 2014/15	PROPOSED TARIFF 2015/16
Residential Households	133.43	142.10
Business	186.50	198.62
Government	251.47	267.82

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 6.5 per cent increase in the waste removal tariff is proposed from 1 July 2015. Higher increases will not be viable in 2015/16 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services.

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

Table 9 Comparison between current waste removal fees and increases

Service	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
Tariff per households container per month or part of a month:	83.20	88.61
Tariff per Special refuse removal *	145.61	155.07
Building rubble*	291.23	310.16

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	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	6.0%	880.94	933.80	989.83
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%	1 256.33	1 409.60	1 581.57
Water: Basic levy		46.24	49.01	51.96	54.55	54.55	54.55	6.0%	57.82	61.29	64.97
Water: Consumption		159.24	168.96	179.02	187.97	187.97	187.97	6.0%	199.25	211.20	223.87
Sanitation		112.03	118.75	125.86	133.42	133.42	133.42	6.5%	142.09	151.33	161.17
Refuse removal		69.86	74.05	78.49	83.20	83.20	83.20	6.5%	88.61	94.37	100.50
Other		-	-	-	-	-	-	-	-	-	-
sub-total		1 824.05	2 131.03	2 376.99	2 527.28	2 527.28	2 527.28	9.1%	2 756.71	3 009.32	3 287.66
VAT on Services		191.49	209.08	222.49	237.47	237.47	237.47		262.61	290.57	321.70
Total large household bill:		2 015.54	2 340.11	2 599.48	2 764.75	2 764.75	2 764.75	9.2%	3 019.32	3 299.89	3 609.36
% increase-decrease			16.1%	11.1%	6.4%	-	-		9.2%	9.3%	9.4%
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	6.0%	666.60	706.60	748.99
Electricity: Basic levy		-	104.94	111.24	117.35	117.35	117.35	12.2%	131.67	147.73	165.76
Electricity: Consumption		485.87	653.02	695.21	746.58	746.58	746.58	12.2%	837.66	939.85	1 054.52
Water: Basic levy		46.24	49.01	51.96	54.55	54.55	54.55	6.0%	57.82	61.29	64.97
Water: Consumption		132.70	132.11	140.04	147.04	147.04	147.04	6.0%	155.86	165.21	175.12
Sanitation		112.03	118.75	125.86	133.42	133.42	133.42	6.5%	142.09	151.33	161.16
Refuse removal		69.86	74.05	78.49	83.20	83.20	83.20	6.5%	88.61	94.37	100.50
Other		-	-	-	-	-	-	-	-	-	-
sub-total		861.14	1 720.60	1 798.87	1 911.01	1 911.01	1 911.01	8.9%	2 080.31	2 266.38	2 471.02
VAT on Services		118.54	158.46	168.39	179.50	179.50	179.50		197.92	218.37	241.08
Total small household bill:		979.68	1 879.07	1 967.27	2 090.51	2 090.51	2 090.51	9.0%	2 278.23	2 484.75	2 712.10
% increase-decrease			91.8%	4.7%	6.3%	-	-		9.0%	9.1%	9.1%
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	6.0%	45.01	47.71	50.58
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		40.16	32.18	34.05	36.50	36.50	36.50	12.2%	40.95	45.95	51.56
Water: Basic levy		46.24	49.01	51.96	54.55	54.55	54.55	6.0%	57.82	61.29	64.97
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		112.03	118.75	125.86	133.42	133.42	133.42	6.5%	142.09	151.33	161.16
Refuse removal		69.86	74.05	78.49	83.20	83.20	83.20	6.5%	88.61	94.37	100.50
Other		-	-	-	-	-	-	-	-	-	-
sub-total		282.34	313.08	330.61	350.13	350.13	350.13	7.0%	374.48	400.65	428.77
VAT on Services		37.56	38.36	40.65	43.07	43.07	43.07	#NAME?	46.13	49.41	52.95
Total small household bill:		319.90	351.43	371.25	393.21	393.21	393.21	7.0%	420.61	450.06	481.72
% increase-decrease			9.9%	5.6%	5.9%	-	-		7.0%	7.0%	7.0%

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	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										
Employee related costs	45 675	56 449	59 894	62 980	62 965	62 965	62 965	66 804	69 777	73 883
Remuneration of councillors	3 421	3 694	4 157	4 308	4 261	4 261	4 261	4 580	4 787	5 074
Debt impairment	16 971	12 035	47 932	10 827	10 503	10 503	10 503	11 429	12 078	12 822
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
Bulk purchases	34 106	38 781	43 536	47 529	47 529	47 529	47 529	53 094	55 749	59 094
Other materials	-	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	25 901	25 409	26 087	34 793	35 278	35 278	35 278	41 969	43 870	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	220 896	232 560	247 981

The budgeted allocation for employee related costs for the 2015/16 financial year totals R66, 804 million, which equals 30.24 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement and as per National Treasury Budget Circular 75/2015, salary increases have been factored at a percentage increase of 4.4 per cent for the 2015/16 financial year. However an increase of 7% has been provided as result of the current wage negotiations that is still not finalized. 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 2015/16 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 15.94 per cent for 2015/16 and curbed at 4.33 and 6 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 2015/16 financial year.

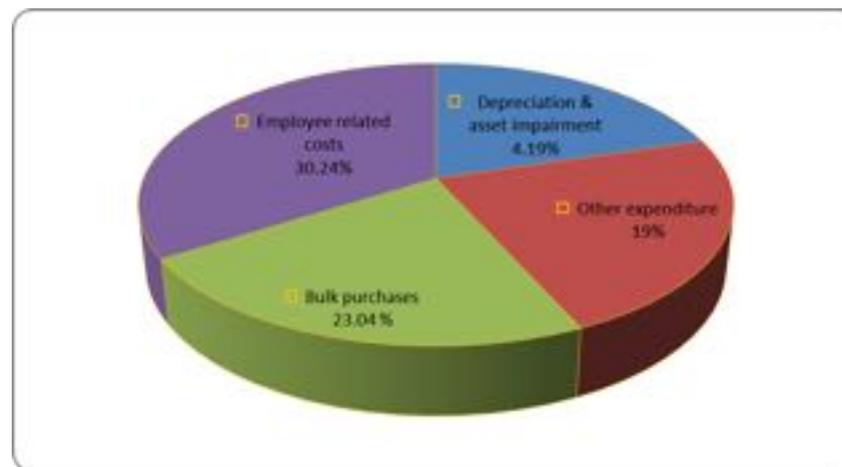


Figure 1 Main operational expenditure categories for the 2015/16 financial year

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	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	Forecast	outcome	2015/16	+1 2016/17	+2 2017/18
R thousand										
Repairs and Maintenance										
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	7 970	8 387	9 009
Other Expenditure	-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	8 679	8 471	11 611	12 491	12 491	12 491	12 491	16 618	17 468	18 629

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 7.52, 7.51 and 7.51 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	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year	
	Outcome	Outcome	Outcome	Budget	Budget	Forecast	2015/16	+1 2016/17	+2 2017/18	
R thousand										
Repairs and Maintenance by Asset Class										
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	6 489	1 651	4 958	4 516	4 516	4 516	8 377	7 137	7 627	
TOTAL EXPENDITURE	8 679	8 471	11 611	12 491	12 491	12 491	16 618	17 468	18 629	

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 June 2015. 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 2015/16 Medium-term capital budget per vote

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	Forecast	outcome	2015/16	+1 2016/17	+2 2017/18
R thousand										
Capital Expenditure - Standard										
Governance and administration	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	167	177	
Budget and treasury office	597	432	79	1 317	1 317	1 317	1 369	1 438	1 524	
Corporate services	-	-	120	370	370	370	370	528	573	
Community and public safety	3 838	1 194	777	631	631	631	631	657	689	731
Community and social services	211	856	63	295	295	295	295	307	322	
Sport and recreation	-	42	-	251	251	251	251	261	275	
Public safety	-	294	-	85	85	85	85	88	93	
Housing	3 627	2	714	-	-	-	-	-	-	
Health	-	-	-	-	-	-	-	-	-	
Economic and environmental services	9 639	2 048	15 901	14 728	14 728	14 728	14 728	11 737	15 034	15 685
Planning and development	60	5	500	12	12	12	12	12	13	
Road transport	9 579	2 043	15 401	14 716	14 716	14 716	14 716	11 724	15 021	
Environmental protection	-	-	-	-	-	-	-	-	-	
Trading services	3 991	9 960	3 995	23 390	6 700	6 700	6 700	52 895	33 375	5 881
Electricity	1 833	3 145	2 314	1 300	1 300	1 300	1 300	6 726	5 912	
Water	1 875	6 815	1 681	17 110	420	420	420	10 180	27 430	
Waste water management	283	-	-	3 180	3 180	3 180	3 180	35 958	-	
Waste management	-	-	-	1 800	1 800	1 800	1 800	31	33	
Other	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure - Standard	18 517	13 721	21 457	40 589	23 899	23 899	23 899	67 344	51 276	24 593

For 2015/16 an amount of R67, 344 million has been budgeted for the development of assets. Infrastructure Assets represents 95.32 per cent of the total capital budget. In the outer years this amount totals R51, 276 million, 93.56 per cent and R24, 593 million, 85.83 per cent respectively for each of the financial years. Waste water management receives the highest allocation of R35, 958 million followed by Roads of R11, 724 million in 2015/16 financial years. Water will receive the highest allocation of R27, 430 million in 2016/17 and will be replaced by Roads and will receive R15, 671 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:

1.5 Annual Budget Tables - Emthanjeni Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

NC073 Emthanjeni - Table A1 Budget Summary

Description	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										
Financial Performance										
Property rates	14 561	17 323	21 185	23 785	23 785	23 785	23 785	27 503	29 039	30 926
Service charges	75 541	79 889	91 655	100 512	96 365	96 365	96 365	108 111	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	34 768	36 304	41 359
Total Revenue (excluding capital transfers and contributions)	140 300	164 039	185 183	200 193	189 893	189 893	189 893	211 697	223 884	245 876
Employee costs	45 675	56 449	59 894	62 980	62 965	62 965	62 965	66 804	69 777	73 883
Remuneration of councillors	3 421	3 694	4 157	4 308	4 261	4 261	4 261	4 580	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	63 028	67 199	72 844
Total Expenditure	205 896	218 175	265 066	201 667	202 004	202 004	202 004	220 896	232 560	247 981
Surplus/(Deficit)	(65 597)	(54 137)	(79 883)	(1 474)	(12 111)	(12 111)	(12 111)	(9 199)	(8 676)	(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 a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(56 243)	(42 686)	(66 781)	27 774	597	597	(12 111)	47 366	32 759	11 536
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(56 243)	(42 686)	(66 781)	27 774	597	597	(12 111)	47 366	32 759	11 536
Capital expenditure & funds sources										
Capital expenditure	18 517	13 721	21 457	40 589	23 899	23 899	23 899	67 344	51 276	24 593
Transfers recognised - capital	13 252	12 139	15 313	28 448	11 908	11 908	11 908	55 958	40 840	13 526
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	6 000	6 000	6 000	6 000	5 046	3 723	3 947
Internally generated funds	5 265	1 582	6 144	6 141	5 991	5 991	5 991	6 341	6 712	7 121
Total sources of capital funds	18 517	13 721	21 457	40 589	23 899	23 899	23 899	67 344	51 276	24 593
Financial position										
Total current assets	114 802	139 835	119 418	78 943	78 943	78 943	74 164	109 842	112 763	109 696
Total non current assets	1 030 475	976 067	929 172	948 055	948 055	948 055	939 684	944 097	991 887	1 011 195
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	67 490	70 312	69 331
Community wealth/Equity	1 069 504	1 022 787	956 006	963 974	963 974	963 974	919 202	953 136	998 718	1 018 223
Cash flows										
Net cash from (used) operating	25 306	16 875	13 042	43 672	16 151	16 151	13 512	55 260	46 356	22 609
Net cash from (used) investing	(19 171)	(13 186)	(20 893)	(40 469)	(23 779)	(23 779)	(5 679)	(59 374)	(45 419)	(20 504)
Net cash from (used) financing	(2 050)	(2 275)	(2 504)	2 751	2 751	2 751	(1 580)	1 096	(1 361)	(873)
Cash/cash equivalents at the year end	9 225	10 640	285	3 324	(4 592)	(4 592)	3 624	606	182	1 415
Cash backing/surplus reconciliation										
Cash and investments available	9 236	10 654	307	13 606	13 606	13 606	1 421	11 503	10 748	13 128
Application of cash and investments	(14 742)	(21 650)	(10 646)	(4 114)	(8 099)	(8 099)	14 995	4 478	(1 405)	614
Balance - surplus (shortfall)	23 978	32 304	10 952	17 720	21 705	21 705	(13 573)	7 025	12 153	12 514
Asset management										
Asset register summary (WDV)	1 030 342	976 803	871 175	947 887	943 615	943 615	935 454	935 454	983 244	1 002 552
Depreciation & asset impairment	68 668	69 275	68 084	8 681	8 681	8 681	8 681	9 248	9 711	10 291
Renewal of Existing Assets	3 227	5 437	9 159	10 141	9 991	9 991	9 991	11 386	10 436	11 067
Repairs and Maintenance	8 679	8 471	11 611	12 491	12 491	12 491	16 618	16 618	17 468	18 629
Free services										
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
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	0	0	1	19	19	19	0	0	0	0
Energy:	0	0	1	1	1	1	1	1	1	0
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

- 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.
- 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:
 - The operating surplus/(deficit) (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - 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.
- 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.
- 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			
					Audited Outcome	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Revenue - Standard											
Revenue and administration		34 711	41 938	43 770	42 548	42 548	42 548	46 348	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	42 932	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	198 576	201 634	189 863	
Electricity		58 063	52 352	60 590	75 900	71 350	71 350	83 494	92 232	109 322	
Water		19 016	29 792	25 603	45 961	28 621	28 621	41 211	69 570	39 764	
Waste water management		15 992	17 737	18 167	25 982	22 802	22 802	59 345	24 987	25 333	
Waste management		9 134	10 472	11 687	15 612	13 842	13 842	14 526	14 845	15 443	
Other	4	-	-	-	-	-	-	-	-	-	
Total Revenue - Standard	2	149 654	175 490	198 285	229 441	202 601	202 601	268 262	265 319	259 517	
Expenditure - Standard											
Revenue and administration		30 946	38 789	44 888	43 503	43 510	43 510	46 086	48 253	51 215	
Executive and council		7 669	15 139	15 494	12 680	12 897	12 897	13 292	13 992	14 831	
Budget and treasury office		15 412	14 896	18 325	18 910	18 489	18 489	20 440	21 345	22 692	
Corporate services		7 865	8 755	11 069	11 914	12 124	12 124	12 354	12 917	13 692	
Community and public safety		49 619	23 420	35 256	25 764	25 967	25 967	29 011	31 949	35 323	
Community and social services		4 865	5 895	20 439	10 559	10 246	10 246	11 629	12 215	12 954	
Sport and recreation		33 033	3 299	3 341	3 948	4 384	4 384	4 162	4 848	5 165	
Public safety		8 018	9 304	6 771	9 018	9 058	9 058	10 818	12 410	14 579	
Housing		3 534	4 843	4 630	2 069	2 109	2 109	2 218	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	24 706	24 706	27 157	28 043	29 708	
Planning and development		8 624	6 051	18 450	9 647	9 752	9 752	10 663	10 835	11 485	
Road transport		8 633	10 646	20 604	15 034	15 034	15 034	16 493	17 208	18 223	
Environmental protection		-	-	-	-	-	-	-	-	-	
Trading services		106 596	137 979	144 247	106 811	106 833	106 833	117 903	123 549	130 922	
Electricity		54 353	74 911	82 559	64 771	61 956	61 956	69 900	73 279	77 676	
Water		32 572	26 484	32 710	14 979	17 091	17 091	15 894	16 645	17 643	
Waste water management		11 300	16 377	15 771	12 298	12 623	12 623	16 925	17 578	18 753	
Waste management		8 370	20 206	13 206	14 763	15 163	15 163	15 184	16 047	16 850	
Other	4	1 479	1 290	1 621	907	907	907	739	767	813	
Total Expenditure - Standard	3	205 896	218 175	265 066	201 667	202 004	202 004	220 896	232 560	247 981	
Surplus/(Deficit) for the year		(56 243)	(42 686)	(66 781)	27 774	597	597	47 366	32 759	11 536	

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

- 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.
- 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.
- 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.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

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

NC073 Emthanjeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)											
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
					Audited Outcome	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Revenue by Vote	1										
Revenue by Vote	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	43 012	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	39	42	45	
Vote 11 - WASTE MANAGEMENT		9 134	10 472	11 687	15 612	13 842	13 842	14 526	14 845	15 443	
Vote 12 - WASTE WATER MANAGEMENT		15 992	17 737	18 167	25 982	22 802	22 802	59 345	24 987	25 333	
Vote 13 - ELECTRICITY		58 063	52 352	60 590	75 900	71 350	71 350	83 494	92 232	109 322	
Vote 14 - WATER		19 016	29 792	25 603	45 961	28 621	28 621	41 211	69 570	39 764	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	
Total Revenue by Vote	2	149 654	175 490	198 285	229 441	202 601	202 601	268 262	265 319	259 517	
Expenditure by Vote to be appropriated	1										
Vote 1 - EXECUTIVE AND COUNCIL		7 669	15 139	15 494	12 680	12 897	12 897	13 292	13 992	14 831	
Vote 2 - FINANCE AND ADMINISTRATION		23 277	23 650	29 395	30 824	30 613	30 613	32 794	34 261	36 384	
Vote 3 - PLANNING AND DEVELOPMENT		8 624	6 051	18 450	9 647	9 752	9 752	10 663	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	11 629	12 215	12 954	
Vote 6 - PUBLIC SAFETY		8 018	9 304	6 771	9 018	9 058	9 058	10 818	12 410	14 579	
Vote 7 - SPORT AND RECREATION		33 033	3 299	3 341	3 948	4 384	4 384	4 162	4 848	5 165	
Vote 8 - ROAD TRANSPORT		8 633	10 646	20 604	15 034	15 034	15 034	16 493	17 208	18 223	
Vote 9 - OTHER		1 479	1 290	1 621	907	907	907	739	767	813	
Vote 10 - HOUSING SERVICES		3 534	4 843	4 630	2 069	2 109	2 109	2 218	2 284	2 421	
Vote 11 - WASTE MANAGEMENT		8 370	20 206	13 206	14 763	15 163	15 163	15 184	16 047	16 850	
Vote 12 - WASTE WATER MANAGEMENT		11 300	16 377	15 771	12 298	12 623	12 623	16 925	17 578	18 753	
Vote 13 - ELECTRICITY		54 353	74 911	82 559	64 771	61 956	61 956	69 900	73 279	77 676	
Vote 14 - WATER		32 572	26 484	32 710	14 979	17 091	17 091	15 894	16 645	17 643	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	
Total Expenditure by Vote	2	205 896	218 175	265 066	201 667	202 004	202 004	220 896	232 560	247 981	
Surplus/(Deficit) for the year	2	(56 243)	(42 686)	(66 781)	27 774	597	597	47 366	32 759	11 536	

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		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
Electricity									
Total Revenue (incl capital grants and transfers)	58 063	52 352	60 590	75 900	71 350	71 350	83 494	92 232	109 322
Operating Expenditure	54 353	74 911	82 559	64 771	61 956	61 956	69 900	73 279	77 676
Surplus/(Deficit) for the year	3,710	- 22,559	-21,969	11,129	9,394	9,394	13,594	18,953	31,646
Percentage Surplus	6%	(30)%	(26)%	14%	13%	13%	16%	20%	29%
Water									
Total Revenue (incl capital grants and transfers)	19 016	29 792	25 603	45 961	28 621	28 621	41 211	69 570	39 764
Operating Expenditure	32 572	26 484	32 710	14 979	17 091	17 091	15 894	16 645	17 643
Surplus/(Deficit) for the year	- 13,556	3,308	-7,107	30,982	11,530	11,530	25,317	52,925	22,121
Percentage Surplus	(38%)	11%	(22%)	67%	40%	40%	61%	76%	55%

- The electricity trading surplus increased over the 2015/16 MTREF from 16 per cent or R13, 594 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	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																			
Revenue By Source																				
Property rates	2	14 337	17 220	21 035	23 785	23 785	23 785	23 785	23 785	27 503	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	50 114	57 935	66 276	78 205								
Service charges - water revenue	2	15 574	16 439	18 746	24 575	23 775	23 775	23 775	23 775	26 111	27 404	29 048								
Service charges - sanitation revenue	2	8 797	9 421	10 302	13 906	13 906	13 906	13 906	13 906	14 888	15 625	16 563								
Service charges - refuse revenue	2	4 947	5 323	5 705	8 347	8 347	8 347	8 347	8 347	8 937	9 379	10 036								
Service charges - other		466	428	415	69	222	222	222	222	240	257	276								
Rental of facilities and equipment		587	947	722	755	603	603	603	603	652	701	751								
Interest earned - external investments		585	1 595	1 030	940	940	940	940	940	715	769	823								
Interest earned - outstanding debtors		1 116	494	625	819	819	819	819	819	873	933	996								
Dividends received		-	-	-	-	-	-	-	-	-	-	-								
Fines		6 703	12 611	19 521	6 624	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	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	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	19 131	23 434	23 900	28 102								
Gains on disposal of PPE		3	319	164	120	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	189 893	211 697	223 884	245 876								
Expenditure By Type																				
Employee related costs	2	45 675	56 449	59 894	62 980	62 965	62 965	62 965	62 965	66 804	69 777	73 883								
Remuneration of councillors		3 421	3 694	4 157	4 308	4 261	4 261	4 261	4 261	4 580	4 787	5 074								
Debt impairment	3	16 971	12 035	47 932	10 827	10 503	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	8 681	9 248	9 711	10 291								
Finance charges		1 284	1 758	1 608	1 700	2 530	2 530	2 530	2 530	2 556	2 671	2 810								
Bulk purchases	2	34 106	38 781	43 536	47 529	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	8 350	8 648	9 081	9 620								
Contracted services		8 687	8 095	7 228	8 830	8 238	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	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	35 278	41 969	43 870	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	202 004	220 896	232 560	247 981								
Surplus/(Deficit)		(65 597)	(54 137)	(79 883)	(1 474)	(12 111)	(12 111)	(12 111)	(12 111)	(9 199)	(8 676)	(2 105)								
Transfers recognised - capital		9 354	11 451	13 102	29 248	12 708	12 708	12 708	12 708	56 565	41 435	13 641								
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-	-								
Contributed assets		-	-	-	-	-	-	-	-	-	-	-								
Surplus/(Deficit) after capital transfers & contributions		(56 243)	(42 686)	(66 781)	27 774	597	597	597	597	(12 111)	47 366	32 759	11 536							
Taxation																				
Surplus/(Deficit) after taxation		(56 243)	(42 686)	(66 781)	27 774	597	597	597	597	(12 111)	47 366	32 759	11 536							
Attributable to minorities																				
Surplus/(Deficit) attributable to municipality		(56 243)	(42 686)	(66 781)	27 774	597	597	597	597	(12 111)	47 366	32 759	11 536							
Share of surplus/ (deficit) of associate	7																			
Surplus/(Deficit) for the year		(56 243)	(42 686)	(66 781)	27 774	597	597	597	597	(12 111)	47 366	32 759	11 536							

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

1. Total revenue is R268, 262 million in 2015/16 and decreases to R265, 319 million by 2016/17. This represents an increase of 24.48 per cent for the 2015/16 financial year and decreases by 1.1 per cent for the 2016/17 financial year.
2. Revenue to be generated from property rates is R27, 503 million in the 2015/16 financial year and increases to R29, 039 million by 2016/17 which represents 10.25 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent across the MTREF.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R108, 111 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 2015/16 financial year services charges amount to 40.31 per cent of the total revenue base and grows by 9.11 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
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
Capital expenditure - Vote	2										
Multi-year expenditure - to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	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]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	2 000	7 608	-	16 640	100	100	100	10 000	27 240	-
Single-year expenditure - to be appropriated	2										
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	88	93	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	11 724	15 021	15 671
Vote 9 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES		3 627	2	714	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT		-	-	-	1 800	1 800	1 800	1 800	31	33	34
Vote 12 - WASTE WATER MANAGEMENT		100	-	-	3 180	3 180	3 180	3 180	35 958	-	-
Vote 13 - ELECTRICITY		1 833	3 145	2 314	1 300	1 300	1 300	1 300	6 726	5 912	5 647
Vote 14 - WATER		58	5	1 681	470	320	320	320	180	190	200
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	16 517	6 113	21 457	23 949	23 799	23 799	23 799	23 799	57 344	24 036	24 593
Total Capital Expenditure - Vote	18 517	13 721	21 457	40 589	23 899	23 899	23 899	23 899	67 344	51 276	24 593
Capital Expenditure - Standard											
Governance and administration		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
Community and public safety		3 838	1 194	777	631	631	631	631	657	689	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	88	93	98
Housing		3 627	2	714	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		9 639	2 048	15 901	14 728	14 728	14 728	14 728	11 737	15 034	15 685
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	11 724	15 021	15 671
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		3 991	9 960	3 995	23 390	6 700	6 700	6 700	52 895	33 375	5 881
Electricity		1 833	3 145	2 314	1 300	1 300	1 300	1 300	6 726	5 912	5 647
Water		1 875	6 815	1 681	17 110	420	420	420	10 180	27 430	200
Waste water management		283	-	-	3 180	3 180	3 180	3 180	35 958	-	-
Waste management		-	-	-	1 800	1 800	1 800	1 800	31	33	34
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	18 517	13 721	21 457	40 589	23 899	23 899	23 899	67 344	51 276	24 593
Funded by:											
National Government		13 252	12 139	15 313	28 448	11 908	11 908	11 908	55 958	40 840	13 526
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	13 252	12 139	15 313	28 448	11 908	11 908	11 908	55 958	40 840	13 526
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	6 000	6 000	6 000	6 000	5 046	3 723	3 947
Internally generated funds	6	5 265	1 582	6 144	6 141	5 991	5 991	5 991	6 341	6 712	7 121
Total Capital Funding	7	18 517	13 721	21 457	40 589	23 899	23 899	23 899	67 344	51 276	24 593

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2015/16 has been allocated of the total R10, 000 million capital budget, which totals 14.85 per cent.

3. Single-year capital expenditure has been appropriated at R57, 344 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, internally generated funds from current year surpluses as well as borrowings from financial institutions. For 2015/16, capital transfers totals R55, 958 million (83.09 per cent) and decreases to R40, 840 million by 2016/17(79.65 per cent). Internally generated funding totaling R6, 341 million, R6, 712 million and R7, 121 million for each of the respective financial years of the MTREF. Borrowings equates to R5, 046 million, R3, 723 million and R3, 947 over the 2015 MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 19 MBRR Table A6 - Budgeted Financial Position

Description		2015/16 Medium Term Revenue & Expenditure Framework									
		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
ASSETS											
Current assets											
		14 379	17 196	12 210	2 844	2 844	2 844	116	3 128	2 784	2 010
		–	–	–	11 788	11 788	11 788	–	9 070	9 342	9 528
1		38 361	46 604	30 489	9 171	9 171	9 171	9 171	20 584	21 935	23 268
		7 789	12 586	13 627	9 243	9 243	9 243	1 770	10 167	15 809	14 307
		79	26	32	–	–	–	–	–	–	–
2		54 194	63 424	63 059	45 899	45 899	45 899	63 107	66 894	62 894	60 583
		114 802	139 835	119 418	78 943	78 943	78 943	74 164	109 842	112 763	109 696
Non current assets											
		1	1	1	–	4 272	4 272	5 004	–	–	–
		11	14	21	–	–	–	10 575	8 575	8 575	8 575
		3 100	5 004	5 004	4 272	–	–	140 013	5 004	5 004	5 004
		–	–	–	–	–	–	–	–	–	–
3		1 026 180	970 415	923 699	942 332	942 332	942 332	783 687	930 037	977 828	997 102
		–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–
		1 062	538	384	1 283	1 283	1 283	384	413	413	446
		121	95	63	168	168	168	21	68	68	68
		1 030 475	976 067	929 172	948 055	948 055	948 055	939 684	944 097	991 887	1 011 195
		1 145 277	1 115 902	1 048 590	1 026 998	1 026 998	1 026 998	1 013 847	1 053 938	1 104 651	1 120 891
LIABILITIES											
Current liabilities											
1		5 154	6 557	11 925	1 026	1 026	1 026	9 269	9 269	9 952	6 985
4		2 257	2 485	2 758	1 374	1 374	1 374	2 502	3 003	3 391	3 765
		1 782	1 825	1 949	1 932	1 932	1 932	2 029	2 191	2 499	2 690
4		27 087	28 690	21 627	11 306	11 306	11 306	21 814	16 752	17 562	17 931
		778	1 302	1 414	2 017	2 017	2 017	55 865	2 097	2 218	1 966
		37 058	40 848	39 672	17 654	17 654	17 654	91 479	33 313	35 622	33 336
Non current liabilities											
		33 641	6 008	3 231	11 176	11 176	11 176	3 166	14 777	14 016	13 406
		5 073	46 259	49 680	34 194	34 194	34 194	–	52 713	56 295	55 925
		38 714	52 267	52 911	45 370	45 370	45 370	3 166	67 490	70 312	69 331
		75 772	93 115	92 583	63 024	63 024	63 024	94 645	100 803	105 933	102 667
		1 069 504	1 022 787	956 006	963 974	963 974	963 974	919 202	953 136	998 718	1 018 223
COMMUNITY WEALTH/EQUITY											
		1 069 504	1 022 787	956 006	692 667	692 667	692 667	916 950	953 136	998 718	1 018 223
4		–	–	–	271 307	271 307	271 307	2 253	–	–	–
		–	–	–	–	–	–	–	–	–	–
		1 069 504	1 022 787	956 006	963 974	963 974	963 974	919 202	953 136	998 718	1 018 223

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- 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.
- 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

- 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.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

NC073 Emthanjeni - Table A7 Budgeted Cash Flows

Description	Ref	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					
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	25 578	28 296	29 071					
Service charges		76 227	66 533	80 959	95 404	91 557	91 557	55 129	99 481	113 634	127 758					
Other revenue		7 177	12 295	2 757	34 852	28 231	28 231	16 978	32 048	33 647	36 999					
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)	(184 234)	(194 001)	(207 148)					
Finance charges		(1 284)	(1 758)	(1 606)	(1 700)	(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	13 512	55 260	46 356	22 609					
CASH FLOWS FROM INVESTING ACTIVITIES																
Receipts																
Proceeds on disposal of PPE		47	558	632	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	-	-	-	-	-	2 800	2 000	-					
Payments																
Capital assets		(19 297)	(13 822)	(21 550)	(40 589)	(23 899)	(23 899)	(6 753)	(62 298)	(47 553)	(20 647)					
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19 171)	(13 186)	(20 893)	(40 469)	(23 779)	(23 779)	(5 679)	(59 374)	(45 419)	(20 504)					
CASH FLOWS FROM FINANCING ACTIVITIES																
Receipts																
Short term loans		-	-	-	6 000	6 000	6 000	-	-	-	-					
Borrowing long term/refinancing		-	-	-	-	-	-	-	5 046	3 723	3 947					
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)	(4 084)	(5 222)	(4 961)					
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2 050)	(2 275)	(2 304)	2 751	2 751	2 751	(1 580)	1 096	(1 361)	(873)					
NET INCREASE/(DECREASE) IN CASH HELD		4 085	1 415	(10 354)	5 954	(4 877)	(4 877)	6 253	(3 017)	(425)	1 233					
Cash/cash equivalents at the year begin:	2	5 141	9 225	10 640	(2 629)	285	285	(2 629)	3 624	606	182					
Cash/cash equivalents at the year end:	2	9 225	10 640	285	3 324	(4 592)	(4 592)	3 624	606	182	1 415					

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

- It can be seen that the cash levels of the Municipality increased significantly over the 2015/16 MTREF.
- 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.
- 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.
- 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.
- In the 2015/16 MTREF external sources of funding would be sought for a fleet of infrastructure vehicles, expected cash and cash equivalents totals R0.606 million as at the end of the 2015/16 financial year and escalates to R1.415 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					
Cash and investments available																
Cash/cash equivalents at the year end	1	9 225	10 640	285	3 324	(4 592)	(4 592)	3 624	606	182	1 415					
Other current investments > 90 days		(0)	(0)	-	10 281	18 198	18 198	(12 777)	2 322	1 991	3 138					
Non current assets - Investments	1	11	14	21	-	-	-	10 575	8 575	8 575	8 575					
Cash and investments available:		9 236	10 654	307	13 606	13 606	13 606	1 421	11 503	10 748	13 128					
Application of cash and investments																
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)	2 461	(13 093)	(19 963)	(19 029)					
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	-	-	-					
Total Application of cash and investments:		(14 742)	(21 650)	(10 646)	(4 114)	(8 099)	(8 099)	14 995	4 478	(1 405)	614					
Surplus(shortfall)		23 978	32 304	10 952	17 720	21 705	21 705	(13 573)	7 025	12 153	12 514					

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

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- 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.
- 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".
- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- From the table it can be seen that for the period 2011/12 to 2015/16 the surplus decreased from R23 million to R7 million.
- 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.
- 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	2015/16 Medium Term Revenue & Expenditure Framework			Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		2011/12	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
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
CAPITAL EXPENDITURE										
Total New Assets	1	15 190	8 284	12 299	30 448	13 908	13 908	55 958	40 840	13 526
Infrastructure - Road transport		1 738	4 084	10 682	13 808	13 808	13 808	8 500	11 600	12 026
Infrastructure - Electricity		–	–	918	–	–	–	1 500	2 000	1 500
Infrastructure - Water		3 585	–	699	16 640	100	100	10 000	27 240	–
Infrastructure - Sanitation		6 000	4 200	–	–	–	–	35 958	–	–
Infrastructure - Other		730	–	–	–	–	–	–	–	–
Infrastructure		12 053	8 284	12 299	30 448	13 908	13 908	55 958	40 840	13 526
Community		1 000	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	3 327	5 437	9 159	10 141	9 991	9 991	11 386	10 436	11 067
Infrastructure - Road transport		1 490	761	4 640	500	500	500	2 800	3 000	3 200
Infrastructure - Electricity		–	412	611	250	250	250	5 226	3 912	4 147
Infrastructure - Water		–	17	406	470	320	320	180	190	200
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	652	1 312	30	30	30	31	33	34
Infrastructure		1 490	1 842	6 969	1 250	1 100	1 100	8 237	7 135	7 581
Community		–	1 231	63	396	396	396	353	380	415
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	62	–	–	–	–	884	928	984
Total Capital Expenditure	4	3 228	4 845	15 322	14 308	14 308	14 308	11 300	14 600	15 226
Infrastructure - Road transport		3 228	4 845	15 322	14 308	14 308	14 308	11 300	14 600	15 226
Infrastructure - Electricity		–	412	1 528	250	250	250	6 726	5 912	6 547
Infrastructure - Water		3 585	17	1 106	17 110	420	420	10 180	27 430	200
Infrastructure - Sanitation		6 000	4 200	–	–	–	–	35 958	–	–
Infrastructure - Other		730	652	1 312	30	30	30	31	33	34
Infrastructure		13 543	10 126	19 268	31 698	15 008	15 008	64 195	47 975	21 107
Community		1 000	1 231	63	396	396	396	353	380	415
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		3 974	2 301	2 126	8 495	8 495	8 495	1 913	1 992	2 087
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	62	–	–	–	–	884	928	984
TOTAL CAPITAL EXPENDITURE - Asset class	2	18 517	13 721	21 457	40 589	23 899	23 899	67 344	51 276	24 593
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		480 979	492 059	300 765	325 791	325 791	325 791	317 410	331 379	345 530
Infrastructure - Electricity		64 762	51 035	55 118	68 752	68 752	68 752	55 797	61 078	65 650
Infrastructure - Water		112 077	97 954	100 790	121 745	121 745	121 745	112 244	139 043	138 168
Infrastructure - Sanitation		129 804	112 359	118 142	127 460	127 460	127 460	143 736	143 105	142 000
Infrastructure - Other		54 967	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	633 048	678 466	695 239
Community		114 057	155 551	224 026	222 971	222 971	222 971	223 324	223 704	224 120
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	73 665	75 657	77 744
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	935 454	983 244	1 002 552
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	4 471	11 611	12 491	12 491	12 491	16 618	17 468	18 020
Infrastructure - Road transport		502	1 368	1 277	1 592	1 592	1 592	1 866	1 866	2 049
Infrastructure - Electricity		50	1 495	920	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		6 489	1 651	4 958	4 516	4 516	4 516	8 377	7 137	7 627
TOTAL EXPENDITURE OTHER ITEMS	6, 7	77 347	77 746	79 695	21 171	21 171	21 171	25 866	27 178	28 920
Renewal of Existing Assets as % of total capex		18.0%	39.6%	42.7%	25.0%	41.8%	41.8%	16.9%	20.4%	45.0%
Renewal of Existing Assets as % of deprecn		4.8%	7.8%	13.5%	116.8%	115.1%	115.1%	123.1%	107.5%	107.5%
R&M as a % of PPE		0.8%	0.9%	1.3%	1.3%	1.3%	1.3%	1.6%	1.8%	1.9%
Renewal and R&M as a % of PPE		1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%

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. 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	2015/16 Medium Term Revenue & Expenditure Framework			Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		2011/12	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
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	5	–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	8 067	8 309	10 109	10 614	10 614	10 614	12 615	13 279	14 339
Sanitation/sewage:										
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	563	18 888	18 888	18 888	353	173	163
Total number of households	5	8 079	8 321	11 021	29 449	29 449	29 449	12 615	13 279	14 339
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	

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 2015/16 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 26 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 11 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 2014/15 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

	2014/15 Financial Year	2015/16 MTREF
1.	Ensure that all residents have access to sustainable free basic services and all other services rendered	Provision of access to all basic services rendered to residents within the available resources.
2.	Development and transformation of the institution with the aim of capacitating the municipality in meeting the Objectives	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.
3.	Promote sustainable and representative governance through the efficient, effective	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.
4.	Promote sustainable and representative governance through the efficient, effective and sustainable utilization of resources in consultation with the residents of Emthanjeni Municipality.	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.
5.	Create an effective, efficient, sustainable and viable municipality through financial management	Maintaining a financially sustainable and viable Municipality.
6.	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor.
7.	Contribute to the development of caring communities which promote and protect the right and needs of all citizens, with a particular focus on the poor.	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.
8.	Ensure a healthy environment for all residents of Emthanjeni through effective environmental management.	

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

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

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide electricity;
 - o Provide water;

- o Provide sanitation;
 - o Provide waste removal;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide public transport;
 - o Provide Municipality planning services; and
 - o Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring there is a clear structural plan for the Municipality;
 - o Ensuring planning processes function in accordance with set timeframes;
 - o 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:
 - o Effective implementation of the Indigent Policy;
 - o Working with the provincial department of health to provide primary health care services;
 - o Extending waste removal services and ensuring effective Municipality cleansing;
 - o Ensuring all waste water treatment works are operating optimally;
 - o Working with strategic partners such as SAPS to address crime;
 - o Ensuring safe working environments by effective enforcement of building and health regulations;
 - o Promote viable, sustainable communities through proper zoning; and
 - o Promote environmental sustainability by protecting wetlands and key open spaces.
 - 3.2 Integrated Social Services for empowered and sustainable communities
 - o 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:
 - o Optimising effective community participation in the ward committee system; and
 - o Implementing Batho Pele in the revenue management strategy.
 - 5.1 Promote sound governance through:
 - o Publishing the outcomes of all tender processes on the municipal website
 - 5.2 Ensure financial sustainability through:
 - o Reviewing the use of contracted services
 - o 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
 - o 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

NCO73 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	-	-	-	3 625	-	-											
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	268 262	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						
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	9 734	10 292	11 910						
Allocations to other priorities																	
Total Expenditure		1	205 896	218 175	265 066	201 667	202 004	202 004	220 896	232 560	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						
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	10 641	8 285	4 734						
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	17 314	13 333	14 548						
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	35 377	24 416	1 243						
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	591	732	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	794	837	624						
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	615	652	454						
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices	G	80	347	227	341	341	341	508	801	707						
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	609	747	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	866	1 399	738						
Promote representative governance through the sustainable utilisation of	To continuously review the accountable and transparent	J	68	18	11	16	16	16	27	72	52						
		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	67 344	51 276	24 593						

Supporting Table SA7 Measureable performance objectives

NC073 Emthanjani - 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
Vote 1 - Executive and Council										
Function 1 - Governance										
Sub-function 1 - Office of the										
To be an executive council by leading and	No of performance	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
To continuously review the accountable	% completed	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sub-function 2 - Council										
Develop Risk based audit plan and submit to	RBAP submitted to the	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Submit quarterly performance reports to	No of performance	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sub-function 3 - Internal audit Section										
Submit quarterly performance reports to of the	No of performance	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Implement public education campaigns on	No of education	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Function 2 - Local Economic										
Sub-function 1 - Economic										
Arrange meetings with possible investors for	No meetings	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Awareness programmes through	Number of campaigns	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Office of the Mayor										
Compile a rural development strategy	Strategy approved	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Establish commonage committee	Committee established	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 3 - Public Safety										
Establish community safety plans in	Number of plans	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Inspect and assess infrastructure and role	Number of reports	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Vote 2 - Finance and Admin										
Function 1 - Directorate Chief Financial										
Sub-function 1 - Directorate CFO										
Submit the annual financial statements by the	Statements submitted	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Monthly financial reporting to council	No of reports	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Financial Services										
Compilation of a Revenue Enhancement	% Completion	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Achievement of a payment percentage of	Payment %	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Sub-function 3 - Assessment Rates										
Complete the Supplementary Valuation Roll by	Valuation Roll completed	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Prepare and submit the adjustments	Approved main &	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Function 2 - Public Participation										
Sub-function 1 - DCCDS										
Annual workshop with ward committees to	Workshop held	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Compile contingency plans for all	Number of plans	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Public Safety										
Increase capacity of traffic services to	Number of staff appointed	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Road safety awareness campaigns held in	Number of campaigns	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 3 - Community Services										
Participate in annual National Arive Alive	Number of joint	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Speed law enforcement (direct prosecution)	# of enforcement	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Vote 3 - Basic Service Delivery										
Function 2 - Infrastructure Services										
Sub-function 1 - Directorate										
Provide consideration (decisions) on building	% building plans	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Implement the De Aar and Hanover	Number of sites serviced	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sub-function 2 - Water										
Implementation of the WCWDM project funded	% of approved project	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Spent the approved maintenance budget	% of approved	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Sub-function 3 - Water and Waste										
Planning of new boreholes for De Aar	DWA approval and	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Water quality as per blue drop	% water quality level	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Function 2 - Waste Water Management										
Sub-function 1 - Waste Water										
Submit business plan to council by end June	Business plan submitted	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Spent the approved maintenance budget	% of approved	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Road Transport										
Construct new tar roads	No of kilometers	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Spent the approved maintenance budget	% of approved	23%	23%	23%	23%	23%	23%	23%	23%	23%
Sub-function 3 - Infrastructural										
Compile and submit business plan to MIG by	Business plan submitted	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Electricity Master plan	Completed plan	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
And so on for the rest of the Votes										

2.3 Measurable performance objectives and indicators

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:

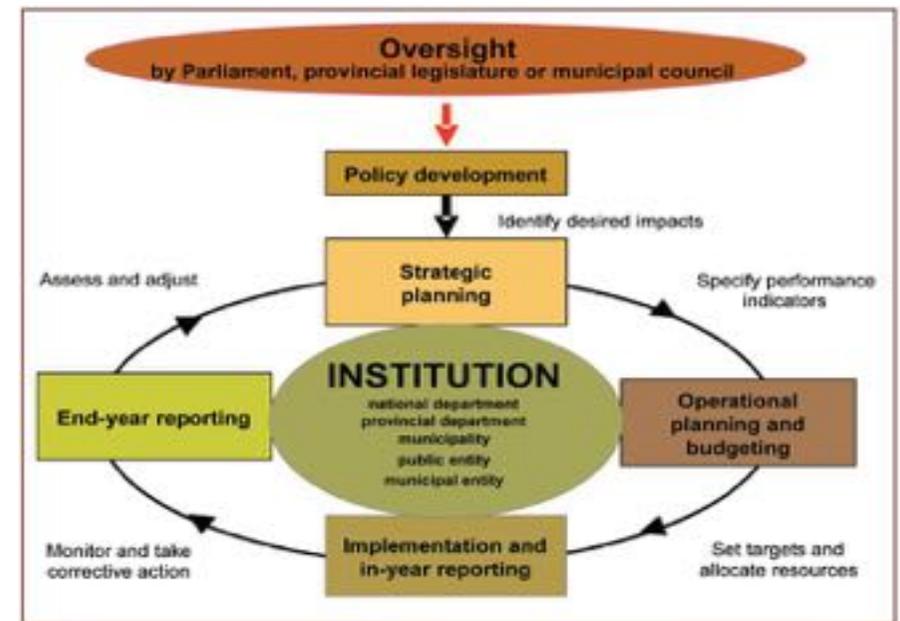


Figure 2 Planning, budgeting and reporting cycle

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 2015/16 MTREF.

NC073 Emthanjeni - Supporting Table SA8 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
Borrowing Management											
Credit Rating		B	B	B	B	B	B	B			
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	1.6%	1.6%	1.6%	2.5%	2.9%	2.9%	2.1%	3.0%	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%	3.9%	4.3%	3.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributors	0.0%	0.0%	0.0%	49.4%	50.0%	50.0%	0.0%	44.3%	35.7%	35.7%
Safety of Capital											
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%
Liquidity											
Current Ratio	Current assets/current liabilities	3.1	3.4	3.0	4.5	4.5	4.5	0.8	3.3	3.2	3.3
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	0.8	3.3	3.2	3.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.4	0.3	0.8	0.8	0.8	0.0	0.4	0.3	0.3
Revenue Management											
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%	56.5%	92.2%	95.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.3%	82.4%	87.2%	95.1%	95.1%	95.1%	56.5%	92.2%	95.9%	95.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	33.0%	36.1%	23.8%	9.2%	11.9%	11.9%	8.4%	14.5%	16.9%	15.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	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%	318.3%	2620.0%	8815.3%	1150.5%
Other Indicators											
	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
Electricity Distribution Losses (Z)	% Volume (units purchased and generated less units sold)/units purchased and generated	14	15	13	12	12	12	12	11	10	9
	Total Volume Losses (kV)	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
Water Distribution Losses (Z)	% 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%	31.6%	31.2%	30.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.0%	34.7%	34.6%	33.6%	35.4%	35.4%		33.7%	33.3%	32.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.2%	5.2%	6.3%	6.2%	6.6%	6.6%		7.8%	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%	5.6%	5.5%	5.3%
IDP regulation financial viability indicators											
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	31.3	28.6	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%	9.1%	22.6%	25.4%	22.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.9	1.0	0.0	0.2	(0.3)	(0.3)	0.3	0.0	0.0	0.1

2.4 Performance indicators and benchmarks

2.4.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emthanjeni's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 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 1.4 per cent to 1.19 per cent in 2017/18, 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 fluctuated from 3 per cent in 2015/16, 3.4 per cent in 2016/17 and 3.1 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 2015 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 4.1 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 3.3 in the 2015/16 financial year. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2015/16 financial year the ratio was 0.4 and as part of the financial planning strategy it has been increased to 0.8 in the 2016/17 financial year. This is expected to reach optimal level by 2017/18. 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 9.2 per cent in 2017/18. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters, and the hiring of a meter readers that prevent increasing illegal connections.
- The water distribution losses have been significantly reduced from 16.8 per cent in 2011/12 to 12.3 per cent in 2017/18. 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 2015. 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 approved by council on the 26 May 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 approved by council on the 26 May 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 approved by council on the 26 May 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 approved by council on the 26 May 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

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

2.8.1 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.
- The current situation at ESKOM is also contributing the uncertainties and uncontrollable factors experienced by South Africans as a whole.
- Salary increment negotiations have been not yet been finalized 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. But this guideline was not realistically anticipated. Offers from both parties during the Wage negotiations as at 20 May 2015, was well above the 4.4% increment guideline.
- Apart from the normal salary increments, Medical Aid Employers contributions increments will be between 7% and 11 %. This places a heavier financial burden on the revenue sources and impacts on the tariff 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.
- The weak Rand Foreign Exchange Rate and the increase of Oil prices are also not favorable to the current economic outlook.
- The Macro Economic outlook impacts not only directly on municipalities but forced municipalities to operate within its budgetary means. Expenditure control will be a major controlling factor for the years to come.
- Repair and Maintenance Costs together with labour costs of `repairing municipal assets also fall victim of the huge price hikes which needs to be taken into consideration. This is an area where much more investment will be invested over the next few years.

2.8.2 FORECASTING OF REVENUE AND EXPENDITURE

REVENUE

2.1. RATES AND TAXES

- Tariffs will increase and decrease depending the on valuation of the property.
- Conservative an increment of 6 % for properties are being anticipated, but the main levy driver will be the valuation of properties. Various category of properties are being levied differently.

2.2. ELECTRICITY

- Electricity Tariffs will increase on a total average between 5.7% – 7.3% 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 conventional electricity meters. Final approval for Electricity tariffs is still outstanding from NERSA.

2.3. WATER

- Water will increase by 6 %.
- 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.

2.4. SEWERAGE AND REFUSE REMOVAL

- Both Tariffs wil increase by 6.5 %.

2.5. SECONDARY TARIFFS

- Secondary Tariffs will increase by ± 9 % for the 2015/2016 financial year.

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

EXPENDITURE

2.8 EMPLOYEE COSTS: SALARIES AND WAGES

- Salaries and wages has been provided at an increment of 7%

2.9 EMPLOYEE COSTS: SOCIAL CONTRIBUTIONS

- A provision of an average increment of 7 % has been provided

2.10 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.

2.11 BULK PURCHASES

- Electricity purchases will increase on a weighted average of 12.2 % from 01 July 2015 and water will increase on average of 6 %.

2.12 CAPITAL CHARGES

- Capital Charges will decrease due the redemption of External Loans

2.13 GENERAL COSTS

- A provision of an average increment of 8% will provided.

2.14 PROVISION FOR BAD DEBTS

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

BUDGET ANALYSIS

- The overall increases during the 2015/2016 and 2016/2017 financial years reflects an annual increment of ± 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 +- 6% which is in line with the expectations of National Treasury except the electricity tariff.
- Electricity tariffs increments are as per NERSA's guidelines
- The general tariff increment between 6-9% is also in line with the current economic data available.
- The budget is realistic and external or macro-economic factors as well as micro economic factors were taken into consideration. However, the municipality have no control over these macro conditions that impacts very heavily on the operations of the municipality. These are interest rates, fuel prices, inflation rates, high food prices, unemployment rate, and also statutory levies imposed by National and Provincial Governments, etc.

- The budget is very income generated driven and also focus on building and maintain infrastructure development within the Emthanjeni Municipality.
- All budgeted income will realised by the extensive efforts that will be enforced by the officialdom.
- Strict expenditure mechanisms will be enforced to ensure that the key Strategic Objectives of the municipality are executed.
- Budget is in line with the policies of council especially directed to the poorest of the poor with the provision of Free Basic Services to all qualified Indigent Households.
- Local Economic Development opportunities has been identified in order to provide sustainable LED projects for the communities.
- The budget is also biased towards the Indigent Households within the municipality.

BUDGET RELATED POLICIES

Council adopted the following policies during Council Meeting held on 26 May 2015 of 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
- (v) Investment and Cash Management policy
- (vi) Service Delivery and Budget Implementation Plan (SDBIP)
- (vii) Revised Supply Chain Management Policy

CONCLUSION

The budget is also income driven and Emthanjeni Municipality are committed towards sustainability and improvement of service delivery for all it residents. The various initiatives that Council will be undertaken will cement 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 budget is prepared under the auspices that this realistic 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
R thousand			
Revenue By Source			
Property rates	27 503	29 039	30 926
Property rates - penalties & collection charges	–	–	–
Service charges - electricity revenue	57 935	66 276	78 205
Service charges - water revenue	26 111	27 404	29 048
Service charges - sanitation revenue	14 888	15 625	16 563
Service charges - refuse revenue	8 937	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	23 434	23 900	28 102
Gains on disposal of PPE	130	139	149
Total Revenue (excluding capital transfers and contributions)	211 697	223 884	245 876
Surplus/(Deficit)	(9 199)	(8 676)	(2 105)
Transfers recognised - capital	56 565	41 435	13 641
Surplus/(Deficit) for the year	47 366	32 759	11 536

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 27 Proposed tariff increases over the medium-term

Revenue category	2015/16 proposed tariff increase	2016/17 proposed tariff increase	2017/18 proposed tariff increase
	%	%	%
Property rates	6	6	6
Sanitation	6.5	6.5	6.5
Solid Waste	6.5	6.5	6.5
Water	6	6	6
Electricity	8.4	12.2	12.2

Revenue to be generated from property rates is R27, 503 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 million, R1, 701 million and R1, 818 million 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 28 MBRR SA15 – Detail Investment Information

NC073 Emtharjeni - 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										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		11	14	21	11 788	11 788	11 788	17 644	17 916	18 103
Deposits - Public Investment Commissioners								-	-	-
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	11	14	21	11 788	11 788	11 788	17 644	17 916	18 103
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		11	14	21	11 788	11 788	11 788	17 644	17 916	18 103

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

NC073 Emthanjani - 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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		32 679	37 623	38 493	38 876	38 876	38 876	39 459	37 670	37 401
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		-	-	-	-	-	-	-	-	-
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: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>Department of Water Affairs</i>		-	-	2 050	-	-	-	-	-	-
Total Operating Transfers and Grants	5	32 897	39 306	45 455	39 633	39 633	39 633	40 601	38 831	38 640
Capital Transfers and Grants										
National Government:		-	16 141	13 102	29 248	12 708	12 708	56 565	41 435	13 641
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	-
Integrated National Electrification Programme		-	-	-	-	-	-	1 500	2 000	1 000
Bucket Eradication Programme Grant		-	-	-	-	-	-	33 167	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>Department of Water Af</i>		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	16 141	13 102	29 248	12 708	12 708	56 565	41 435	13 641
TOTAL RECEIPTS OF TRANSFERS & GRANTS		32 897	55 447	58 557	68 881	52 341	52 341	97 166	80 266	52 281

2.9.2 Cash Flow Management

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

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

Table 33 MBRR Table A7 - Budget cash flow statement

NC073 Emthanjani - 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
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	25 578	28 296	29 071
Service charges		76 227	66 533	80 959	96 404	91 557	91 557	55 129	99 481	113 634	127 758
Other revenue		7 177	12 295	2 757	34 852	28 231	28 231	16 978	32 048	33 647	36 999
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)	(184 234)	(194 001)	(207 148)
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	13 512	55 260	46 356	22 609
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	-	-	-	-	-	2 800	2 000	-
Payments											
Capital assets		(19 297)	(13 822)	(21 550)	(40 589)	(23 899)	(23 899)	(6 753)	(62 298)	(47 553)	(20 647)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19 171)	(13 186)	(20 893)	(40 469)	(23 779)	(23 779)	(5 679)	(59 374)	(45 419)	(20 504)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	6 000	6 000	6 000	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	5 046	3 723	3 947
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)	(4 084)	(5 222)	(4 961)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2 050)	(2 275)	(2 504)	2 751	2 751	2 751	(1 580)	1 096	(1 361)	(873)
NET INCREASE/ (DECREASE) IN CASH HELD		4 085	1 415	(10 354)	5 954	(4 877)	(4 877)	6 253	(3 017)	(425)	1 233
Cash/cash equivalents at the year begin:	2	5 141	9 225	10 640	(2 629)	285	285	(2 629)	3 624	606	182
Cash/cash equivalents at the year end:	2	9 225	10 640	285	3 324	(4 592)	(4 592)	3 624	606	182	1 415

2.9.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

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

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

Description	Ref	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
Cash and investments available											
Cash/cash equivalents at the year end	1	9 225	10 640	285	3 324	(4 592)	(4 592)	3 624	606	182	1 415
Other current investments > 90 days		(0)	(0)	-	10 281	18 196	(12 777)	2 322	2 322	1 991	3 138
Non current assets - Investments	1	11	14	21	-	-	10 575	8 575	8 575	8 575	8 575
Cash and investments available:		9 236	10 654	307	13 606	13 606	13 606	1 421	11 503	10 748	13 128
Application of cash and investments											
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)	2 461	(13 093)	(19 953)	(19 029)
Other provisions		-	-	-	-	-	-	-	11 429	12 076	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	-	-	-
Total Application of cash and investments:		(14 742)	(21 650)	(10 646)	(4 114)	(8 099)	(8 099)	14 995	4 478	(1 405)	614
Surplus(shortfall)		23 978	32 304	10 952	17 720	21 705	21 705	(13 573)	7 025	12 153	12 514

From the above table it can be seen that the cash and investments available total R0.606 million in the 2015/16 financial year however this increases to R1.415 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.

2.9.3 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and

cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 35 MBRR SA10 – Funding compliance measurement

NC073 Emthanjeni Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	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)	3 624	606	182	1 415
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	(13 573)	7 025	12 153	12 514
Cash year end/monthly employee/supplier payments	18(1)b	3	0.9	1.0	0.0	0.2	(0.3)	(0.3)	0.3	0.0	0.0	0.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(56 243)	(42 686)	(66 781)	36 677	9 500	9 500	(3 208)	56 615	42 470	21 827
Service charge rev % change - macro CPI-X target exclusive	18(1)a(2)	5	N.A.	1.9%	10.1%	4.2%	(9.3%)	(6.0%)	(6.0%)	6.9%	3.1%	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%	56.9%	92.3%	95.3%	94.0%
Debt impairment expense as a % of total billable rev enue	18(1)a(2)	7	18.8%	12.4%	42.5%	8.7%	8.7%	8.7%	8.7%	8.4%	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%	92.5%	92.7%	84.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	44.3%	35.7%	35.7%	
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%	(40.6%)	67.0%	22.7%	(0.5%)
Long term receivables % change - incr/decr	18(1)a	12	N.A.	0.0%	(100.0%)	0.0%	0.0%	17.1%	(100.0%)	0.0%	0.0%	
R&M % of Property Plant & Equipment	20(1)(v)	13	0.8%	0.9%	1.3%	1.3%	1.3%	2.1%	1.8%	1.8%	1.9%	
Asset renewal % of capital budget	20(1)(v)	14	18.0%	39.6%	42.7%	25.0%	41.8%	41.8%	0.0%	16.9%	20.4%	45.0%

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, 606 million, R0, 182 million and R1, 415 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 R56, 615 million, R42, 470 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 6.9, 3.1 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 6 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.

2.9.6 Councillor and employee benefits

Table 38 MBRR SA22 - Summary of councillor and staff benefits

NC073 Emthanjani - 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
Councillors (Political Office Bearers plus Other)	1									
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	1 051	1 104	1 166
Cellphone Allowance		183	183	198	314	314	314	313	363	400
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	20	34	47	-	-	47	-	-
Sub Total - Councillors		3 483	3 503	4 157	4 308	4 261	4 261	4 580	4 787	5 074
% increase	4		0.6%	18.7%	3.6%	(1.1%)	-	7.5%	4.5%	6.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 701	2 660	3 102	3 369	3 369	3 369	3 442	3 594	3 815
Pension and UIF Contributions		449	441	469	560	560	560	608	588	623
Medical Aid Contributions		40	90	132	159	159	159	110	174	185
Overtime		633	-	-	-	-	-	-	-	-
Performance Bonus		-	-	475	-	-	-	-	-	-
Motor Vehicle Allowance		-	728	588	847	847	847	814	929	1 144
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	240	238	252
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4 428	4 541	5 112	5 303	5 303	5 303	5 370	5 687	6 194
% increase	4		2.5%	12.6%	3.7%	-	-	1.3%	5.9%	8.9%
Other Municipal Staff										
Basic Salaries and Wages		31 741	36 570	35 534	43 450	43 450	43 450	46 748	48 176	50 434
Pension and UIF Contributions		5 195	6 750	6 403	7 592	7 592	7 592	8 057	8 422	8 989
Medical Aid Contributions		2 555	2 605	2 140	1 505	1 505	1 505	1 614	1 695	1 829
Overtime		797	419	2 262	2 070	2 070	2 070	2 006	1 963	2 003
Performance Bonus		-	-	2 993	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	892	1 269	892	892	892	1 050	1 196	1 418
Cellphone Allowance	3	435	-	254	168	168	168	207	284	298
Housing Allowances	3	-	785	1 124	702	702	702	733	1 047	1 285
Other benefits and allowances	3	1 937	189	2 436	1 244	1 230	1 230	963	1 248	1 375
Payments in lieu of leave		-	-	366	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	683	-	54	54	54	56	59	60
Sub Total - Other Municipal Staff		42 660	48 893	54 781	57 677	57 662	57 662	61 434	64 090	67 689
% increase	4		14.6%	12.0%	5.3%	(0.0%)	-	6.5%	4.3%	5.6%
Total Parent Municipality		50 571	56 937	64 051	67 288	67 226	67 226	71 384	74 564	78 958
			12.6%	12.5%	5.1%	(0.1%)	-	6.2%	4.5%	5.9%
TOTAL SALARY, ALLOWANCES & BENEFITS		50 571	56 937	64 051	67 288	67 226	67 226	71 384	74 564	78 958
% increase	4		12.6%	12.5%	5.1%	(0.1%)	-	6.2%	4.5%	5.9%
TOTAL MANAGERS AND STAFF	5,7	47 088	53 434	59 894	62 980	62 965	62 965	66 804	69 777	73 883

Table 39 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

NC073 Emthanjani - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)							
Disclosure of Salaries, Allowances & Benefits 1.	Ref	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
	No.						
Rand per annum			1.				2.
Councillors	3						
Speaker	4	1	444 294	4 802	171 119		620 215
Chief Whip		-	-	-	-		-
Executive Mayor	1	1	547 533	5 475	202 294		755 302
Deputy Executive Mayor		-	-	-	-		-
Executive Committee	2	2	458 178	6 732	198 098		663 008
Total for all other councillors	10	10	1 719 531	29 812	792 061		2 541 404
Total Councillors	8	14	3 169 536	46 821	1 363 572		4 579 929
Senior Managers of the Municipality	5						
Municipal Manager (MM)	1	1	876 970	160 180	369 225		1 406 375
Chief Finance Officer	1	1	794 817	180 822	304 238		1 279 877
Director of Corporate Services	1	1	566 220	152 588	152 182		870 990
Director of Infrastructure Services	1	1	570 310	103 544	119 838		793 692
Director of Community Services	1	1	633 795	140 690	245 040		1 019 525
Total Senior Managers of the Municipality	8,10	5	3 442 112	737 824	1 190 523	-	5 370 459
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	19	6 611 648	784 645	2 554 095	-	9 950 388

Table 40 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
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)		4	14	2	12	14	2	12	14	2	12
Board Members of municipal entities			-	-	-	-	-	-	-	-	-
Municipal employees											
Municipal Manager and Senior Managers		3	4	3	1	5			5		5
Other Managers		7	7	6	1	7			7		6
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
TOTAL PERSONNEL NUMBERS		9	346	318	28	458	426	32	458	426	32
% increase						32.4%	34.0%	14.3%			
Total municipal employees headcount		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 41 MBRR SA25 - Budgeted monthly revenue and expenditure

NC073 Emthanjeni - Supporting Table SA25 Budgeted monthly revenue and expenditure												Medium Term Revenue and Expenditure Framework					
Description	Ref	Budget Year 2015/16												Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
		July	August	Sept.	October	November	December	January	February	March	April	May	June				
Revenue By Source																	
Property rates - penalties & collection charges		11 600	4 000	1 568	1 229	1 291	1 350	1 010	1 007	1 005	1 087	1 002	1 355	27 503	29 039	30 926	
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	5 601	57 935	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	1 944	26 111	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	1 376	14 888	15 625	16 563	
Service charges - refuse revenue		737	737	737	737	737	737	737	737	737	737	737	826	8 937	9 379	10 036	
Service charges - other		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		13 206	1 565	205	199	12 257	199	206	500	9 801	560	204	1 700	40 601	38 831	38 840	
Other revenue		3 503	1 572	1 698	1 883	1 724	2 360	1 446	1 450	1 651	1 957	1 779	2 412	23 434	23 900	28 102	
Gains on disposal of PPE		11	11	11	11	11	11	11	11	11	11	11	11	130	139	149	
Total Revenue (excluding capital transfers and contribution)		38 686	17 543	13 532	13 329	24 242	13 208	11 358	11 398	22 078	14 724	14 158	17 441	211 697	223 884	245 876	
Expenditure By Type																	
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	6 102	66 804	69 777	73 883	
Remuneration of councillors		333	340	340	333	340	440	340	340	445	445	408	474	4 580	4 787	5 074	
Debt impairment														11 429	11 429	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	1 395	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	1 927	2 752	4 698	4 883	5 213	4 009	41 969	43 870	46 670	
Loss on disposal of PPE																	
Total Expenditure		17 329	16 919	14 965	14 701	14 892	15 220	12 866	17 671	19 929	19 850	18 974	37 580	220 896	232 560	247 981	
Surplus/(Deficit)		21 358	624	(1 433)	(1 372)	9 350	(2 012)	(1 508)	(6 273)	2 149	(5 128)	(4 817)	(20 138)	(9 199)	(8 676)	(2 105)	
Transfers recognised - capital		8 736	6 000	3 000	1 501	11 259	1 000	5 161	2 580	9 587	1 635	3 975	2 131	56 565	41 435	13 641	
Contributions recognised - capital																	
Contributed assets																	
Surplus/(Deficit) after capital transfers & contributions		30 094	6 624	1 567	128	20 695	(1 012)	3 653	(3 693)	11 736	(3 491)	(842)	(18 007)	47 366	32 759	11 536	
Taxation																	
Attributable to minorities																	
Share of surplus/ (deficit) of associate																	
Surplus/(Deficit)	1	30 094	6 624	1 567	128	20 695	(1 012)	3 653	(3 693)	11 736	(3 491)	(842)	(18 007)	47 366	32 759	11 536	

Table 44 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

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	
Multi-year expenditure to be appropriated	1																
Vote 1 - EXECUTIVE AND COUNCIL		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 2 - FINANCE AND ADMINISTRATION		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 3 - PLANNING AND DEVELOPMENT		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 4 - HEALTH		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 5 - COMMUNITY AND SOCIAL SERVICES		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 6 - PUBLIC SAFETY		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 7 - SPORT AND RECREATION		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 8 - ROAD TRANSPORT		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 9 - OTHER		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 10 - HOUSING SERVICES		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 11 - WASTE MANAGEMENT		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 12 - WASTE WATER MANAGEMENT		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 13 - ELECTRICITY		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 14 - WATER		--	--	3 116	--	166	1 009	642	--	3 316	--	520	1 232	10 000	27 240	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital multi-year expenditure sub-total	2	--	--	3 116	--	166	1 009	642	--	3 316	--	520	1 232	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	77	25	21	25	--	1	307	322	341	--	--
Vote 6 - PUBLIC SAFETY		7	7	8	8	8	8	--	7	--	7	11	18	88	93	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	3 794	1 506	509	--	560	--	11 724	15 021	15 671	--
Vote 9 - OTHER		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 10 - HOUSING SERVICES		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 11 - WASTE MANAGEMENT		--	10	--	13	--	--	9	--	--	--	--	--	31	33	34	--
Vote 12 - WASTE WATER MANAGEMENT		11 502	3 275	--	--	10 000	265	--	5 690	--	3 001	2 224	35 958	--	--	--	--
Vote 13 - ELECTRICITY		214	1 082	5	--	1 449	560	1 151	535	--	26	280	1 425	6 726	5 912	5 647	--
Vote 14 - WATER		52	3	--	85	--	--	--	16	--	8	15	2	180	190	200	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital single-year expenditure sub-total	2	12 135	7 647	275	253	13 713	921	5 161	3 131	6 272	87	4 015	3 735	57 344	24 036	24 593	--
Total Capital Expenditure	2	12 135	7 647	3 391	253	13 879	1 930	5 803	3 131	9 587	87	4 535	4 967	67 344	51 276	24 593	--

Table 45 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC073 Emthanjani - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)																					
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					
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	86	37	21	49	11	78	657	689	731	--				
Community and social services		25	25	27	27	27	27	27	27	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	--	7	--	7	11	18	88	93	98	--				
Housing		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Health		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Economic and environmental services		220	2 803	51	49	2 222	16	3 794	1 507	509	1	560	5	11 737	15 034	15 685	--				
Planning and development		1	1	1	1	--	1	--	1	--	1	--	5	12	13	14	--				
Road transport		219	2 802	50	48	2 222	14	3 794	1 506	509	--	560	--	11 724	15 021	15 671	--				
Environmental protection		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Trading services		11 768	4 369	3 121	98	11 615	1 834	1 801	551	9 006	34	3 816	4 883	52 895	33 375	5 881	--				
Electricity		214	1 082	5	--	1 449	560	1 151	535	--	26	280	1 425	6 726	5 912	5 647	--				
Water		52	3	3 116	85	166	1 009	642	16	3 316	8	535	1 234	10 180	27 430	200	--				
Waste water management		11 502	3 275	--	--	10 000	265	--	5 690	--	3 001	2 224	35 958	--	--	--	--				
Waste management		--	10	--	13	--	--	9	--	--	--	--	--	31	33	34	--				
Other		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Total Capital Expenditure - Standard	2	12 135	7 647	3 391	253	13 879	1 930	5 803	3 131	9 587	87	4 535	4 967	67 344	51 276	24 593	--				
Funded by:																					
National Government		8 736	6 000	3 000	--	11 259	1 000	5 161	2 580	9 587	--	3 975	4 659	55 958	40 840	13 526	--				
Provincial Government		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
District Municipality		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Other transfers and grants		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Transfers recognised - capital		8 736	6 000	3 000	--	11 259	1 000	5 161	2 580	9 587	--	3 975	4 659	55 958	40 840	13 526	--				
Public contributions & donations		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Borrowing		3 399	1 647	--	--	--	--	--	--	--	--	--	--	5 046	3 723	3 947	--				
Internally generated funds		--	--	391	253	2 620	930	642	551	--	87	560	308	6 341	6 712	7 121	--				
Total Capital Funding		12 135	7 647	3 391	253	13 879	1 930	5 803	3 131	9 587	87	4 535	4 967	67 344	51 276	24 593	--				

Table 46 MBRR SA30 - Budgeted monthly cash flow

NC073 Emthanjeni - Supporting Table SA30 Budgeted monthly cash flow														Medium Term Revenue and Expenditure Framework		
MONTHLY CASH FLOWS	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	
Cash Receipts By Source													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	1 637	25 578	28 296	29 071	
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	3 055	53 300	63 636	74 731	
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	734	24 023	26 486	28 015	
Service charges - sanitation revenue	1 030	1 099	591	661	1 192	689	788	662	1 704	1 732	1 959	1 590	13 697	14 532	15 403	
Service charges - refuse revenue	729	524	690	686	911	745	437	758	726	716	721	576	8 222	8 723	9 333	
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 investments	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	17 014	1 330	--	--	12 157	--	--	400	9 701	--	--	--	40 601	38 831	38 640	
Other revenue	2 522	1 339	2 599	2 506	1 579	2 088	1 157	2 160	1 321	1 865	1 423	1 458	21 716	22 315	24 887	
Cash Receipts by Source	28 943	13 838	12 028	15 546	28 892	10 714	10 173	11 819	24 648	15 902	15 471	10 447	198 423	215 177	233 290	
Other Cash Flows by Source																
Transfer receipts - capital	5 569	6 000	1 500	--	5 759	--	13 500	--	17 569	6 667	--	--	56 565	41 435	13 641	
Contributions recognised - capital & Contributor	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
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	--	5 046	--	--	--	--	--	--	--	--	--	--	5 046	3 723	3 947	
Increase (decrease) in consumer deposits	11	--	12	23	--	15	21	--	11	21	9	12	135	136	142	
Decrease (increase) in non-current debtors	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Decrease (increase) other non-current receiv	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Decrease (increase) in non-current investment	--	--	2 800	--	--	--	--	--	--	--	--	--	2 800	2 000	--	
Total Cash Receipts by Source	34 534	24 895	16 351	15 579	34 662	10 740	23 705	11 829	42 239	22 600	15 481	10 469	263 093	262 607	251 163	
Cash Payments by Type																
Employee related costs	5 825	5 584	5 289	5 425	5 521	5 962	5 367	5 384	5 497	5 834	5 357	5 758	66 804	69 777	73 883	
Remuneration of councillors	351	358	358	351	358	358	359	358	369	473	429	459	4 580	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	1 260	8 648	9 081	9 620	
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	4 029	41 478	43 354	46 124	
Cash Payments by Type	17 367	14 765	14 830	15 570	15 519	14 736	14 858	17 072	18 067	20 058	18 134	18 751	199 728	210 257	224 322	
Other Cash Flows/Payments by Type																
Capital assets	12 135	9 460	381	253	14 988	930	12 505	3 131	6 287	87	1 535	597	62 298	47 553	20 647	
Repayment of borrowing	306	304	304	304	314	374	364	364	364	364	364	354	4 084	5 222	4 961	
Other Cash Flows/Payments	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Total Cash Payments by Type	29 808	24 529	15 526	16 127	30 821	16 040	27 727	20 567	24 719	20 509	20 034	19 702	266 110	263 032	249 930	
NET INCREASE/(DECREASE) IN CASH HELD	4 725	365	825	(548)	3 840	(5 301)	(4 023)	(8 738)	17 520	2 091	(4 543)	(9 232)	(3 017)	(425)	1 233	
Cash/cash equivalents at the monthly year begin:	3 624	8 349	8 714	9 539	8 991	12 832	7 531	3 508	(5 229)	12 291	14 382	9 839	3 624	606	182	
Cash/cash equivalents at the monthly year end:	8 349	8 714	9 539	8 991	12 832	7 531	3 508	(5 229)	12 291	14 382	9 839	606	606	182	1 415	

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 daffly on the repair and maintenance of assets.

Table 47 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	Current Year 2014/15					2015/16 Medium Term Revenue & Expenditure Framework			
		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	55 958	40 840	13 526
Infrastructure - Road transport		1 738	4 084	10 682	13 808	13 808	13 808	8 500	11 600	12 026
Roads, Pavements & Bridges		1 738	4 084	10 682	13 808	13 808	13 808	8 500	11 600	12 026
Storm water		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	918	–	–	–	1 500	2 000	1 500
Generation		–	–	–	–	–	–	–	–	–
Transmission & Reticulation		–	–	918	–	–	–	1 500	2 000	1 500
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	–	–	–	–	35 958	–	–
Reticulation		6 000	4 200	–	–	–	–	35 958	–	–
Sewerage purification		–	–	–	–	–	–	–	–	–
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	10	–	–	–	–	–	–	–	–	–
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	55 958	40 840	13 526
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Fire		–	–	–	–	–	–	–	–	–
Conservancy		–	–	–	–	–	–	–	–	–
Ambulances		–	–	–	–	–	–	–	–	–

Table 48 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

NC073 Emthanjeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	Current Year 2014/15					2015/16 Medium Term Revenue & Expenditure Framework			
		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		1 490	1 842	6 969	1 250	1 100	1 100	8 237	7 135	7 581
Infrastructure - Road transport		1 490	761	4 640	500	500	500	2 800	3 000	3 200
Roads, Pavements & Bridges		1 490	761	4 640	500	500	500	2 800	3 000	3 200
Storm water		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	412	611	250	250	250	5 226	3 912	4 147
Generation		–	–	–	–	–	–	–	–	–
Transmission & Reticulation		–	412	611	250	250	250	5 226	3 912	4 147
Street Lighting		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	17	406	470	320	320	180	190	200
Dams & Reservoirs		–	–	–	–	–	–	–	–	–
Water purification		–	–	–	470	320	320	180	190	200
Reticulation		–	17	406	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation		–	–	–	–	–	–	–	–	–
Sewerage purification		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	652	1 312	30	30	30	31	33	34
Waste Management		–	652	–	30	30	30	31	33	34
Transportation	2	–	–	–	–	–	–	–	–	–
Gas		–	–	–	–	–	–	–	–	–
Other	3	–	–	1 312	–	–	–	–	–	–
Community		–	1 231	63	396	396	396	353	380	415
Parks & gardens		–	45	–	51	51	51	22	23	25
Sportsfields & stadia		–	50	–	65	65	65	39	51	66
Swimming pools		–	118	–	–	–	–	–	–	–
Community halls		–	300	63	250	250	250	260	273	289
Libraries		–	–	–	–	–	–	–	–	–
Recreational facilities		–	–	–	–	–	–	–	–	–
Fire, safety & emergency		–	–	–	–	–	–	–	–	–
Security and policing		–	–	–	–	–	–	–	–	–
Buses	7	–	–	–	–	–	–	–	–	–
Clinics		–	–	–	–	–	–	–	–	–
Museums & Art Galleries		–	–	–	–	–	–	–	–	–
Cemeteries		–	300	–	30	30	30	31	33	35
Social rental housing	8	–	–	–	–	–	–	–	–	–
Other		–	418	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings		–	–	–	–	–	–	–	–	–
Other	9	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Housing development		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Other assets		1 837	2 301	2 126	8 495	8 495	8 495	1 913	1 992	2 087
General vehicles		–	–	959	3 660	3 660	3 660	–	–	–
Specialised vehicles	10	–	600	–	1 770	1 770	1 770	–	–	–
Plant & equipment		591	791	153	552	552	552	845	852	891
Computers - hardware/equipment		435	535	–	698	698	698	339	356	378
Furniture and other office equipment		276	375	515	462	462	462	189	199	211
Abattoirs		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Civic Land and Buildings		–	–	–	–	–	–	–	–	–
Other Buildings		–	–	–	–	–	–	–	–	–
Other Land		–	–	–	510	510	510	540	586	608
Surplus Assets - (Investment or Inventory)		–	–	–	500	–	–	–	–	–
Other		536	–	–	844	844	844	–	–	–
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
Intangibles		–	62	–	–	–	–			

Table 49 MBRR SA34c - Repairs and maintenance expenditure by asset class

NC073 Emthanjeni - 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		
		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															
Repairs and maintenance expenditure by Asset Class/Sub-class																
Infrastructure		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												
Community		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						
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	7 068	6 880	7 355						
General vehicles		1 935		2 322	2 066	2 066	2 066	3 731	4 239	4 498						
Specialised vehicles	10	4 330			366	366	366									
Plant & equipment				488	252	252	252	774	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						
Agricultural assets																
List sub-class																
Biological assets																
List sub-class																
Intangibles					59	59	59	1 308	257	272						
Computers - software & programming					59	59	59	1 308	257	272						
Other (list sub-class)																
Total Repairs and Maintenance Expenditure	1	8 679	8 471	11 611	12 491	12 491	12 491	16 618	17 468	18 629						
Specialised vehicles		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 50 MBRR Table SA1 - Supporting detail to budgeted financial performance

NC073 Emhlanjeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'																				
Description	Ref	2015/16				Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework										
		2011/12 Audited Outcome	2012/13 Audited Outcome	2013/14 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audited outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18									
R thousand																				
REVENUE ITEMS:																				
Property rates	6																			
Total Property Rates		14 337	17 220	21 035	49 684	49 684	49 684	49 684	49 684	36 002	38 186	40 668								
Less Revenue Foregone					25 899	25 899	25 899	25 899	25 899	8 589	9 147	9 742								
Net Property Rates		14 337	17 220	21 035	23 785	23 785	23 785	23 785	23 785	27 503	29 039	30 926								
Service charges - electricity revenue	6																			
Total Service charges - electricity revenue		45 757	48 275	56 485	53 614	50 114	50 114	50 114	50 114	57 935	66 276	78 205								
Less Revenue Foregone																				
Net Service charges - electricity revenue		45 757	48 275	56 485	53 614	50 114	50 114	50 114	50 114	57 935	66 276	78 205								
Service charges - water revenue	6																			
Total Service charges - water revenue		15 574	16 439	18 746	24 575	23 775	23 775	23 775	23 775	26 111	27 404	29 048								
Less Revenue Foregone																				
Net Service charges - water revenue		15 574	16 439	18 746	24 575	23 775	23 775	23 775	23 775	26 111	27 404	29 048								
Service charges - sanitation revenue																				
Total Service charges - sanitation revenue		8 797	9 421	10 302	13 906	13 906	13 906	13 906	13 906	14 888	15 625	16 563								
Less Revenue Foregone																				
Net Service charges - sanitation revenue		8 797	9 421	10 302	13 906	13 906	13 906	13 906	13 906	14 888	15 625	16 563								
Service charges - refuse revenue	6																			
Total refuse removal revenue		4 947	5 323	5 705	8 347	8 347	8 347	8 347	8 347	8 937	9 379	10 036								
Total landfill revenue																				
Less Revenue Foregone																				
Net Service charges - refuse revenue		4 947	5 323	5 705	8 347	8 347	8 347	8 347	8 347	8 937	9 379	10 036								
Other Revenue by Source																				
Prepaid Electricity Sales		2 775	3 067	2 959	18 358	18 358	18 358	18 358	22 601	23 012	27 154									
Currency Fees		228	250	21	320	320	320	320	342	360	381									
Surplus Income		2 340	2 072	1 859	1 859	1 859	1 859	1 859	205	220	236									
Insurance Claims Received																				
Connection fees		170	190	181	46	46	46	46	46	46	49	52								
Special meter readings		12	14	28	11	28	28	28	28	28	30	32								
Parking meters fees		20	26	20																
Valuation certificates		10	29	32	16	16	16	16	17	17	18									
Other					176	176	176	176	195	219	228									
External funding					6 000															
Total 'Other' Revenue	3	5 863	6 148	3 223	25 131	19 131	19 131	19 131	23 434	23 900	28 102									
EXPENDITURE ITEMS:																				
Employee related costs																				
Basic Salaries and Wages	2	29 132	35 690	37 787	43 904	43 904	43 904	43 904	50 190	52 388	55 495									
Pension and LIF Contributions		8 164	7 339	7 908	8 292	8 292	8 292	8 292	8 292	8 292	8 915									
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	2 954	2 072	2 072	2 072	2 072	1 798	1 864	1 976									
Performance Bonus																				
Motor Vehicle Allowance		1 756	2 091	2 296	1 739	1 739	1 739	1 739	1 859	1 935	2 051									
Cellphone Allowance					430	430	430	430	362	392	415									
Housing Allowances		100	130	146	159	159	159	159	169	179	189									
Other benefits and allowances					1 049	1 035	1 035	1 035	1 253	1 374	1 485									
Payments in lieu of leave					2 941	2 941	2 941	2 941												
Long service awards		2 071	2 473	2 680																
Post-retirement benefit obligations	4	4 489	5 349	5 317	716	716	716	716	546	573	607									
sub-total	5	45 675	56 449	59 894	62 965	62 965	62 965	62 965	66 804	69 777	73 883									
Less Employee related costs capitalised to FIC																				
Total Employee related costs	1	45 675	56 449	59 894	62 965	62 965	62 965	62 965	66 804	69 777	73 883									
Contributions recognised - capital																				
Total Contributions recognised - capital																				
Depreciation & asset impairment																				
Depreciation of Property, Plant & Equipment		68 668	69 275	68 084	68 167	68 167	68 167	68 167	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									
Total Depreciation & asset impairment	1	68 668	69 275	68 084	8 881	8 881	8 881	8 881	9 248	9 711	10 291									
Bulk purchases																				
Electric Bulk Purchases		33 174	37 634	42 193	45 229	45 229	45 229	45 229	50 656	53 189	56 381									
Water Bulk Purchases		932	1 147	1 363	2 300	2 300	2 300	2 300	2 438	2 560	2 713									
Total bulk purchases	1	34 106	38 781	43 536	47 529	47 529	47 529	47 529	53 094	55 749	59 094									
Transfers and grants																				
Cash transfers and grants		788	305	750	13 669	13 669	13 669	13 669	12 938	13 885	14 365									
Non-cash transfers and grants																				
Total transfers and grants	1	788	305	750	13 669	13 669	13 669	13 669	12 938	13 885	14 365									
Contracted services																				
Traffic Violation Systems		5 135	4 785	4 273	3 511	3 511	3 511	3 511	4 565	5 934	7 714									
Security Services		1 051	933	833	2 160	2 160	2 160	2 160	2 246	2 359	2 500									
HMCS Asset Maintenance																				
Ubatach IT Maintenance																				
Prepaid Electricity Commission		340	317	293	2 113	1 621	1 621	1 621	1 660	1 743	1 848									
Professional Consultancy Fees		2 210	2 060	1 839	346	346	346	346	346	346	346									
sub-total	1	8 687	8 095	7 228	8 830	8 238	8 238													

2.14 Municipal Manager Quality Certificate

DE AAR
Tel: 051 652 0100
Fax: 051 651 0105
E-mail: deaar@emtharjeni.co.za
Website: www.emtharjeni.co.za
Postbus/P.O. Box 47, De Aar, 7335

HANDELS
Tel: 051 643 0026

BREYTSWAG
Tel: 051 672 0202

**EMTHARJENI LOCAL MUNICIPALITY**
"More than just a community"

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
MAY Office

Verse No./Ref. No. _____
Datum/Date: _____
Naam/Inspanner: _____

MUNICIPAL MANAGER QUALITY CERTIFICATE

I, Isak Visser, municipal manager of Emtharjeni, hereby certify that the Final Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Isak Visser
Municipal manager of Emtharjeni (M0073)
Signature _____
Date 02/06/2015

**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

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EMTHANJENI MUNICIPALITY**FINAL ASSET MANAGEMENT POLICY****BUDGET 2015/2016 MTERF**

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.

2 BACKGROUND

2.1 CONSTITUTIONAL AND LEGAL FRAMEWORK

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- providing democratic and accountable government for local communities;
- ensuring the provision of services to communities in a sustainable manner;
- promoting social and economic development;
- promoting a safe and healthy environment; and
- encouraging the involvement of communities and community organisations in matters of local government.

The manner in which a municipality manages its Property, Plant and Equipment (PPE), investment property, intangible assets and heritage assets are central to meeting the above challenges. Accordingly, the Municipal Systems Act, 2000 (MSA) section 2(d) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Accounting Officer (AO).

The Occupational Health and Safety Act (OHSA) requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its PPE safe.

2.2 ACCOUNTING STANDARDS

The MFMA requires municipalities to comply with the Standards of Generally Recognised Accounting Practice (GRAP), in line with international practice.

The Accounting Standards Board (ASB) has approved a number of Standards of GRAP. When compiling the asset register in accordance with the accounting standards, the requirements of GRAP 17 cannot be seen in isolation. Various other accounting standards impact on the recognition and measurement of assets within the municipal environment and should be taken into account during the compilation of a GRAP compliant asset register. The applicable standards of GRAP are noted in section 8.

2.3 MANAGEMENT OF INFRASTRUCTURE AND COMMUNITY ASSETS

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.

Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:

- long-term sustainability and risk management;
- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction, transparent processes and reporting;
- priority development of minimum basic services for all; and
- the provision of financial support from central government in addressing the needs of the poor.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation – for the above objectives to be achieved, the IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality’s infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing on-going changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of departments of the municipality.

CoGTA has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as potable water, roads etc.). These plans are used as inputs into a Comprehensive Municipal Infrastructure Plan (CMIP) that presents an integrated plan for the municipality covering all infrastructure. The arrangements outlined in the CoGTA guidelines are further strengthened by the provision of National Treasury’s Local Government Capital Asset Management Guidelines. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

Recognised good practice in the management of infrastructure assets from across the globe has been increasingly documented over the past 10 to 15 years. In 2000, the World Bank cited practice in Australasia as representative of best practice and this has been captured in the International Infrastructure Management Manual (IIMM), and regularly updated with case studies from across the globe, including South Africa. In 2008 the British Standards Institute issued PAS 55 (a publicly available specification on asset management). There is now an initiative by the International Standards Organisation (ISO) to draw on these documents to establish an international standard for infrastructure asset management (ISO 55000 series) that is expected to be issued in 2014. Progressive entities are expected to set compliance with the proposed ISO as a benchmark for practice.

3 OBJECTIVES

The objective of this policy is for the municipality to:

- implement prevailing accounting standards; and
- apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

4 APPROVAL AND EFFECTIVE DATE

The CFO is responsible for the submission of the Policy to Council to consider its adoption after consultation with the AO. Council shall indicate the effective date for implementation of the policy.

5 DELEGATIONS AND KEY RESPONSIBILITIES

Accounting Officer

The Accounting Officer (AO) is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The AO shall ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality’s assets are valued in accordance with the standard of generally recognised accounting practice;
- That the municipality has and maintains a system of internal control for assets, including an asset register; and
- The HOD(SO)s and their teams comply with this policy.

The Accounting Officer of the municipality shall be the principal custodian of the entire municipality’s assets, and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the AO shall be responsible for the preparation, in consultation with the Chief Financial Officer (CFO) and Heads of Department (Senior Official) (HOD(SO)), of procedures to effectively and efficiently apply this policy.

This policy should be applied with due observance of the municipality’s policy with regard to delegated powers. Such delegations refer to delegations between the AO and other responsible officials as well as between Council and the Executive Mayor and the Council and the AO. All delegations in terms of this policy must be recorded in writing.

In accordance with the MFMA, the AO of the municipality and all designated officials are accountable to him / her. The AO is therefore accountable for all transactions entered into by his / her delegates. The overall responsibility of asset management lies with the AO. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing. The AO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

Chief Financial Officer

The Chief Financial Officer (CFO) is responsible to the AO to ensure that the financial investment in the municipality's assets are safeguarded and maintained.

The CFO, as one of the Director's of the municipality, shall also ensure, in exercising his financial responsibilities, that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilised effectively, efficiently, economical and transparently;
- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to immovable assets;
- The systems, procedures and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of the Accounting Standards;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The AO is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- The Senior management team are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets; and
- This policy and support procedures are established, maintained and effectively communicated.

In terms of section 82 read with section 81(1)(e) of the MFMA the CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. The CFO shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

Directors

Directors report directly to the AO shall ensure that:

- The municipal resources assigned to them are utilised effectively, efficiently, economically and transparently;
- Procedures are adopted and implemented in conformity with this policy to produce reliable data to be input to the municipal fixed asset register;
- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management, processes and controls can provide an accurate, reliable and up to date account of assets under their control;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Manage asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

Directors may delegate or otherwise assign responsibility for performing these functions but they shall remain accountable for ensuring these activities are performed.

6 POLICY AMENDMENT

This policy should be reviewed annually to ensure continued compliance with the relevant legislation and accounting standards. Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the CFO in consultation with the AO and respective Directors. The recommendations of the CFO shall be considered for adoption by Council.

7 RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management with respect to the scope of assets covered by this policy.

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- Delegation of Powers;
- Accounting Policy;
- Insurance Policy;
- Enterprise Risk Management Policy;
- Disaster Management Policy;
- Supply Chain Management Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Cash Management and Investment Policy
- Long Term Financial Plan Policy;
- Infrastructure Investment And Capital Projects Policy;
- Indigents Policy;
- Provision of Free Basic Services Policy;
- Budget Implementation and Monitoring Policy;
- Managing Electricity and Water Distribution Losses; and
- Asset Disposal Policy.

8 REFERENCES

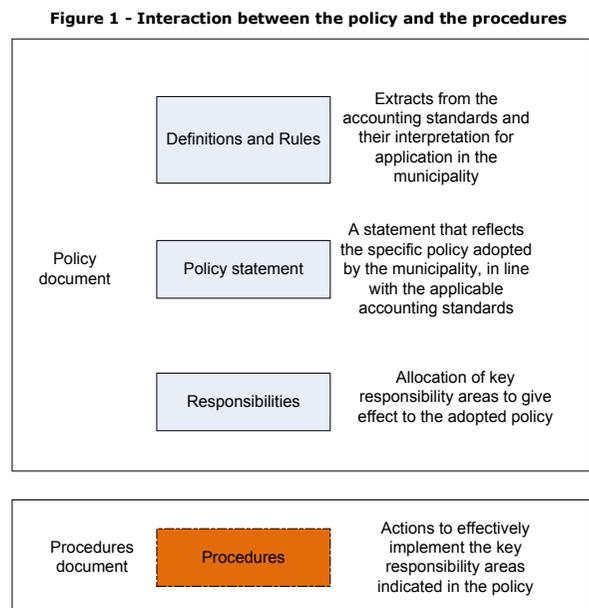
The following references were observed in compiling this document:

- Asset Management Framework, National Treasury, 2004
- Guidelines for Infrastructure Asset Management in Local Government, Department of Provincial and Local Government, 2006
- Municipal Finance Management Act, 2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 1998
- Accounting Standards Board
- MFMA Circular 18 & 44
- Local Government Capital Asset Management Guidelines, National Treasury, 2008
- Government Gazettes (30013 & 31021)
- Generally Recognised Accounting Practice (1-14, 16, 17, 19, 21, 23-27, 31 and 100-104)

- Interpretations of the standards of GRAP issued by the Accounting Standards Board (ASB) (IGRAP 1- 17)
- Directives issued by the ASB
- Municipal transfer and disposal regulations, Government Gazette no.31346
- Accounting guideline issued by National Treasury relating to intangible assets
- Government Gazette, 30 May 2005, No. 27636 on disposal

9 POLICY FORMAT

Figure 1 gives an overview to the format of presentation of this policy document, and how it links to a separate document that provides the procedures. Procedures should be prepared and adopted to give effect to this policy.



10 POLICY FOR FIXED ASSET ACCOUNTING

10.1 RECOGNITION OF IMMOVABLE AND MOVABLE ASSETS

(a) Definitions and rules

Asset

An asset is defined as a resource controlled by an entity, as a result of past events; future economic benefits or service potential associated with the item will flow to the entity.

Fixed Asset

A fixed asset (also referred to as a "non-current asset") is an asset with an expected useful life greater than 12 months.

PPE

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rentals to others, or for administrative purposes; and are expected to be used during more than one reporting period. This includes items necessary for environmental or safety reasons to leverage the economic benefits or service potential from other assets. Insignificant items may be aggregated. Property, plant and equipment are broken down into groups of assets of a similar nature or function in the municipality's operations for the purposes of disclosure in the financial statements.

Immovable PPE

Immoveable PPE are fixed structures such as buildings and roads. A plant that is built-in to the fixed structures and is an essential part of the functional performance of the primary asset is considered an immovable asset (though it may be temporarily removed for repair).

Movable PPE

Movable assets are the stock of equipment owned or leased by the municipality such as office equipment and furniture, motor vehicles and mobile plant.

Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks that are rented out. There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.

An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

- 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
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

Biological Assets

Biological assets are living animals or plants as per the definition in the GRAP on Agriculture.

Capital Spares (Major Spare Parts)

Spares and materials used on a regular basis in the ordinary course of operations are usually carried as inventory (i.e. they are not usually considered fixed assets) and are expensed when consumed. Major spares that constitute an entire or significant portion of a component type, or a specific component, defined in the immovable PPE asset hierarchy are considered capital spare parts and are recognised as an item of PPE as they are expected to be used for more than one period or they can only be used in connection with an item of PPE.

Useful Life

The period over which an asset is expected to be available for use by an entity, or the number of production units expected to be obtained from the asset by an entity.

Major inspections

A condition of continuing to operate an item of PPE may be to perform regular major inspections for faults regardless of whether parts of the item are replaced (for example, Occupational Health and Safety Act no. 85 of 1993 requires lifting equipment to be inspected once a year). When each major inspection is performed, its cost is recognised in the carrying amount of the item of PPE as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is de-recognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

Items used irregularly

Tangible items that are used in the production or supply of goods or services on an irregular basis (such as standby equipment) are recognised as items of PPE.

Control

An item is not recognised as an asset unless the entity has the capacity to control the service potential or future economic benefit of the asset, is able to deny or regulate access of others to that benefit, and has the ability to secure the future economic benefit of that asset. Legal title and physical possession are good indicators of control but are not infallible.

Past transactions or events

Assets are only recognised from the point when some event or transaction transferred control to an entity.

Probability of the flow of benefits or service potential

The degree of certainty that any economic benefits or service potential associated with an item will flow to the municipality is based on the judgement. The CFO shall exercise such judgement on behalf of the municipality, in consultation with the respective HOD(SO).

Economic benefits

Economic benefits are derived from assets that generate net cash inflows.

Service Potential

An asset has service potential if it has the capacity, singularly or in combination with other assets, to contribute directly or indirectly to the achievement of an objective of the municipality, such as the provision of services.

Leased assets

A lease is an agreement whereby the lessor conveys to the lessee (in this case, the municipality) the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases are categorised into finance and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may not eventually be transferred (substance over form). Where the risks and rewards of ownership of the asset are substantially transferred to the municipality, the lease is regarded as a finance lease and the asset recognised by the municipality. Where there is no substantial transfer of risks and rewards of ownership to the municipality, the lease is considered an operating lease and payments are expensed in the income statement on a systematic basis (straight line basis over the lease term).

Asset custodian

The department that controls an asset, as well as the individual (asset custodian) or post that is responsible for the operations associated with such asset in the department, is identified by the respective HOD(SO), recorded, and communicated on recognition of the asset.

Reliable measurement

Items are recognised that possess a cost or fair value that can be reliably measured in terms of this policy.

(b) Policy statement

The municipality shall recognise all movable and immovable assets existing at the time of adoption of this policy and the development of new, upgraded and renewed assets on an on-going basis. Such assets shall be capitalised in compliance with prevailing accounting standards.

(c) Responsibilities

- The CFO, in consultation with the AO and Directors, shall determine effective procedures for the recognition of existing and new assets.
- Every Director shall ensure that all assets under their control are correctly recognised as assets.
- The CFO shall keep a lease register with the following minimum information: name of the lessor, description of the asset, fair value of the asset at inception of the lease, lease commencement date, lease termination date, economic useful life of the asset, lease payments, and any restrictions in the lease agreement.

10.2 CLASSIFICATION OF ASSETS**(a) Definitions and rules**Fixed asset categories

- Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations) (GRAP 17);
- Intangible assets (GRAP 31);
- Heritage assets (GRAP 103);
- Biological assets (GRAP 101/27);
- Capital Finance Lease assets (GRAP 13); and
- Investment property (GRAP 16).

Class of PPE

A class of PPE is defined as a group of assets of a similar nature or function. The total balance of each class of assets is disclosed in the notes to the financial statements.

PPE Asset hierarchy

An asset hierarchy is adopted for PPE which enables separate accounting of parts (components) of the asset that are considered significant to the municipality from a financial point of view, and for other reasons determined by the

municipality, including risk management (in other words, taking into account the criticality of components) and alignment with the strategy adopted by the municipality in asset renewal (for example the extent of replacement or rehabilitation at the end of life). In addition, the municipality may aggregate relatively insignificant items to be considered as one asset. The structure of the hierarchy recognises the functional relationship of assets and components.

PPE: Infrastructure

Infrastructure assets are immovable assets which are part of a network of similar assets that jointly provide service potential.

PPE: Community Property

Community property is immovable assets contributing to the general well-being of the community, such as community halls and recreation facilities.

PPE: Other property

Buildings that are used for municipal operations such as administration buildings and rental stock or housing not held for capital gain.

PPE: Other Assets

Movable assets are by nature stand-alone assets which are not directly attached or associated with an item of immovable assets and are utilised in an enabling or assisting role on a day-to-day basis.

Heritage assets

Heritage assets are assets of cultural, environmental, historical, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations, such as monuments, nature reserves, and works of art. Some heritage assets have more than one purpose, e.g. an historical building which, in addition to meeting the definition of a heritage asset, is also used as office accommodation. The CFO, on behalf of the municipality, must use his / her judgement to make such an assessment. The asset should be accounted for as a heritage asset if, and only if, the definition of a heritage asset is met, and only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. If a significant portion is used for production, administrative purposes or supply of services or goods, the asset shall be accounted for in accordance with the Standard of GRAP on PPE.

Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks that are rented out. There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.

An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

- (c) is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or

- (d) arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

However, if the municipality is of the opinion that even though a servitude may meet the definition of an intangible asset, it is essential to the operation of a tangible asset. For example, where the municipality would not be able to construct or operate infrastructure on land that it does not own without acquiring certain rights from the landowner. Therefore the municipality may be of the opinion that it would be more appropriate to include the cost of the servitude in the cost of the tangible asset rather than recognising a separate intangible asset. In such cases servitudes will be accounted for as PPE by applying GRAP 17, and componentisation may be required as the values, nature and the useful life of the servitude and the tangible asset are different.

Servitudes

Where municipalities establish servitudes as part of the registration of a township, the associated rights are granted in statute and are specifically excluded from the standard on intangible assets. Such servitudes cannot be sold, transferred, rented or exchanged freely and are not separable from the municipality. Consequently such servitudes are not recognised in the asset register.

Servitudes that are created through acquisition (including by way of expropriation or agreement) can be recognised as either intangible assets or PPE at cost. The municipality may include the cost of the servitude in the cost of the PPE if it is essential to the construction or operation of the asset (such as in the case of pipes).

Biological Assets

Biological assets are living animals or plants as per the definition in the GRAP on Agriculture.

Non-current assets held for sale

A non-current asset (or disposal group) is considered to be "held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An immovable asset classified as a "non-current asset held for sale" shall be reclassified as a current asset, and will therefore be taken off the Asset Register. This provision does not apply to immovable assets that are abandoned.

To be classified as "held for sale", the asset must be available for immediate sale (i.e. to be completed within a year) in its present condition, and it must be highly probable that the sale will take place (management must be committed to a plan to sell the asset and an active programme to locate a buyer must have been initiated). If the municipality acquires an immovable asset exclusively for the purpose of selling it, it shall be classified as a "non-current asset held for sale" at its acquisition date only if all the above requirements are met.

An extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the municipality's control and there is sufficient evidence that the municipality remains committed to its plan to sell the asset. However, if the municipality has classified an asset as held for sale, but the criteria are no longer met, the municipality shall cease to classify the asset as held for sale.

If the criteria are only met after the reporting date, the municipality shall not classify the immovable asset as held for sale in those financial statements when issued. However, when those criteria are met after the reporting date but before the authorisation date for the financial statements to be issued, the municipality shall disclose a description of the immovable asset; a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of disposal; and if applicable, the segment in which the asset (or disposal group) is presented. Non-current assets held for sale are not similar to inventory. Inventory refers to assets held for trading purposes, assets

manufactured or purchased to be sold for a profit. If a management decision has been made to sell a non-current asset, that asset will be classified as a non-current asset held for sale.

(b) Policy statement

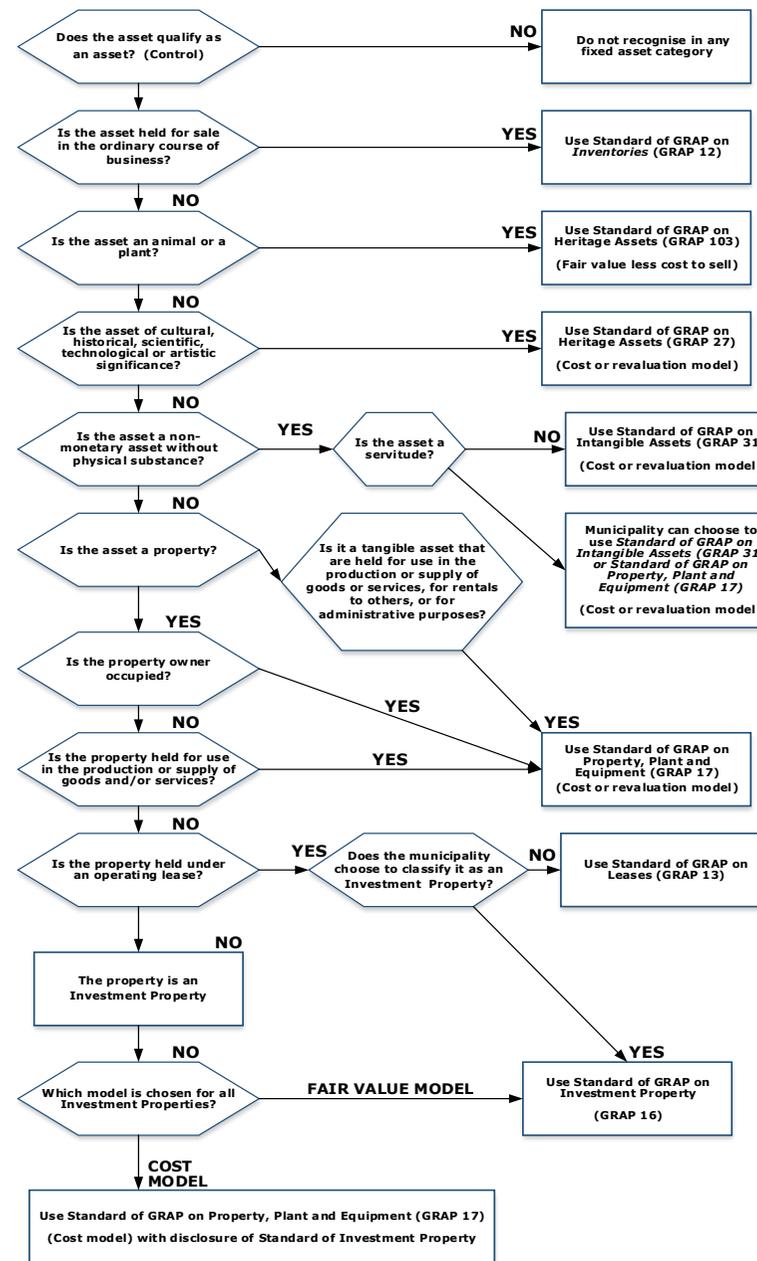
Asset hierarchies shall be adopted for each of the asset groups, separately identifying items of PPE at component level that are significant from a financial or risk perspective, and, where applicable, grouping items that are relatively insignificant. Investment Property and Intangible assets are not required to be componentised.

PPE shall be disclosed in the financial statements at the sub-category level.

A committee to be nominated by Council will consider the recognition of assets as heritage assets and motivate their recommendation for adoption by Council.

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

Figure 2 – Decision tree – Classification of assets



(c) Responsibilities

- The CFO shall ensure that the classification of immovable assets adopted by the municipality complies with the statutory requirements.
- The CFO shall consult with the Directors responsible for PPE to determine an effective and appropriate asset hierarchy for each asset class of PPE to component level and record such in the asset management procedures document.
- Every Director shall ensure that all immovable assets under their control are classified correctly within the classification adopted by the municipality.
- Every Director shall advise the CFO when assets should be re-classified.

10.3 IDENTIFICATION OF ASSETS**(a) Definitions and rules**Immovable asset coding

An asset coding system is the means by which the municipality is able to uniquely identify each immovable asset (at the lowest level in the adopted asset hierarchy) in order to ensure that it can be accounted for on an individual basis.

Barcoding system

A barcoding system will be used for movable assets as the means by which the municipality is able to uniquely identify each movable asset in order to ensure that it can be accounted for on an individual basis, which will also assist with the subsequent verification process of movable assets.

(b) Policy statement

A coding system shall be adopted and applied that will enable each asset of immovable assets (with PPE at the lowest level in the adopted asset hierarchy) to be uniquely and readily identified. Similarly a barcoding system shall be adopted for movable assets.

(c) Responsibilities

- The AO shall develop and implement an immovable asset coding system in consultation with the CFO and other Directors to meet the policy objective.
- Directors shall ensure that all the immovable assets under their control are correctly coded.
- Directors shall ensure that all the movables assets under their control are barcoded.

10.4 ASSET REGISTER**(a) Definitions and rules**Asset register

A fixed asset register is a database with information relating to each asset. The fixed asset register is structured in line with the adopted classification structure. The scope of data in the register is sufficient to facilitate the application of the respective accounting standards for each of the asset classes, and the strategic and operational asset management needs of the municipality.

Procurement of assets

All assets acquired must be in terms of the capital budget and assets must be procured in such a way that:

- a proper need for the asset was identified;
- procurement documentation supports the format adopted for the asset register and the asset hierarchy; and

- proper and approved procurement procedures are adhered to in terms of the Supply Chain Management Policy. Authorisation for procurement should be as per the Municipalities' delegation of authority and payment for assets should be in accordance with the financial policies and regulations of the Council.

Updating data in the asset register

The fixed asset register is updated by an Asset Management Administrator only when authorised and instructed to do so by the CFO. The Asset Management Administrator is precluded from being a custodian of any asset.

(b) Policy statement

A fixed asset register shall be established to provide the data required to apply the applicable accounting standards, as well as other data considered by the municipality to be necessary to support strategic asset management planning and operational management needs. The asset register shall be updated and reconciled to the general ledger on a regular basis, which will be reconciled to the financial statements at year end.

(c) Responsibilities

- The CFO shall define the format of the fixed asset register in consultation with the AO and the Directors shall ensure that the format complies with the prevailing accounting standards and disclosure requirements.
- Directors shall provide the CFO with the data required to establish and update the asset register in a timely fashion.
- The CFO shall establish procedures to control the completeness and integrity of the asset register data.
- The CFO shall ensure proper application of the control procedures.

10.5 MEASUREMENT AT RECOGNITION**(a) Definitions and rules**Measurement at recognition of PPE

An item of PPE that qualifies for recognition is measured at cost. Where an asset is acquired at no or nominal cost (for example in the case of donated or developer-created assets), its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of PPE, such as on recognising PPE for which there are no records, or records cannot be linked to specific assets, its cost is deemed to be its fair value.

Measurement at recognition of investment property

Investment property will be measured at cost including transaction cost at initial recognition. However, where an investment property was acquired through a non-exchange transaction (i.e. where the investment property was acquired for no or nominal value), its cost is its fair value at the date of acquisition.

Measurement at recognition of intangible assets

Intangible assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

Measurement at recognition of heritage assets

Heritage assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

If the municipality holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements as follows:

- A description of the heritage asset or class of heritage assets.
- The reason why the heritage asset or class of heritage assets could not be measured reliably.
- On disposal of the heritage asset or class of heritage assets, the compensation received and the amount recognised in the statement of financial performance.

Measurement at recognition of biological assets

Biological assets shall be measured on initial recognition and at each reporting date at its fair value less costs to sell.

Fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market based evidence by appraisal can be used where there is an active and liquid market for assets (for example land and some types of plant and equipment). In the case of specialised buildings (such as community buildings) and infrastructure where there is no such active and liquid market, a depreciated replacement cost (DRC) approach may be used to identify the fair value. The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets.

Depreciated replacement cost

If no evidence is available to determine the market value in an active and liquid market of an item of property, the fair value of the item may be established by reference to other items with similar characteristics, in similar circumstances and location. In many cases, the depreciated replacement cost of an asset can be established by reference to the buying price of a similar asset with similar remaining service potential in an active and liquid market. In some cases, an asset's reproduction cost will be the best indicator of its replacement cost. For example, in the event of loss, a parliament building may be reproduced rather than replaced with alternative accommodation because of its significance to the community.

Costs associated with heritage assets

Costs incurred to enhance or restore a heritage asset to preserve its indefinite useful life should be capitalised as part of the cost of the asset. Such costs should be recognised in the carrying amount of the heritage asset as incurred.

Changes in the existing decommissioning or restoration cost included in the cost of an item

Changes in the measurement of an existing decommissioning cost or restoration cost as a result of changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, should be treated as follows:

10.5.1 If the cost model is used -

- Changes in the liability shall be added to or deducted from the cost of the related asset.
- If the amount deducted from the cost of the asset exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality should consider whether this is an indication that the carrying amount may not be recoverable. In this case the municipality should test the asset for impairment.

10.5.2 If the revaluation model is used -

- A decrease in the liability shall be credited to the revaluation surplus, except that it shall be recognised in the surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in the surplus or deficit; and
- an increase in the liability shall be recognised in surplus or deficit, except that it shall be debited to the revaluation surplus to the extent that any credit balance may exist in the revaluation surplus in respect of asset.
- If the decrease in liability exceeds the carrying amount that would have been recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.
- If the change in liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation shall be taken into account in determining the amounts to be taken to surplus or deficit and net assets as discussed above. If a revaluation is necessary, all assets of that class shall be revalued.
- The change in the revaluation surplus arising from the change in the liability shall be separately identified and disclosed on the face of the statement of changes in net assets.

Finance leases

At the commencement of a lease term, the municipality (the lessee) shall recognise a finance lease as an asset and liability in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease contract, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct cost of the lessee is added to the amount recognised as an asset.

Self-constructed immovable PPE

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality. All assets that are constructed by the municipality should be recorded in the asset register and each component that is part of this immovable PPE should be depreciated over its estimated useful life for that category of asset.

Proper records are kept such that all costs associated with the construction of these assets are completely and accurately accounted for as capital under construction, and upon completion of the asset, all costs (both direct and indirect) associated with the construction of the asset are summed and capitalised as an asset.

Construction of future investment property

If property is developed for future use as an investment property, such property shall in every respect be accounted for as investment property.

Borrowing costs

Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include at interest on bank overdrafts and short-term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings; finance charges in respect of finance leases and foreign exchange differences arising from foreign currency borrowings when these are regarded as an adjustment to interest costs. Borrowing costs shall be capitalised if related to construction of a qualifying asset (one that necessarily takes a substantial period of time to get ready for its intended use or sale) and external funding is sourced to fund the project.

In the following cases it is inappropriate to capitalise borrowing costs:

- It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of the municipality directly to the nature of the expenditure to be funded i.e. capital or current. In such case, the municipality shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.
- In exceptional cases the municipality is allowed to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. It may be difficult for the municipality to identify a direct relationship between an asset and borrowing costs incurred because the financing activity is controlled centrally and it will not always be possible to keep track of the specific borrowing costs which should be allocated to the qualifying asset. As a result the reasonable effort and cost may outweigh the benefit of presenting the information, making it inappropriate to capitalise the borrowing cost.

Non-current assets held for sale

Immovable assets classified as non-current assets held for sale shall be measured at the lower of its carrying value and its fair value less cost to sell immediately before meeting the criteria for such classification.

In the event that a non-current asset held for sale ceases to meet the criteria for such classification, it is recognised in the asset register and measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, or
- its recoverable amount or recoverable service amount at date of the subsequent decision not to sell.

The municipality shall include any required adjustment to the carrying amount of an immovable asset that ceases to be classified as held for sale in revenue of the continuing operations in the period in which the criteria to be held for sale are no longer met. The municipality shall present that adjustment in the same caption in the Statement of Financial Performance used to present a gain or loss.

Deferred payment

The cost of an asset is the cash equivalent at the recognition date. If the payment of the cost price is deferred beyond normal credit terms, the difference between the cash price equivalent (the total cost price is discounted to the asset's present value as at the transaction date) and the total payment is recognised as an interest expense over the period of credit unless such interest is recognised in the carrying value of the asset in accordance with the Standard on Borrowing Costs, GRAP 5.

Exchanged PPE assets

In cases where assets are exchanged, the cost is deemed to be the fair value of the acquired asset and the disposed asset is de-recognised. If the acquired asset is not measured at its fair value, its cost price will be the carrying amount of the asset given up.

Cost of an item of PPE

The capitalisation value comprises of;

- the purchase price,
- 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
- an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

VAT is excluded (unless the municipality is not allowed to claim input VAT paid on purchase of such assets - in such an instance, the municipality should capitalise the cost of the asset together with VAT).

Directly attributable costs

Directly attributable costs are defined as:

- Cost of employee benefits arising directly from the construction or acquisition of the item of immovable PPE and intangible assets.
- costs of site preparation (in the case of PPE assets);
- initial delivery and handling costs (in case of PPE infrastructure, PPE community assets and PPE heritage assets) ;
- installation and assembly costs, cost of testing whether the immovable PPE or associated intangible asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to that location and condition;
- commissioning (cost of testing the asset to see if the asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to its current condition and location)
- professional fees (for example associated with design fees, supervision, and environmental impact assessments) (in the case of all asset classes); and
- proper transfer taxes (in the case of all asset classes).

(b) Policy statement

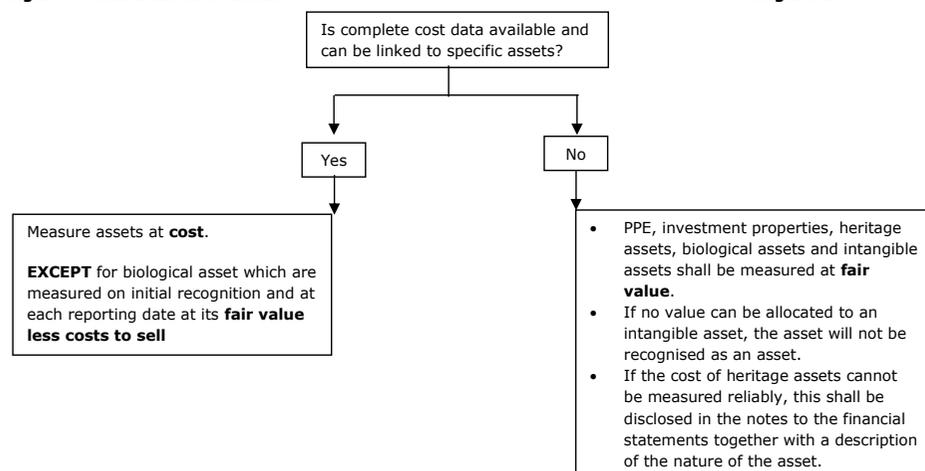
PPE, intangible assets, heritage assets and investment property that qualify for recognition shall be capitalised **at cost**. Interest on deferred payments will be expensed. Biological assets that qualify for recognition shall be capitalised **at fair value less costs to sell**.

In cases where complete cost data is not available or cannot be reliably linked to specific assets:

- The fair value of PPE infrastructure, community property and building property shall be adopted on the basis of depreciated replacement cost;
- If the cost of heritage assets cannot be measured reliably, this shall be disclosed in the notes to the financial statements together with a description of the nature of the asset; and
- Investment property and intangible assets shall be measured at fair value on the date of acquisition. If no fair value can be allocated to the intangible asset, the asset will not be recognised as an asset.

Figure 3: Measurement at initial

recognition

**(c) Responsibilities**

- The CFO, in consultation with the AO and Directors, shall determine effective procedures for the capitalisation of assets on recognition.
- Every Director shall ensure that all assets under their control are correctly capitalised.
- Every Director shall advise the CFO of any deferred payments from the municipality, providing the relevant details of such.

10.6 MEASUREMENT AFTER RECOGNITION**(a) Definitions and rules**Options

Accounting standards allow measurement after recognition on immovable assets as follows:

- PPE, heritage assets and intangible assets: on either a cost or revaluation model;
- Biological assets: fair value less costs to sell; and
- Investment Property: either cost model or the fair value model.

Different models can be applied, providing the treatment is consistent per asset class.

Cost model

When the cost model is adopted, the asset is carried after recognition at its cost less any accumulated depreciation and any accumulated impairment losses.

Revaluation model

When the revaluation model is adopted an asset is carried after recognition at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When revaluations are conducted, the entire class of assets should be re-valued. The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets.

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

When an asset is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- Restated proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its DRC.
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such asset before the revaluation in question may be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account. *If this option is selected, an adjustment of the aggregate transfer is made at the end of each financial year.*

Investment property

When the fair value model is adopted, all investment property should be measured at its fair value except when the fair value cannot be determined reliably on a continuing basis. The fair value of the investment property shall reflect market conditions at the reporting date. It shall be valued on an annual basis. All fair value adjustments shall be included in the surplus or deficit for the financial year. If a municipality selects the cost model to measure all of its investment property, it does so in accordance with the Standard of GRAP on Property, Plant and Equipment, i.e., at cost less any accumulated depreciation and any accumulated impairment losses.

Statutory inspections

The cost of a statutory inspection that is required for the municipality to continue to operate immovable PPE is recognised at the time the cost is incurred, and any previous statutory inspection cost is de-recognised.

Expenses to be capitalised

Expenses incurred in the enhancement of PPE (in the form of improved or increased services or benefits flowing from the use of such asset), or in the material extension of the useful operating life of assets are capitalised. Such expenses are recognised once the municipality has beneficial use of the asset (be it new, upgraded, and/or renewed) – prior to this, the expenses are recorded as work-in-progress. Expenses incurred in the maintenance or repair (reinstatement) of PPE that

ensures that the useful operating life of the asset is attained, are considered as operating expenses and are not capitalised, irrespective of the quantum of the expenses concerned.

Spares

The location of capital spares shall be amended once they are placed in service, and re-classified to the applicable PPE asset sub-category. Depreciation on the capital spares will commence once the items are placed in service as this is when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Major inspection

Major inspections will be recognised at the value of the major inspection.

(b) Policy statement

Measurement after recognition shall be on the following basis:

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

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

The restatement method will be applied to proportionately restate the accumulated depreciation to be in line with the gross replacement cost or CRC of the revalued asset or the elimination method will be applied and the accumulated depreciation will be eliminated against the gross carrying amount of the asset (therefore accumulated depreciation becomes zero) and the net amount restated to the revalued amount of the asset or DRC of the revalued asset.

Figure 4: Measurement after recognition

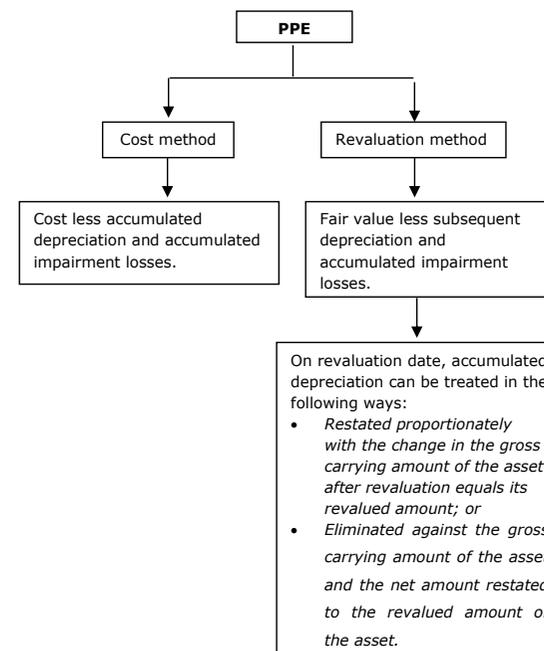


Figure 5: Measurement after recognition

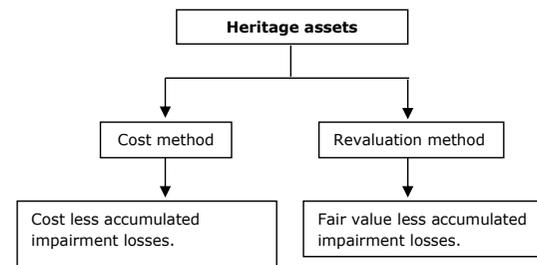


Figure 6: Measurement after recognition

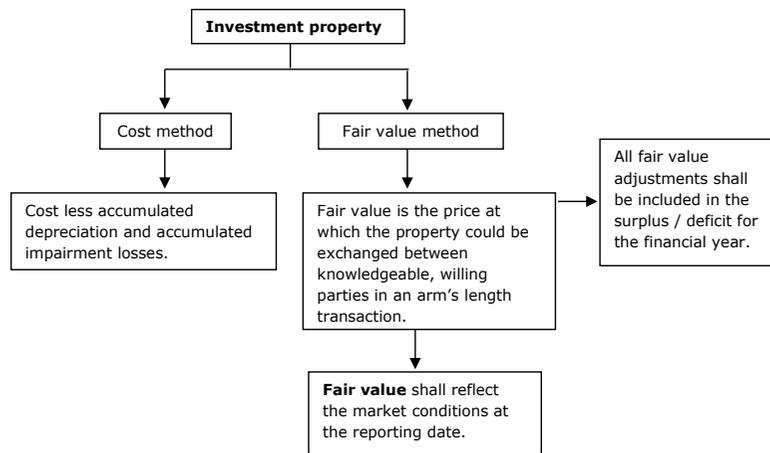


Figure 7: Measurement after

recognition

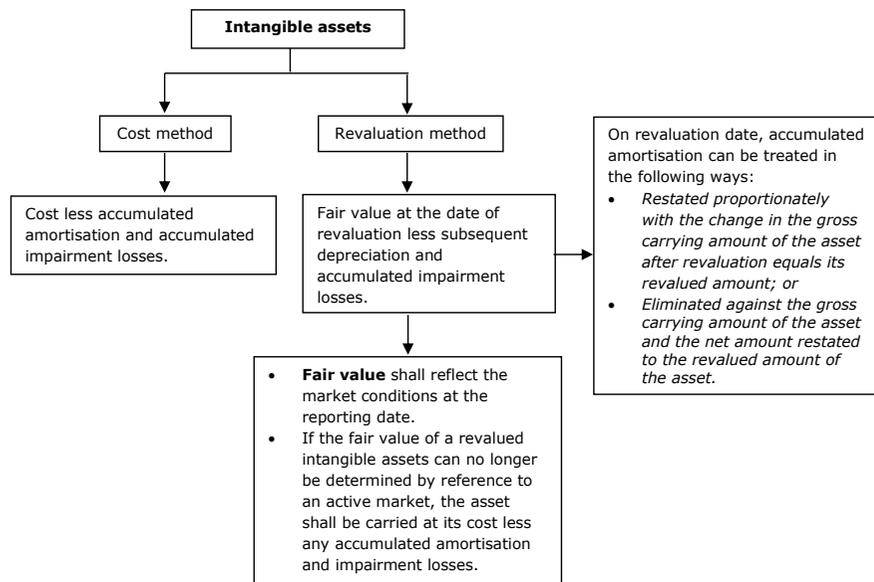
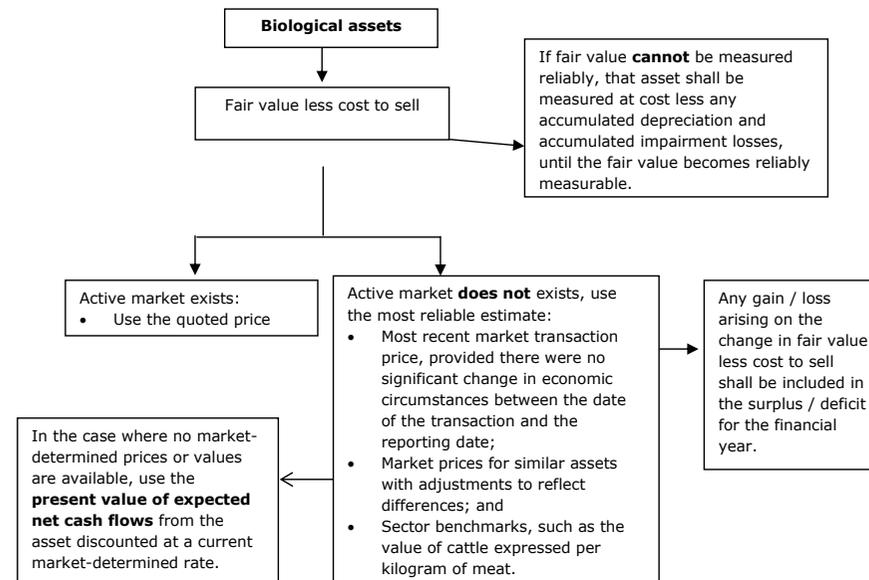


Figure 8: Measurement

after recognition



(c) Responsibilities

- The CFO, in consultation with the AO and Directors, shall determine effective procedures for the on-going capitalisation of assets after recognition.
- Every Director shall ensure that all capital expenses associated with assets under their control are correctly capitalised.
- Every Director shall ensure that revaluations and fair value adjustments are conducted where applicable to immovable infrastructure under their control.

10.7 DEPRECIATION

(a) Definition and rules

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its remaining useful life. The amortisation of intangible assets is identical.

Land and servitudes are considered to have unlimited life; therefore they are not depreciated. Heritage assets and investment property are also not depreciated.

Depreciable amount

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Residual value

The residual value is the estimated amount that the municipality would currently obtain from disposal of the asset after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The residual values of assets are indicated in **Annexure C** and **D** in the form of a percentage. In the case of assets measured after recognition on the cost model, the percentage is of the initial cost of acquisition. In the case of assets measured after recognition on the revaluation model, the percentage is of the revalued cost.

Intangible assets with an indefinite useful life

An intangible asset with an indefinite useful life will not be amortised. Impairment testing shall be performed on these assets on an annual basis and whenever there is an indication that the assets might be impaired, comparing its recoverable amount with its carrying amount.

Remaining useful life

The remaining useful life (RUL) of a depreciable PPE asset is the time remaining until an asset ceases to provide the required standard of performance or economic usefulness.

The remaining useful life of all depreciable immovable PPE assets at initial recognition is the same as the expected useful life indicated in **Annexure C** above. The remaining useful life of all depreciable movable PPE assets that are new, or are considered to have been renewed, at initial recognition is the same as the expected useful life indicated in **Annexure D**.

Annual review of remaining useful life

The remaining useful lives of depreciable PPE are reviewed every year at the reporting date. Changes may be required as a result of new, updated or more reliable information being available. Changes may also be required as a result of impairments (as contemplated in **Section 10.8** of this policy). Depreciation charges in the current and future reporting periods are adjusted accordingly, and are accounted for as a change in an accounting estimate.

Depreciation method

Depreciation of PPE is applied at the component level. A range of depreciation methods exist and can be selected to model the consumption of service potential or economic benefit (for example the straight line method, diminishing amount method, fixed percentage on reducing balance method, sum of the year digits method, production unit method). The approach used should reflect the consumption of future economic benefits or service potential, and should be reviewed annually where there has been a change in the pattern of consumption.

Depreciation charge

Depreciation starts once an asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an assets ceases at the earlier of the date that the asset is classified as held for sale (in accordance with the standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations) and the date the asset is de-recognised.

Carrying amount

The carrying amount is the cost price / fair value amount after deducting any accumulated depreciation and accumulated impairment losses.

Capital spares

Depreciation on capital spares will commence once the items are placed in service as this is when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Finance lease

Depreciable assets financed through a finance lease will give rise to a depreciation expense and finance cost which will occur for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with the policy of depreciable owned assets, and the depreciation recognised shall be calculated in accordance with the Standard on Property, Plant and Equipment, GRAP 17. If there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. If there is certainty that the municipality will obtain ownership by the end of the lease term, the asset will be fully depreciated over the asset's useful life.

(b) Policy statement

All PPE, except land, servitudes and heritage assets, shall be depreciated over their remaining useful lives. All intangible assets, other than intangibles with an indefinite useful life, shall be amortised over their remaining useful lives.

The method of depreciation / amortisation shall be reviewed on an annual basis, though the *straight line method / diminishing amount method / fixed percentage on reducing balance method / sum of the year digits method / production unit method* shall be used in all cases unless Council determines otherwise. Investment Property on the fair value method will also not be depreciated. The existence, remaining useful lives and residual values shall also be reviewed at each reporting date.

(c) Responsibilities

- The Director shall ensure that a budgetary provision is made for the depreciation of the immovable PPE in the ensuing financial year, in consultation with the CFO.
- The CFO shall indicate a fixed annual date for the review of the remaining useful life of immovable PPE under the control of the respective Directors.
- Every Director shall annually review the remaining useful life as well as the expected useful life and residual values stated in **Annexures C and D** and the depreciation method of PPE that are under their control and motivate to the AO and CFO any adjustments if these are required, in the judgement of the Directors.
- Changes should not be made on a continuous basis because the accounting principle of consistency would be violated.
- The CFO shall report changes made to the remaining useful life of immovable PPE in the asset register to the AO and Council.
- The CFO shall ensure that depreciation charges are debited on a monthly basis and that the fixed asset register is reconciled with the general ledger.

10.8 IMPAIRMENT**(a) Definition and rules**Impairment

Impairment is defined as the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Indications of impairment

The municipality must review assets for impairment when one of the indicators below occurs or at least at the end of each reporting period. In assessing whether there is any indication that an asset may be impaired, an entity shall consider as a minimum the following indicators:

10.8.1 External sources of information:

- decline or cessation in demand;
- significant long-term changes in the technological, legal or government policy environment;
- the carrying amount of the net assets of the entity is more than its market capitalisation;
- market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially; or
- a halt in construction could indicate an impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.

10.8.2 Internal sources of information:

- evidence of physical damage;
- evidence of obsolescence;
- significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or a manner in which, an asset is used or is expected to be used, including an asset becoming idle, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- cash flow for acquiring an asset or maintenance cost thereafter is higher than originally budgeted;
- the actual net cash flow or operating profit or loss flowing from an asset are significantly worse than those budgeted;
- a significant decline in budgeted net cash flow or operating profit, or a significant increase in the budget loss, flowing from the asset; or
- operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

10.8.3 Other indications, such as loss of market value.

Impairment of projects under construction

In assessing whether a halt in construction would trigger an impairment test, it should be considered whether construction has simply been delayed or postponed, whether the intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postponed to a specific future date, the project may be treated as work in progress and is not considered as halted.

Intangible assets

The municipality must test all intangible assets associated with immovable PPE not yet available for use or which have an indefinite useful life for impairment. This impairment test may be performed at any time during the reporting period provided it is performed at the same time every year.

Investment property on the fair value model

Investment property that is measured at fair value is specifically excluded from the scope of GRAP 21 and GRAP 26 (impairment standards). Any impairment would be reflected in the annual review of fair value.

Recoverable amount

The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable service amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.

Impairment loss

An impairment loss of a non-cash-generating unit or asset is defined as the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and its value in use.

An impairment loss of a cash-generating unit (smallest group of assets that generate cash inflows) or asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use.

Non-cash generating unit

Non-cash-generating units are those assets (or group of assets) that are not held with the primary objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit. The recoverable service amount is the higher of the asset's fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain. However, sometimes it will not be possible to determine the fair value less cost to sell because there is no basis for making reliable estimates of the amount obtainable. For non-cash generating assets which are held on an 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 or 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
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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



BUDGET IMPLEMENTATION AND MONITORING POLICY

DRAFT BUDGET 2015/2016 MTREF

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ABBREVIATIONS

NC073	<i>Emthanjeni Municipality</i>
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
HOD	Directors/Head of Department
IDP	Integrated Development Plan
MBRR	Municipal Budget and Reporting Regulations, 2008
MFMA	Municipal Finance Management Act
MTREF	Medium Term Revenue and Expenditure Framework
SCM	Supply Chain Management
VAT	Value Added Tax

1 PURPOSE OF THIS DOCUMENT

- 1.1 The objective of the budget policy is to set out:
 - (a) The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget (MTREF);
 - (b) The responsibilities of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget;
 - (c) To control and inform the basis, format and information included in the Budget documentation; and
 - (d) To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes.

DEFINITIONS

In this Budget Implementation Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003), has the meaning so assigned, and:

"Accounting Officer"- means the Municipal Manager;

"Allocation", means-

- a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;

- an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
- an allocation of money to a municipality in terms of a provincial budget; or
- any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget," means an annual budget-

- approved by a municipal council, or
- includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

- "Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including-
- the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
- the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

"chief financial officer" means a person designated in terms of section 80(2) (a) of the MFMA;

"councillor" means a member of a municipal council;

"creditor", means a person to whom money is owed by the municipality;

"current year" means the financial year, which has already commenced, but not yet ended;

"delegation", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA;

"**financial statements**", means statements consisting of at least-

- a statement of financial position;
- a statement of financial performance;
- a cash-flow statement;
- any other statements that may be prescribed; and
- any notes to these statements;

"**financial year**" means a twelve months period commencing on 1 July and ending on 30 June each year;

"**financing agreement**" includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"**fruitless and wasteful expenditure**" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"**irregular expenditure**", means-

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

"**investment**", in relation to funds of a municipality, means-

- the placing on deposit of funds of a municipality with a financial institution; or
- the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"**lender**", means a person who provides debt finance to a municipality;

"**local community**" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"**long-term debt**" means debt repayable over a period exceeding one year;

"**Municipal Structures Act**" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"**Municipal Systems Act**" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"**mayor**" means the councillor elected as the mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"**municipal council**" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"**municipal debt instrument**" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"**municipal entity**" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"**municipality**"-

- when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"**accounting officer**" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

"**municipal service**" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"**municipal tariff**" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"**municipal tax**" means property rates or other taxes, levies or duties that a municipality may impose;

"**National Treasury**" means the National Treasury established by section 5 of the Public Finance Management Act;

"**official**", means-

- an employee of a municipality or municipal entity;

- a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
 - a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;
- "overspending"** -
- means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
 - in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
 - in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"past financial year" means the financial year preceding the current year;

"quarter" means any of the following periods in a financial year:

- 1 July to 30 September;
- 1 October to 31 December;
- 1 January to 31 March; or
- 1 April to 30 June;

"service delivery and budget implementation plan" means a detailed plan approved by the mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-

- projections for each month of-
- revenue to be collected, by source; and
- operational and capital expenditure, by vote;
- service delivery targets and performance indicators for each quarter; and
- any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(l) (c) of the MFMA.

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognised accounting practice," means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board;

- **"unauthorised expenditure"**, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-overspending of the total amount appropriated in the municipality's approved budget;

- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (ii), (iii) or (iv) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the MFMA; "virement" means transfer of funds between functions / votes.

"vote" means-

- one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

In this document unless the context otherwise indicates, words and expressions denoting the singular shall include the plural and vice versa, words and expressions denoting the male sex shall include the female sex and vice versa and reference to a natural person shall include a legal person and vice versa.

2 BUDGETING PRINCIPLES

The municipality shall ensure that revenue projections in the budget are realistic taking into account actual collection levels.

The municipality shall ensure that the budget reflects the net depreciation amount (gross depreciation less backlog depreciation) due to the increase of measurement of PPE.

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget. Vote accessibility of supply chain management systems for small businesses must be taken into account.

Municipality shall prepare a multi-year budget (three year) - medium term revenue and expenditure framework (MTREF) and that be reviewed annually and approved by Council.

3 BUDGETING PROCESS

3.1 Planning for the preparation of the budget

- 3.1.1 The Accounting Officer with the assistance of the Chief Financial Officer and the Manager responsible for IDP shall

draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.

3.1.2 The mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).

3.1.3 IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework (MTRF) budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.

3.1.4 The mayor shall convene a strategic workshop in September/October with the senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTRF budget taking into account the financial and political pressures facing the municipality. The mayor shall table the IDP priorities with the draft budget to Council.

3.1.5 The Mayor shall table the Draft IDP and MTRF budget to council by 31 March (90 days before the start of the new budget year) together with the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, borrowings, etc.).

3.1.6 The Chief Financial Officer and senior managers undertake the technical preparation of the budget including:-

3.1.6.1 Review past performance;

3.1.6.2 Prepare initial preview assumptions;

3.1.6.3 Analyse past revenue trends and develop initial projections;

3.1.7 Prepare the IDP and make necessary revisions;

Prepare initial budget scenarios:-

(a) The budget must be in the prescribed format, and must be divided into capital and operating budget.

(b) The budget must reflect the realistically expected revenues and expenditure by major source for the budget year concerned; and

(c) Estimated revenue and expenditure by vote for the budget year; and

The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

Annexure A provides an outline of the budget activities, timeframes and responsibilities.

3.2 Public participation process

3.2.1 During the consultation process administration should consult with political executive; and

3.2.2 Immediately after the draft annual budget has been tabled, the municipality must convene hearings on the draft budget in April and invite the public and stakeholder organisations, to make representation at the council hearings and to submit comments in response to the draft budget.

3.3 Approval of the budget

3.3.1 Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year);

3.3.2 The council resolution, must contain budget policies and performance measures be adopted; and

3.3.3 Should the municipality fail to approve the budget before the start of the budget year, the mayor must inform the MEC for Finance that the budget has not been approved.

3.4 Publication of the budget

3.4.1 Within 14 days after the draft annual budget has been tabled, the Director of Corporate Services must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public as well as send hard copies to National and Provincial Treasury; and

3.4.2 The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

4 CONTENTS OF THE BUDGET

The budget consist of the following key elements:

4.1 Mayor’s Report

4.2 Council Resolutions

4.3 The Council approves and adopts: -

4.3.1 Budget set out in various tables;

4.3.2 by standard classification;

4.3.3 by municipal vote;

4.3.4 by source and expenditure by type;

4.3.5 Policies; and

4.3.6 Tariffs.

4.4 Executive Summary

- 4.4.1 Operating Revenue Framework
 - 4.4.1.1 Property Rates ;
 - 4.4.1.2 Sale of Water and Impact of Tariff Increases;
 - 4.4.1.3 Sale of Electricity and Impact of Tariff Increases;
 - 4.4.1.4 Sanitation and Impact of Tariff Increases;
 - 4.4.1.5 Waste Removal and Impact of Tariff Increases; and
 - 4.4.1.6 Overall impact of tariff increases on households.
- 4.4.2 Operating Expenditure Framework
 - 4.4.2.1 Main operational expenditure categories;
 - 4.4.2.2 Priority areas i.e. repairs and maintenance; and
 - 4.4.2.3 Free Basic Services: Basic Social Services Package.
- 4.4.3 Capital expenditure
 - 4.4.3.1 Focus area
 - 4.4.3.2 Highlighted projects where major investment in Capex is made
 - 4.4.3.3 Future operational cost of new infrastructure
- 4.5 Supporting Documentation**
 - 4.5.1 Budget Process Overview
 - 4.5.1.1 IDP and Service Delivery and Budget Implementation Plan
 - 4.5.1.2 Financial Modelling and Key Planning Drivers
 - 4.5.1.3 Community Consultation
 - 4.5.1.4 Overview of alignment of annual budget with IDP
 - 4.5.2 Measurable performance objectives and indicators

- 4.5.3 Overview of budget related-policies
- 4.5.4 Monthly revenue cash flow projections by month
- 4.5.5 IDP amendments
- 4.5.6 Amendments to Budget related policies
- 4.5.7 Details of investments
- 4.5.8 Municipal entities – new and existing
- 4.5.9 Proposed service delivery agreements
- 4.5.10 Grants to external bodies
- 4.5.11 Contracts having future budgetary implications
- 4.5.12 Capital expenditure details
- 4.5.13 Legislation compliance status
- 4.5.14 Salary, allowances and benefits of:
 - 4.5.14.1 Councillors
 - 4.5.14.2 MM, CFO, Director and Managers
- 4.5.15 Overview of budget assumptions
 - 4.5.15.1 External factors
 - 4.5.15.2 General inflation outlook and its impact on the municipal activities
 - 4.5.15.3 Credit rating outlook

- 4.5.15.4 Interest rates for borrowing and investment of funds
- 4.5.15.5 Collection rate for revenue services
- 4.5.15.6 Growth or decline in tax base of the municipality
- 4.5.15.7 Salary increases
- 4.5.15.8 Impact of national, provincial and local policies
- 4.5.15.9 Ability of the municipality to spend and deliver on the programmes; and
- 4.5.16 Municipal manager's quality certificate

5 OPERATING BUDGET

- 5.1 The municipality shall budget in each annual and adjustments budget for the contribution to:
 - 5.1.1 provision for accrued leave entitlements equal to between 10 - 20% of the accrued leave entitlement of officials as at 30 June of each financial year,
 - 5.1.2 provision for bad debts in accordance with its rates and tariffs policies
 - 5.1.4 provision for the obsolescence and deterioration of stock in accordance with its stores management policy
 - 5.1.5 Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
 - 5.1.6 A sufficient proportion of the operating budget component of each annual and adjustments budget shall be set aside for maintenance in accordance with the asset maintenance plans of the Municipalities.
- 5.2 When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- 5.3 The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- 5.4 The operating budget shall reflect the impact of the capital component on:
 - 5.4.1 depreciation charges
 - 5.4.2 repairs and maintenance expenses
 - 5.4.3 interest payable on external borrowings

- 5.4.4 other operating expenses.
- 5.5 The chief financial officer shall ensure that the cost of indigency relief is separately reflected in the appropriate votes.

6. CAPITAL BUDGET

- 6.1 Expenditure of a project shall be included in the capital budget if it meets the asset definition and has a useful life in excess of one year.
- 6.2 A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- 6.3 The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.
- 6.4 Before approving a capital project, the Council must consider:
 - 6.4.1 the projected cost of the project over all the ensuing financial years until the project becomes operational,
 - 6.4.2 future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs),
 - 6.4.3 the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - 6.4.4 depreciation of fixed assets,
 - 6.4.5 maintenance of fixed assets, and
 - 6.4.6 any other ordinary operational expenses associated with any item on such capital budget.
- 6.5 Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.

7 FUNDING OF THE BUDGET

7.1 Operational Budget

The operational budget can only be funded from –

- 7.1.1 Realistically expected revenues.
- 7.1.1.1 Based on collection levels to date
- 7.1.1.1.2 Actual revenue collected in previous financial years

7.1.2 Uncommitted accumulated surpluses to the extent that the surpluses are cash backed.

7.2 Capital Budget

7.2.1 Revenue or Surplus

7.2.1.1 If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.

7.2.1.2 If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

7.2.2 External loans

7.2.2.1 External loans can be raised only if it is linked to the financing of an asset;

7.2.2.2 A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;

7.2.2.3 The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;

7.2.2.4 Interest payable on external loans shall be included as a cost in the revenue budget;

7.2.2.5 Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

7.2.3 Capital Replacement Reserve (CRR)

7.2.3.1 Council may establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve shall be established from the following sources of revenue:

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- unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
 - interest on the investments of the CRR, appropriated in terms of the investments policy;
 - additional amounts appropriated as contributions in each annual or adjustments budget; and
 - Sale of land and profit or loss on the sale of assets.
- 7.2.3.2 Before any asset can be financed from the CRR the financing may be available within the reserve and available as cash as this fund must be cash backed;
- 7.2.3.3 If there is insufficient cash available to fund the CRR this reserve fund must then be adjusted to equal the available cash;
- 7.2.3.4 Transfers to the CRR may be budgeted for in the cash budget;

7.2.4 Grant Funding

7.2.4.1 Non capital expenditure funded from grants

• must be budgeted for as part of the revenue budget;

• Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.

7.2.4.2 Capital expenditure must be budgeted for in the capital budget;

7.2.4.3 Interest earned on investments of Conditional Grant Funding shall be capitalised if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.

7.2.4.4 Grant funding does not need to be cash backed but cash should be secured before spending can take place.

7.3 Unspent Funds / Roll over of Budget

7.3.1 The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.

7.3.2 Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year.

7.3.3 Conditions of the grant fund shall be taken into account in applying for such roll over of funds.

7.3.4 In order to apply for a rollover of unspent conditional grants the following must be submitted to National Treasury:

- 7.3.4.1 Municipalities must submit their June conditional grant expenditure reports according to section 71 of MFMA reflecting all accrued expenditure on conditional grants;
- 7.3.4.2 Submit the pre-audited AFS indicating the portion of each national conditional allocation it received which remained unspent as at 30 June;
- 7.3.4.3 Formal letter addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 21(2) of the of DoRA

7.3.4.4 Motivation of Commitment:

- a. Evidence that work on each of the projects has commenced, namely either of the following:
- Proof that the project tender was published and the period for tender submissions closed before 30 June; or
 - Proof that a contract for delivery of the project was signed before 30 June.
- b. A progress report on the state of implementation of each of the projects;
- c. The amount of funds committed to each project, and the conditional allocation from which the funds come;
- d. An indication of the time-period within which the funds are to be spent; and
- e. Proof that the Chief Financial Officer is permanently appointed.
- National Treasury to confirm in writing approval or not;
 - The municipality must return the remaining unspent conditional grant funds National Revenue Fund;
 - Non return will result in the offset against the municipality's November equitable share allocation

7.3.5 Adjustments to the rolled over budget shall be done during the 1st Adjustments budget in the new financial year after taking into account expenditure up to the end of the previous financial year.

7.3.6 No unspent operating budget shall be rolled over to the next budget year

8 VIREMENTS

Virements represents a flexible mechanism to affect budgetary amendments within a municipal financial year, and is the major mechanism to align and take corrective (financial / budgetary) action within a Directorate (Vote) or functional area during a financial year.

8.1 Virement procedure requirements and restrictions

8.1.1 In order for a "vote" to transfer funds from one cost element, operating or capital project to another cost element, operating or capital project, a saving has to be identified within the monetary limitations of an identified cost element, operating or capital project allocations on the respective budgets.

8.1.2 Sufficient, budgetary provision should be available within the "giving" vote's cost element or capital project concerned to give effect to the budgetary transfer (virement). In addition, the transferring function must clearly indicate to which cost element operating, or capital project the budget provision will be transferred to and provide a clear motivation for the transfer.

8.1.3 Any budgetary amendment of which the net impact will be a change to the total approved annual budget allocation and any other amendments not covered in this policy are to be considered for budgetary adoption via an Adjustments Budget (per MFMA Section 28).

8.1.4 In terms of Section 17 of the MFMA a Municipality's budget is divided into an operating and capital budget and consequently no virements are permitted between Operating and Capital Budgets other than through an Adjustments Budget.

8.1.5 Virements are not permissible across, or between, votes without recommendation of the Directors and the Chief Financial Officer, support of the Municipal Manager and approval of Council.

8.1.6 Virements between Trading- and Rate-funded functions are not allowed, due to the differing impacts on respective tariff- or Rates-borne services' budgets, unless adopted via an Adjustments Budget (MFMA Section 28).

8.1.7 A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years (MFMA Sections 19 and 21).

8.1.8 Virements resulting in adjustments to the approved SDBIP need to be submitted with an Adjustments Budget to the Council with revised targets and indicators for approval. (MFMA Circular 13).

- 8.1.9 No virement may be made to cover/ allow for unauthorised, irregular or fruitless and wasteful expenditure (MFMA Section 32).
- 8.1.10 The virement that relates to an unfunded vacant position is subject to the approval of the Accounting Officer. The budget for such position may only be transferred from Employee related cost, if approved by the Municipal Manager.
- 8.1.11 No transfers are permitted within the first three months or the final month of the financial year without the support of Chief Financial Officer and approval by the Municipal Manager.
- 8.1.12 All virements should be approved in line with the Council's System of delegations.
- 8.1.13 All transfers within votes (directorates) or functional area must be reported by the Chief Financial Officer to the Municipal Manager on a monthly basis.

8.2 Operating Budget Virements

- 8.2.1 No virements are permitted between expenditure categories without the support of Chief Financial Officer and approval by the Municipal Manager.
- 8.2.2 Salaries, Wages and Allowances Category
- 8.2.2.1 Virements are allowed between cost elements only if these virements are within this expenditure category.
- 8.2.2.2 Virements in this expenditure category are subject to the approval of the Chief Financial Officer.
- 8.2.3 Remuneration of Councillors
- 8.2.3.1 Virements in this expenditure category are allowed only if these virements are within this category.
- 8.2.3.2 Virements in this expenditure category are subject to the approval of the Chief Financial Officer.
- 8.2.4 General Expenditure and Repairs and Maintenance (Primary)
- 8.2.4.1 Virements to and from cost elements within each category are allowed.
- 8.2.4.2 Virements are allowed from General Expenditure to Repairs and Maintenance.
- 8.2.4.3 The following cost elements categories are not to be used as sources of virements, but virements are allowed within each category:
- 8.2.4.4 Training related expenditure.
- 8.2.4.5 Bargaining Council provisions and skills development levies.

- 8.2.4.6 Insurance related provisions.
- 8.2.4.7 Pensioner and Continued Members.
- 8.2.4.8 Repairs and Maintenance.
- 8.2.5 Contracted Services and Collection Costs
- Virements to and from these elements are allowed.
- 8.3 Operating Projects And Capital Budget Virement**
- 8.3.1 All virements to capital projects will only be considered for budgetary adoption via an Adjustments Budget (per MFMA Section 28).
- 8.3.2 nly virements between existing projects approved by Council and within the same Directorate will be permitted subject to approval by the Municipal Manager.
- 8.3.3 Virements will only be considered if recommended by a director responsible for the vote or functional area and supported by the Chief Financial Officer.
- 8.3.4 Motivations for virements between projects should clearly state the reason for the saving within the "giving" project, as well as the reason for the additional amount required.
- 8.3.5 No virements, of which the affect will be to add "new" projects onto the Capital Budget, will be allowed.
- 8.3.6 Virements may not cause an increase to the individual projects' total project cost.
- 8.3.7 Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.
- 8.3.8 Implementation of the project may not be prejudiced due to the virement of funds (i.e. must not hinder completion of the project).
- 8.3.9 Virements will only be considered upon submission of revised business plans for both the "giving" and the "receiving" operating and capital project.

9 ADJUSTMENT BUDGET

The MFMA 28(2) recognises that there will be instances where unforeseen and unavoidable expenditure is required, as well as other circumstances which could necessitate the submission of an Adjustments Budget:

It is compulsory to prepare an adjustments budget:-

9.1 when there is an under collection of revenue

9.2 when a downwards adjustment of revenue and expenditure is required

The MFMA also recognises that a voluntary adjustment budget can be prepared as a result of the following:-

9.3 Over-collection of revenue – to support existing budgeted programmes (MFMA 28(2) (b) to be submitted after midyear performance assessment and before 28 February.

9.4 Unforeseen and unavoidable expenditure recommended by the Mayor (will be a prescribed framework) (MFMA 28(2) (c) must be reported to Council at its next meeting and be included in adjustments budget within 60 days of expenditure being incurred.

9.5 Virements – utilise savings in one vote (MFMA 28(2) (d) to be submitted after midyear performance assessment and before 28 February.

9.6 Under spending in prior financial year - if unforeseen (MFMA 28(2) (e) should be completed after year end but before 25 August.

9.7 Correct errors (MFMA 28(2) (f) to be submitted after midyear performance assessment and before 28 February.

9.8 To ratify unauthorised expenditure and any other expenditure within a prescribed framework in terms of Unauthorised Expenditure the Municipality may submit a Special Adjustments Budget when submitting the Annual Report for consideration.

9.9 When an adjustments budget is tabled, it must be accompanied by—

9.9.1.1 an explanation how the adjustments budget affects the annual budget;

9.9.1.2 a motivation of any material changes to the annual budget;

9.9.1.3 an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and

9.9.1.4 any other supporting documentation that may be prescribed.

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9.10 The Municipality may not change tax and tariffs unless in terms of a financial recovery plan.

9.11 Formats of adjustments budget

An adjustment budget and supporting documentation of a municipality must be in a the format specified in Schedule B of the MBRR and include all the required tables, charts and explanatory information, in view of any guidelines issued by National Treasury

9.12 Funding of adjustment budgets

An adjustments budget of a municipality must be suitably funded. The supportive documentation to accompany an adjustments budget in terms of section 28(5) of the MFMA must contain an explanation of how the adjustments budget is funded.

9.13 Submission of tabled adjustments budgets

The municipal manager must comply with section 28(7) of the MFMA together with section 22(b)(i) of the MFMA, within ten working days after mayor has tabled an adjustments budget in the municipal council. When submitting the tabled adjustments budget to National Treasury and relevant provincial treasury in terms of section 28(7) of the MFMA, municipal manager must submit in both printed and electronic.

9.14 Approval of adjustments budgets

The municipal council must consider the full consequences, fiscal or otherwise, of the adjustments budget and supporting documentation. When approving an adjustments budget, municipal council must consider and adopt separate resolutions dealing with each of the matters listed below:

9.14.1 Approval of the adjustment budget;

9.14.2 Approval of any adjustments permitted in terms of section 28(2) of the MFMA;

9.14.3 Approval of the transfer of funds to a separate bank account for purpose contemplated in section 12 of the MFMA;

9.14.4 Approval of revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget;

9.14.5 Approval of any amendments to budget related policies necessitated by the adjustments budget.

9.15 Quality Certification

When an adjustment budget and supporting documentation is tabled in council, made public or submitted to another organ of state, it must be accompanied by a quality certificate complying with Schedule B and signed by the municipal manager.

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- 9.16 Publication of approved adjustment budgets
 Within five working days after the municipal council has approved an adjustments budget, the municipal manager must in agreement with section 21(A) of the Municipal System Act make public that approved adjustments budget and supporting documentation, as well as the resolution referred to in item 4, Schedule B, resolutions.

10 BUDGET IMPLEMENTATION

10.1 Monitoring

- 10.1.1 *The accounting officer with the assistance of the chief financial officer, Directors and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:*
- 10.1.1.1 funds are spent in accordance with the budget;
 - 10.1.1.2 expenses are reduced if expected revenues are less than projected; and
 - 10.1.1.3 revenues and expenses are properly monitored.
- 11.1.2 *The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling to Council.*
- 11.1.3 *The Accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.*

10.2 Reporting

10.2.1 Monthly budget statements

The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

- 10.2.1.1 actual revenues per source, compared with budgeted revenues;
- 10.2.1.2 actual expenses per vote, compared with budgeted expenses;
- 10.2.1.3 actual capital expenditure per vote, compared with budgeted expenses;
- 10.2.1.4 actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- 10.2.1.5 the amount of allocations received, compared with the budgeted amount;
- 10.2.1.6 actual expenses against allocations, but excluding expenses in respect of the equitable share; explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- 10.2.1.8 relevant projections remain within the approved or revised budget; and the remedial or corrective steps to be taken to ensure that the

10.2.1.1.9

the financial year, together with an indication of how and where the original projections have been revised.
 10.2.1.1.10 The report to the National Treasury must be both in electronic format and in a signed written document

projections of the revenues and expenses for the remainder of

10.2.2 Quarterly reports

The Mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality

10.2.2.1 Mid-year budget and performance assessment

10.2.2.3 The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.

10.2.3.1 The Accounting Officer must then submit a report on such assessment to the Mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.

10.2.3.2 The Accounting Officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

11 APPROVAL AND EFFECTIVE DATE

The Chief Financial Officer (CFO) is responsible for the submission of the Policy to Council to consider its adoption after consultation with the AO. Council shall indicate the effective date for implementation of the policy.

This policy will be effective from 01 July 2015

12 POLICY AMENDMENT

The Budget Implementation and Monitoring Policy must be reviewed on an annual basis to ensure that it complies with the regulations and guidelines published by National Treasury. It is imperative that this policy is assessed with the latest MFMA Budget Circulars as published from time to time by National Treasury.

13 RELATIONSHIP WITH OTHER POLICIES

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following :

- Asset Disposal Policy;
- Asset Management Policy;
- Credit Control and Debt Collection Policy
- Delegation of Powers;
- Funding, Borrowing and Reserves Policy;
- Infrastructure Investment and Capital Projects Policy;
- Long Term Financial Plan Policy;

- Management of Electricity and Water Distribution Losses Policy;
- Property Rates Policy; and
- Tariff, Indigent and Free Basic Services Policy.

14 REFERENCES

The following references were observed in compiling this document:

- Municipal Finance Management Act, 2003
- Municipal Systems Act, 2000
- Municipal transfer and disposal regulations, Government Gazette no.31346
- The Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000);
- The Municipal Budget and Reporting Regulations;
- MFMA Circulars 66 and 67

15 POLICY IMPLEMENTATION

Procedures should be prepared and adopted by the AO, in consultation with the CFO and HOD(SO)s, to give effect to this policy.

ANNEXURE A: BUDGET PROCESS TIMETABLE

TIMEFRAME	ACTIVITY	RESPONSIBILITY
1 November Year 1 – 10 December Year 1	Heads of Departments to prepare and submit first draft operating and capital budgets in line with the approved operational plans, budget guidelines and secured financing sources.	Directors
10 December Year 1 – 10 December Year 1 –	Revision of the current operational and capital budget.	CFO/ Directors
	Completion of the MFMA Sec 72 Report and submission to the Mayor.	AO/ CFO
	Approval of adjustments budget by Mayoral Committee.	AO/ CFO
10 December Year 1 – 21 January Year 2	Approval of adjustments budget by Council.	AO/ Mayor
	Finance Department to consolidate and prepare the first draft capital and operating budget in the following formats:	CFO/Manager Financial Services/ Directors

TIMEFRAME	ACTIVITY	RESPONSIBILITY
21 January Year 2 – 4 February Year 2	High level consolidated format;	
	Line item budget; and	
	Proposed Tariffs.	
	Evaluation of and discussions on first draft budget by Mayoral Committee in line with operational plans, budget guidelines and IDP.	AO/ CFO/ Directors
7 February Year 2 – 14 February Year 2	Finance Department to consolidate and prepare the second draft capital and operating budget.	CFO/Manager Accounting/ Directors
	Evaluation of and discussions on second draft by Mayoral Committee.	AO/ CFO
14 February Year 2 – 4 March Year 2	Evaluation of and discussions on second draft by Portfolio Committees.	Chairpersons of Portfolio Committees/ Directors
	Evaluation and discussions of proposals from Portfolio Committees by the Mayoral Committee.	AO/ CFO
4 March Year 2 – 11 March Year 2	Finance Department to consolidate and prepare the third draft capital and operating budget.	CFO/Manager Accounting/ Directors
	Evaluation and finalisation of the draft MTREF operational and capital budgets by the Mayoral Committee.	AO/ CFO
11 March Year 2 – 31 March Year 2	Finance Department to consolidate and prepare the final draft capital and operating budgets.	CFO/Manager Accounting/ Directors
	Evaluation of and discussions on final draft capital and operating budget by Council.	AO/ Mayor Mayor AO/ CFO
31 March Year 2 – 29 April Year 2	Consultation on final draft budget through formal meetings with all possible stakeholders.	CFO/ Directors
	Finance Department to consolidate and prepare the final draft capital and operating budgets.	AO/ CFO
29 April Year 2 – 13 May Year 2	Evaluation of and discussions on final draft by Mayoral Committee.	CFO/ Directors
	Finance Department to consolidate and prepare the final capital and operating budgets.	AO/ Mayor
13 May Year 2 – 31 May Year 2	Adoption of budget by Council.	CFO/ Directors
	Finance Department to submit approved budget to Provincial Treasury and National Treasury.	AO/ Mayor
31 May Year 2 – 13 June Year 2	Finance Department to finalise all preparations to ensure proper and timely implementation of budget, including promulgation of tariffs	CFO
		CFO

TIMEFRAME	ACTIVITY	RESPONSIBILITY
30 June Year 2	Municipal Manager to submit draft SDBIP's and draft performance agreements of all section 57 personnel to Mayor. Mayor to approve SDBIP's and note performance agreements.	AO AO/Mayor

EMTHANJENI MUNICIPALITY



FINAL CASH AND INVESTMENT POLICY

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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.

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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

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- 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.

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3.7 All investment documents will require two signatories, namely the Municipal Manager, Chief Financial Officer or his delegated official and one other official in the treasury office. Specimen signatures must be held by all financial institutions that the Municipality deals with.

4. Cash Management

Adequate and effective cash management is one of the main functions of the Chief Financial Officer or his/her Delegate.

4.1 Debtor Collections:

4.1.1 All funds due to the Municipality must be collected in good time and banked on a daily basis. Cash left in the safe which poses a security risk, could result in higher insurance premiums to cover the additional risk and does not earn interest. Large sums of money received must be deposited into the bank account on the same day the payment is received.

4.1.2 It is important that all monies owing to the Municipality are correctly reflected in the debtors system. The following control measures are necessary:

- A well managed debtors and banking control system will ensure that funds owed to the Municipality are received and banked; and
- It is also important to review debt collection performance by comparing the debtors outstanding in relation to total turnover and then comparing this to previous financial years, in order to determine whether the debt collection process is deteriorating or improving.

4.1.3 All monies collected by the Municipality must be banked in the bank account of the Municipality.

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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.

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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 –

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- (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 approve by the Council. If a lender willfully 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;

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- 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

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- 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:

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- 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.

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- 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**

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- 9.1 Quotations should be obtained from a minimum of three financial institutions, bearing in mind the limits of the term for which it is intended to invest the funds. Should one of the institutions offer a better rate for a term, other than what the Municipality had in mind, the other institutions which were approached, should also be asked to fix a rate for that long a term.
- 7.2 Quotations must be obtained electronically, otherwise per facsimile or emails, as rates can generally change on a regular basis and time is a determining factor when investments are made. It is however prudent to obtain written (e-mail acceptable) quotations. No verbal quote or quotes received after closing date and time may be considered. The person responsible for requesting quotations from institutions must record the following:
- Name of institution;
 - Name of person quoting rates;
 - Closing date and time;
 - Period of the investment;
 - Relevant terms; and
 - Other facts i.e. are interest payable monthly or on maturation date.
- 9.3 Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested. The best offer must under normal circumstances be accepted, with thorough consideration of investment principles. The Chief Financial Officer must note any deviation if such best offer is not accepted. No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.
- 9.4 If institutions have been asked for a quotation with regard to a specific package, the institution must be requested to give the best rate in their quotation. They must also be informed that, once the quotation has been given, no further bargaining or discussions will be entered into in that regard.

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- 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;

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- 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

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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;

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- 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

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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.

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EMTHANJENI MUNICIPALITY



FINAL INDIGENT HOUSEHOLD POLICY

BUDGET 2015/2016 MTERF

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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.

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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.

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- 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);

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- 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;

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- 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.

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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

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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.

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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.

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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.

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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.

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EMTHANJENI MUNICIPALITY**FINAL CUSTOMER CARE AND MANAGEMENT POLICY****BUDGET 2015/2016 MTRF**

CUSTOMER CARE AND MANAGEMENT POLICY

1. DEFINITIONS

For the purpose of this policy the following definitions will apply and any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in this Policy, unless the context indicates otherwise-

- i **Act:** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended from time to time.
- ii **apparatus:** includes a building, structure, pipe, pump, wire, cable, meter, machine or any fitting.
- iii **billing:** means proper formal notification on an account to persons liable for payment of amounts levied for assessment rates and other taxes by die municipality and the charges of the fees for municipal services and indicating the net accumulated balance of the account.
- iv **council:** the municipal council of the Municipality of EMTHANJENI.
- v **credit control and debt collection:** means the functions relating to the collection of all money that is due and payable to the municipality.
- vi **customer:** means any occupier of any premises to which the municipality has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises.
- vii **customer management:** means focusing on the client's needs in a responsive and reciprocal relationship between persons liable for these payments and the municipality, and when applicable, a service provider, thereby limiting the need for enforcement.
- viii **defaulter:** means a person owing the municipality money in respect of taxes and/or municipal service charges not paid on the due date for payment.
- ix **engineer:** means a person in charge of the civil or electrical departments of the municipality.

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- x **interest:** constitutes a levy equal in legal priority to service levies and is equivalent to the prime banking rate applicable from time to time.
- xi **municipal account:** shall include levies or charges in respect of the following services and taxes:
 - electricity consumption
 - water consumption
 - refuse removal
 - sewerage services
 - rates and taxes
 - interest, and
 - miscellaneous and sundry charges.
- xii **municipal manager:** means the person appointed by the Municipal Council as the Municipal Manager of the municipality in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) and includes any person
 - acting in such position, and
 - to whom the Municipal Manager has delegated a power, function or duty in respect of such delegated power, function or duty.
- xiii **municipal services:** those services, rates and taxes reflected on the municipal account for which payment is required by the municipality.
- 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,

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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.

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- 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:

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- 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.

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- 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.

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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;

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- 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.

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- 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 (7th) day of each month.

5.4 METERING

- 5.4.1 The Municipality will endeavour, within practical and financial limits, to provide adequate meters to every paying customer for all measurable services.
- 5.4.2 All meters will be read monthly, if at all possible. If a meter is not read the consumption will be estimated in terms of Council's operational procedures. The account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustment.
- 5.4.3 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 5.4.4 An actual reading must be obtained once every six months.
- 5.4.5 Customers are to be informed of meter replacement.
- 5.4.6 Voluntary readings are permitted, but final readings and actual readings are the responsibility of the Municipality.

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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.

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- 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 readress or resolution thereof, and make recommendations on improvements of Council's systems as and when he/she believes such changes to be necessary.

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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.

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5.11 INCENTIVES FOR PROMPT PAYMENT

- 5.11.1 The Municipality may, to encourage prompt payment and to reward good payers, assess incentives for prompt payment. Should such incentives prove to be financially sustainable and of mutual benefit to the Municipality and its customers, the Municipality will commission such incentives.
- 5.11.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

5.12 CUSTOMER ASSISTANCE PROGRAMMES

5.12.1 Water Leaks Rebates

5.12.1.1 A customer 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.

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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.

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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. Caselaw in terms of s118 will also be adhere to.

5.13.5 If an amount liable for rates levied in respect of a property which formed part of a Municipal Housing Scheme, is unpaid by the owner and the property needs to be transferred, a rates clearance certificate will only be issued

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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.

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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

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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.

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EMTHANJENI MUNICIPALITY



FINAL CREDIT CONTROL & DEBT COLLECTION POLICY

BUDGET 2015/2016 MTRF

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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:**

3.2.1. 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

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	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/embolument 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.

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- 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

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- 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

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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

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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.

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- 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

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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:

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- 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.

EMTHANJENI MUNICIPALITY



FINAL RATES POLICY

2015/2016 MTREF

MUNICIPAL PROPERTY RATES POLICY

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

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;

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 28 May 2015 and comes into effect on 1 July 2015

EMTHANJENI MUNICIPALITY



FINAL SCM POLICY

BUDGET 2015/2016 MTERF

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

Date of adoption:

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

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

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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 than one dept/mun or for more than one level of government eg. National and Provincial Government.

- (d) Circular issued dated 08 December 2011 by Minister of Trade And Industry

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

“**the Act**” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

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

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

“**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.

Oversight role of Council

6. (1) Emthanjeni Council reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the Accounting Officer must –
- (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the Supply Chain Management Policy of any municipal entity under the sole or shared control of the municipality, to the Council of the municipality; and
 - (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Council.
- (3) The Accounting Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the Mayor.
- (4) The reports must be made public in accordance with Section 21A of the Municipal Systems Act.

Compliance with Ethical Standards

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

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

Supply chain management unit

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

A centralized purchasing structure offer benefits in terms of:

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

Training of supply chain management officials

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

CHAPTER 2 SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9. This Policy provides systems for –
- (i) demand management;
 - (ii) acquisition management;
 - (iii) logistics management;

- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.
- (vii)** asset management

Part 1: Demand management

System of demand management

10. (1) The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by Emthanjeni Local Municipality support its operational commitments and its strategic goals outlined in the IDP.
- (2) The demand management system must –
- (a) include timely planning and management processes to ensure that all goods and services required by Emthanjeni Local Municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
 - (c) provide for the compilation of the required specifications to ensure that its needs are met.
 - (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
 - (e) The municipality must compile a Procurement Plan containing all planned Procurement for the financial year in respect of the procurement of goods, services and infrastructure projects which exceed R 200 000 [all applicable taxes included] per case as described in the Supply Chain Management Guide for Accounting Officers.

- (f) The procurement plan must be finalized on the 1 July every year. The relevant information should preferably be furnished in the format contained in the Procurement Plan Template enclosed as Annexure A.
- (g) (Also refer to National Treasury MFMA Circular 62.

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

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

- o Chief Financial Officer ;
- o Supply Chain Manager; **[The Chairperson of Committee]**
- o Director;

- o Internal Auditor;
- o Tender Secretariat; and or
- o 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 subsection 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 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 contract

CHAPTER 3**CODE OF CONDUCT FOR SUPPLY CHAIN PRACTITIONERS**

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1 General Principles

Emthanjeni Local Municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role layers should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual. They should not abuse the power and authority vested in them.

2 Conflict of interest

An official or other role player involved with supply chain management-

- must treat all providers and potential providers equitably;
- May not use his or her position for private gain or to improperly benefit another person;
- may not accept any reward ,gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, a value of more than R350;
- must declare to the Accounting Officer details of any reward ,gift, favour, hospitality or other benefits promised, offered or granted to that person or any other family member, partner or associate of that person;
- must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by Emthanjeni Local Municipality;
- must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person ,or close family member, partner or associate , has any private or business interest;
- must declare any business, commercial and financial interest or activities undertaken for financial gain that may raise possible conflict of interest;
- should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- should not take improper advantages of their previous office after leaving their official position.

3 Accountability

Practitioners are accountable for their decisions and actions to the public.

Practitioners should use public property scrupulously.

Only Accounting Officer or their delegates have the authority to commit Emthanjeni Local Municipality to any transaction for the procurement of goods and/ or services.

All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

Practitioner must assist the Accounting Officer in combating fraud, corrupt, favouritism and unfair and irregular practices in the supply chain management system

Practitioners must report to the Accounting Officer may alleged irregular conduct in the supply chain management which that person may become aware of, including

1. any alleged fraud, corruption, favouritism or unfair conduct
2. an alleged contravention of the policy on inducements, reward, gifts and favours to municipalities or municipal entities, officials or other role players; and
3. any alleged breach of this code of conduct.

Any declarations made must be recorded in a register which the Accounting Officer must keep for this purpose. Any declarations made by the Accounting Officer must be made to the Mayor who must ensure that such declaration is recorded in the register.

4. Openness

Practitioners should be as open as possible about all the decision and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5. Confidentiality

Any information that is the property of Emthanjeni Local Municipality or its providers should be protected at all times. No information regarding any bid/contract/bidder/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 and in accordance with the Regulations on financial misconduct procedures an criminal procedures .

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

Commencement

This 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"> Purchase requisitions (PR) are completed in the various sections of the Municipality. 	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
3.2	The Supply Chain Clerks check the requisition to ensure the following:	Ongoing	CFO	Yes

EMTHANJENI MUNICIPALITY

FINAL SCM POLICY

2015/2016 MTREF

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
	<ul style="list-style-type: none"> The correct vote has been inserted; The description of the goods/services is accurate and the quantity specified; That all unused lines have been ruled off to prevent unauthorised additions; and That the requisition has been signed by an authorised Officer designated by the Municipal Manager. 			
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"> Match the supplier delivery note to a properly authorised purchase order; Check the quantity of goods received against the supplier delivery note and the purchase order; Reject all incorrect deliveries. In the case of short deliveries, clearly indicate as such on the suppliers delivery note and the purchase order; Prepare a goods received note (GRN) in duplicate detailing the items and quantities received; Sign the suppliers delivery note and GRN to indicate receipt of the goods; and Ensure that the supplier's delivery personnel sign the delivery note to indicate agreement with the delivery and to the adjustments, if any. 	Ongoing	CFO	Yes
10.	Goods should then be sent to the relevant section. The official that authorised the requisition should sign the goods received note to indicate receipt of the goods.	Ongoing	CFO	Yes
11.	<p>The supplier's delivery note and the original goods received note should be forwarded to the creditors section.</p> <p>The duplicate goods received note should be filed.</p>	Ongoing	CFO	Yes

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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"> Orders with corresponding requisitions from the buying section; The supplier's delivery note and the internal goods received note (GRN) from the receiving section; and If the supplier forwards his invoice with the delivery note, the receiving official should date stamp and forward to creditors. 	Weekly	CFO	Yes
14.	Procedures for actual payment of creditor invoices are documented under the creditor payment section.			

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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

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NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
	<ul style="list-style-type: none"> Should be effected by cheque or by electronic transfer. Apart from petty cash, no payments should be made in cash; and <p>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.</p>			
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

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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

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EMTHANJENI MUNICIPALITY



FINAL SUBSISTENCE ALLOWANCE AND TRAVEL POLICY

BUDGET 2015/2016 MTREF

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 Allowances per day or part thereof	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	R000.00 R000.00		R00.00 R00.00
<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>			
*Breakfast=R50(leaving before 6h00 am); Lunch = R69 and Supper =R125 (returning after 18h00 pm)			

- (b) That where expenses are supported by documentary proof, the actual costs be payable in all instances under (a)
- (c) that expenses shall consist of the cost in respect of accommodation, meals, parking and tollgate fees (an approved route must be submitted), excluding expenses for alcoholic beverages, private telephone calls and entertainment;
- (d) That subject to submission of documentary proof and attached to the application for subsistence allowance before departure, payments shall be made directly to a hotel or travel agency for accommodation costs. Further approved expenses incurred by a delegate may be claimed for reimbursement on return;
- (e) That in the event that the Mayor, Speaker, Councillors, Municipal Manager and Directors have to attend emergency meetings on behalf of the municipality, where proof is not immediately available the Municipal Manager or his designate must approved such trips or claims. **All other**

trips should be substantiated with all the necessary supporting documentation before the Municipal Manager or Directors can approve such trips or claims.

- (f) **All claim forms to be submitted seven (7) days before the actual trip, to the Director for finance or his/her nominee. Payment must be done via EFT.**
- (g) For private lodging (staying with family, etc.) a maximum amount of 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 (Air Travelling)	Actual costs of an economy class air tickets of SAA or applicable other airline payable to the stipulations under paragraph (b). SAA being the preferred airline.
(ii) Other officials	As above or travelling method as approved by the Chief Financial Officer.
(iii) Where private motor vehicle is used for re-imbursive travel	<p>Tariff as determined by SARS (non-taxable SARS limit)</p> <p>Tariff as determined by SARS (non-taxable SARS limit) Currently <u>R3.15c @ km</u></p> <p>(n) All allowances are subjected to the annual SARS increment limits as publish on the official website of the South African Revenue Services (SARS)</p> <p>The Department Transport tariffs may be applicable for employees with such contracts.</p>
(iv) If persons in paragraph (i) and (ii) are accompanied by each other, when travelling by private vehicle, the allowance payable will only be applicable to the person who supplies the motor vehicle.	

- (b) that all airfare be in the account of the Emthanjeni Local Municipality. An account for this purpose be opened at a travel agency and the following procedure for air travel, be followed, namely.

- (i) Municipal Manager and Directors within the delegated powers;

- (ii) an official airfare order form will be requested by the relevant Departments and issued by the Department of the Director for Finance;
- (iii) bookings will be done by Departments and the order form will be submitted to the travel agency as authorization;
- (iv) an invoice will be issued by the travel agency for payment.
- (v) Or alternatively bookings may be made directly with the airline.

(vi) 2.3 Nomination by a Third Party or Institution

The abovementioned will be applicable (points 2.1, 2.2 and 2)

(c) COUNCILLORS OR OFFICIALS TRAVELLING FOR THE SAME EVENT

When Councillors or Officials representing Emthanjeni municipality should ensure that all times the travelling arrangements must be efficient and cost effective.

- (i) Maximum of four persons should be travelling with one vehicle. No travel claim will be reimbursed for two vehicles where only two representatives of Emthanjeni Municipality will attend. Only one vehicle's travel claim will be paid for the event.
- (ii) In the case where the Mayor and Municipal Manager must attend the same meeting, then separate vehicle may be used to travel to the venue of the meeting, where possible.
- (iii) In the case where the Mayor and Councillor must attend the same meeting, then one vehicle should be used to travel to the venue of the meeting.
- (iv) In the case where the Municipal Manager and Director must attend the same meeting, then one vehicle should be used to travel to the venue of the meeting.
- (v) In the case where the Director and Manager must attend the same meeting, then one vehicle should be used to travel to the venue of the meeting.
- (vi) When a Councillor must accompany the Mayor, then the Councillor must travel with the Mayor to the event.
- (vii) When a Director or official must accompany the Municipal Manager, then the Director or official must travel with the Municipal Manager or with one vehicle to the event.
- (viii) When an official must accompany the Director, then the official must travel with the Director or with one vehicle to the event.
- (ix) Managers and Officials below Managers level must utilise the pool vehicles when attending workshops, training, seminars, etc. as far as possible.

- (x) Prior written approval from the Accounting Officer must be obtained in order to deviate from the above.

(d) Time of travelling

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)

- (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



FINAL TARIFF POLICY

BUDGET 2015/2016 MTERF

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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.

Fiat 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.

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2 PURPOSE OF THIS POLICY

The council wishes to achieve the following objectives by adopting this tariff policy:

- a. To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
- b. To prescribe procedures for calculating tariffs where the EMTHANJENI MUNICIPALITY wishes to appoint service providers in terms of section 76(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
- c. To give guidance to the Councillor responsible for finance regarding tariff proposals that must be submitted to Council annually during the budget process.

3 TARIFF PRINCIPLES

3.1 The Council wishes to record the following tariff principles:

- (a) All users of municipal services will be treated equitably. The various categories of customers will pay the same charges based on the same cost structure¹.
- (b) The amount payable will be in proportion to usage and based on the tariff structure adopted for the approved category of consumer.
- (c) Indigent households will have access to basic services through lifeline tariffs or direct subsidisation in accordance with the Integrated Development Plan².
- (d) Tariffs will reflect the total cost of services³.
- (e) Tariffs will be set at a level that facilitates the sustainability of services.⁴

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

² Section 74(2) (c) (i) and (ii).

³ Section 74(2)(d)

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3.2 Sustainability will be achieved by ensuring that:

- (a) Cash inflows cover cash outflows. This means that sufficient provision for bad debts will be made in accordance with accounting policy.
 - (b) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and realising surpluses on trading services.
- 3.3 Provision will be made in appropriate circumstances for a surcharge on a tariff. This will be necessary for major breakdowns in infrastructure and periods of droughts when a restriction of usage is required⁵.
- 3.4 Providing for penalties to prohibit exorbitant use will encourage efficient and effective use of resources.
- 3.5 The extent of rebates on tariffs will be disclosed. This will be achieved by publishing the true costs of the service and the rebate as well as the source of the rebate.

4 CATEGORIES OF CUSTOMERS

4.1 The tariff structure of the EMTHANJENI MUNICIPALITY makes provision for the following categories of customers⁶

- domestic;
- commercial;
- industrial;
- agricultural;
- institutional;
- rural;

⁴ Section 74(2)(e)

⁵ Section 74(2)(f)

⁶ Section 74(3)

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- 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;

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- 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;

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- 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.

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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.

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- (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.

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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.

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- 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.

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FUNCTION	UNIT OF OUTPUT	CLASSIFICATION BY COUNCIL
Airfields	Number of landings	Subsidised
Art Gallery and Museum	Number of attendance	Community
Engineering Administration	Population Percentage of Municipal expenditure	Community
Building Section	Number of plans submitted Value of buildings Municipal value of buildings	Subsidised
Caravan Park	Number of bookings Number of sites	Subsidised
Cemeteries	Number of burials Number of graves	Subsidised
Civic and other halls	Number of bookings	Subsidised
Cleansing.	Number of removals	Economic
Refuse removal and disposal	Population Number of properties	Community (Charged out)
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	Subsidised

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	Number of properties Population	
Grant-in-aid	Percentage of rates income	Community
Health Clinics	Number of attendance Population	Subsidised
- Other	Number of dwellings	Economic
Housing(Selling and letting schemes)	Number of members Number of book in stock Population	Community
Libraries	Number of licences	Subsidised
Licensing	Number of industrial properties Number of industries	Community
Marketing	Percentage of municipal expenditure Population	Community (Charged out)
Municipal Manager	Number of bays	Community
Parking	Number of properties Population	Community
Parks and recreation	Number of municipal staff Population	Community (Charged out)
Personnel administration	Number of users Population	Economic
Recreation resorts	Length of roads Population	Community
Roads and Stormwater (including sidewalks)	Number of installations Number of connections	Community Economic
Security and Civil Defence		
Sewerage reticulation (Disposal)		

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	Sewerage purified Population	
Street lighting	Number of street lighting	Community
Swimming pools	Number of attendance Population	Subsidised
Stores	Number of stock items held Value of stock Number of orders	Economic (fully charge out)
Town Planning	Number of properties Population	Community
Traffic	Number of registered vehicles Population	Subsidised
Valuations	Number of properties Value of municipal valuations	Community
Water	Number of units sold Cost per unit supplied Length of mains Kilolitres purified Cost per kiloliter purified	Trading

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

ANNEXURE 2: TARIFF LIST

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Cemeteries				
Cemetery : Caroluspoort, cemeteries next N1 & N12				
Funerals*				
Adults older than 12 years*	916.87	1,095.01	1,138.42	1,230.57
Children younger than 12 years*	778.49	840.77	908.04	980.68
Still born child*	856.30	924.61	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
Kareeville Cemetery, Jansenville, Mziwabantu, Barcelona, Mandover & next to Burgerville road*				
Selfdig 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				
Housing				
House rent sewerage *	145.58	152.85	156.49	164.32
House rent refuse *	91.63	96.29	98.48	103.61
House rent water *	60.64	63.67	65.19	68.45
* Tariffs does not include VAT				

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Building plans				
Minimum building plan fees	250.00	270.00	290.25	312.02
Buildings with a value higher than R 25 000, 2 % of value of the building (value calculated per m²)				
Description of building	m ²	m ²	m ²	m ²
Economic houses	3,144.71	3,400.00	3,655	3,929
Sub-economic houses	3,956.23	2,312.70	2,271	2,441
Outbuildings	1,960.53	2,317.36	2,276	2,447
Factories and stores and churches	2,818.86	1,087.57	3,319	3,588
Offices and business premises	3,000.00	3,745.00	3,483	3,744
Multistorey buildings	2,858.86	1,087.57	3,319	3,588
Multistorey buildings: Upper floors less 10% of m ²		Tariff less 10%		
Toilets	3,159.92	3,600.00	3,870	4,180
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
Sc/ R100.00 of the value of new buildings or alterations				
A4 Paper copies: Plans				
Plan A1	70.00	80.00	86	92
Plan A0	120.00	140.00	151	163
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
A5 Building Rubble/ material deposit (pavement)	-	750.00	806	867
Sewerage connections *	2,296.32	2,480.00	2,480	2,666
Land-use applications*				
Zoning certificates*	100.00	108.00	116	125
Re zoning application: Admin fee plus actual cost determine by Director Infrastructure Services*	1,200.00	1,296.00	1,296	1,393
Subdivision application: Admin fee plus actual cost determine by Director Infrastructure Services*	400.00	442.00	432	454
Consent use application: Admin fee plus actual cost determine by Director Infrastructure Services*	278.07	300.25	300	323
BULK SERVICES CONTRIBUTION (Water, Electricity, Sewerage)*				
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*	-	2,900.00	2,500	2,688
* Tariffs does not include VAT				

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Fire prevention				
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
Traffic escort	121.90	250.00	300.00	300.00
Permission of erection funeral tents*	121.90	600.00	600.00	700.00
* Tariffs do not include VAT				

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
Assessment rates				
Market value rate	-	-	-	-
Residential	0.012133	0.012860	0.012921	0.013696
Agricultural Properties (1.0-25 in residential properties)				
(Agricultural Property must take note that the Net Effect of the Agricultural Levy will be as follows:)	0.003033	0.003215	0.003230	0.003424
State Owned	0.015900	0.016934	0.016994	0.018034
Business & Guest Houses	0.012578	0.013396	0.013396	0.014266
Industrial	0.016125	0.017415	0.017173	0.018547
Place of Worship	0.121330	0.128610	0.129216	0.136969
Public Benefit Organization	0.012133	0.012861	0.012922	0.013697
Public Service Infrastructure	0.015000	-	-	-
Mining	0.016275	0.020366	0.017333	0.021666
Vacant Land	0.016275	0.017550	0.017333	0.018666
Farm property where a portion is used for renewable energy generation purpose	-	0.043000	0.043460	0.043665
* Tariffs do not include VAT (Zero-rated (0%) Supply)				
Sale of municipal erven per m²				
Residential Properties				
> De Aar East*	11.32	12.73	14.33	16.12
> Nonzwakaz*	11.32	12.73	14.32	16.11
> Britstown*	11.32	12.73	14.32	16.11
> Hanover*	11.32	12.73	14.32	16.11
> Solheim / Rantzig*	41.42	46.88	52.43	58.98
Business Properties				
> De Aar *	42.21	47.49	53.42	60.30
> Britstown*	31.66	35.61	40.07	45.07
> Hanover*	27.44	30.87	34.73	39.07
Industrial Properties				
> De Aar *	42.21	47.49	53.42	60.30
> Britstown*	31.66	35.61	40.07	45.07
> Hanover*	27.44	30.87	34.73	39.07
Other Properties*		Other Properties will be sold as per SCM Policy after Council's Authorisation		
Printing of Duplicate Monthly Service accounts	0.98	1.30	1.40	1.50
Printing of Duplicate Copies of Deeds of Property from the Deeds Office	13.82	20.00	21.00	22.50
* Tariffs do not include VAT				

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT	BUDGET		
	2014/2015	2015/2016	2016/2017	2017/2018
Electricity				
A) Basic levies				
Household *	117.35	131.654	151.40	178.65
Business *	119.02	133.549	153.57	181.21
KVA and Transnet *	107.98	134.154	153.13	180.69
Departmental *	14.91	133.549	153.57	181.21
B) Consumption levies (per unit)				
Prepaid meter* - Households				
Prepaid meter * 1 kWh - 50 kWh (free indigents only)	0.72	0.763	0.88	1.04
Prepaid meter * 51 kWh - 350 kWh	0.93	0.997	1.15	1.35
Prepaid meter * 351 kWh - 600 kWh	1.26	1.410	1.62	1.91
Prepaid meter * 601 and more	1.48	1.663	1.91	2.26
Prepaid meter* - Business				
Prepaid meter* - Business	1.45	1.630	1.87	2.21
Conventional meters - Households *				
Households * 1 kWh - 50 kWh (free indigents only)	0.77	0.818	0.94	1.11
Households *51 kWh - 350 kWh	0.93	0.998	1.15	1.35
Households *351 kWh - 600 kWh	1.19	1.336	1.54	1.81
Households *601 kWh and more	1.29	1.447	1.66	1.96
Business *	1.51	1.697	1.95	2.30
External consumers *	1.51	1.697	1.95	2.30
KVA *	169.03	169.653	218.10	257.36
kWh of KVA *	0.81	0.998	1.04	1.23
Streetlights *	1.51	1.699	1.95	2.31
Transnet KVA *(minimum of 700 KVA)	169.03	169.648	218.10	257.35
Transnet kWh *	0.81	0.914	1.05	1.24
Departmental : small consumers *	59.76	67.051	77.11	90.99
Departmental : large KVA *	71.94	80.717	92.82	109.53
Departmental : large kWh *	0.63	0.704	0.81	0.96
Departmental : rural small consumers *	0.63	0.704	0.81	0.96
Departmental : bulk consumers KVA *	59.76	67.048	77.11	90.98
C) Consumer deposits				
Households	1,499.00	1,648.900	1,847	2,124
Small and medium business	1,911.00	2,160.186	2,354	2,708
Large business	2,302.00	2,312.388	2,590	2,978
Industrial :KVA	8,470.00	9,317.600	10,435	12,000

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
D) Service connections				
Single phase under ground level 60 A *	5,230.44	5,253.48	6,443.90	7,430.49
Overhead connection single phase 60 A *	3,484.91	3,493.41	4,293.41	4,937.42
3 Phase *		7,015.80	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	1,131.49	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
E) Termination				
Terminated due to non-payment	173.77	191.15	214.09	246.20
Illegal Consumption and Tampering of meter - households *	3,287.11	3,815.82	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	25,916.59	29,036.14	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 *				
F) Call out fee due to consumer faults				
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
G) Special meter reading when services are terminated				
All consumers *	75.53	83.06	91.05	107.01
F) Removing of service connection				
Requested by consumer		950.00	1,064.00	1,223.60
Overhead service connection *	376.93	414.82	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 Handover Highmass lightning*	11.35	12.49	13.99	16.09
Prepaid Cards	10.70	16.00	11.70	12.88
**Tariffs do not include VAT				
Caravan parks				
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
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Sewerage and Refuse removal				
Households, Churches & Church halls				
Fixed costs *	80.36	85.58	90.72	96.16
Running costs *	53.07	56.52	59.91	63.51
Halls, Libraries, Sport clubs, Showground's, Swimming pools				
Fixed costs *	80.36	85.58	90.72	96.16
Running costs *	306.14	313.04	319.83	327.01
All Businesses				
Fixed costs *	80.36	85.58	90.72	96.16
Running costs *	306.14	313.04	319.83	327.01
Old age homes, Creches, Hostels & Schools				
Fixed costs *	80.36	85.58	90.72	96.16
Running costs *	171.09	182.21	193.34	204.73
Hotels, guest houses & Correctional Services				
Fixed costs *	80.36	85.58	90.72	96.16
Running costs *	171.11	182.24	193.37	204.76
Hospitals				
Fixed costs *	80.36	85.58	90.72	96.16
Running costs *	171.11	182.24	193.37	204.76
Availability levy				
Abattoirs (Industrial effluent)*	288.83	307.61	326.06	345.83
Septic tanks				
Monday to Friday - per load or a portion thereof. One free removal per month (Excluding public holidays) *	114.79	122.25	129.58	137.36
Monday to Friday - per load or a portion thereof. Add removal Public holidays excluded.*	75.44	79.82	84.56	89.64
After hours & public holidays (As above)*				
Industrial effluent (85 % of water consumption or as determined by contract)*	3.61	3.84	4.07	4.32
10m to outside of urban area per km *	26.32	28.07	28.93	30.66
Waste water removal				
Waste water removal*	66.71	71.94	75.31	79.83
Water water removal per bucket*	66.71	71.94	75.31	79.83
Dry sanitation *	47.01	50.07	53.07	56.25
Sewerage clearance Monday - Friday during office hours *	242.98	258.77	273.71	290.34
Sewerage clearance Monday - Friday After hours & public holidays *	579.82	617.54	654.34	693.50
E) Sewerage connections *	2,079.82	2,214.91	2,347.71	2,488.57
Refuse removal				
Refuse removal*	83.20	88.61	93.93	99.57
Special refuse removal *	145.61	154.39	163.56	173.37
Building rubble*	293.23	310.53	328.23	347.93
**Tariffs do not include VAT				

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Town halls and community halls			0.08	0.08
De Aar Town hall West			-	-
Deposit	605.00	650.00	698.72	751.12
Reyn*			-	-
07:00 to 17:59	606.14	650.88	699.62	752.09
18:00 to 23:59	906.14	973.68	1,046.46	1,124.95
(This amount is applicable if renting Reyn (07:00 - 23:59) if there is any major damages not covered by the deposit the lessee will be liable for repairs.(Work done departmentally) After 23:59 per hour and 2 hours thereafter the hall will be closed			-	-
Kitchens per period of part thereof*	123.68	133.38	142.54	153.23
Electricity - Stoves per kWh*	5.26	6.14	5.94	6.38
Tables (per table) (if not renting anything else)*			-	-
Hiring of cutlery and crockery and tables*	454.39	488.60	525.01	564.39
Tariff for broken or damaged items per item* (all items below are excluded)			-	-
Cups*	36.84	39.47	41.57	44.69
Saucers	36.84	39.47	41.57	44.69
Dessert plates	36.84	39.47	41.57	44.69
Dinner and soup plates	36.84	39.47	41.57	44.69
Table spoons	36.84	39.47	41.57	44.69
Tea spoons	36.84	39.47	41.57	44.69
Table knives	36.84	39.47	41.57	44.69
Table forks	36.84	39.47	41.57	44.69
Dessert knives	36.84	39.47	41.57	44.69
Dessert forks	36.84	39.47	41.57	44.69
Dessert spoons	36.84	39.47	41.57	44.69
Soup spoons	36.84	39.47	41.57	44.69
Dessert bowls	36.84	39.47	41.57	44.69
Small dessert bowls	36.84	39.47	41.57	44.69
Small Plates	36.84	39.47	41.57	44.69
Trays	36.84	39.47	41.57	44.69
Coffee pots	229.82	246.48	264.88	284.75
Rent of piano's*			-	-
Upright piano per function	100.88	108.77	116.41	125.14
Upright piano per practice	36.84	39.47	41.57	44.69
Grand piano per function	300.88	322.81	346.84	372.85
Grand piano per practice	85.09	91.23	97.40	104.71
Bar			-	-
Rent*	85.09	91.23	97.40	104.71
Vacation of premises			-	-
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	97.40	104.71

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Stands			-	-
Stands (for trading)	27.19	46.00	30.88	33.20
De Aar Town Hall - side hall	113.16	150.00	130.66	140.46
Caretaker fee	117.54	165.00	135.41	145.57
De Aar Juveniles Hall			-	-
Rent			-	-
07:00 to 18:00	342.11	387.54	394.95	423.93
18:00 to 23:59	454.39	488.60	525.01	564.39
Deposit	601.81	646.95	695.67	747.63
Caretaker fee	248.25	300.00	286.26	307.73
Community hall East & Nonzwakazi			-	-
Rent			-	-
Church services	153.51	164.91	176.98	190.26
Meetings	153.51	164.91	176.98	190.26
Film shows & concerts	304.39	327.19	351.59	377.96
Disco	378.07	406.14	435.93	468.62
Weddings	153.51	164.91	176.98	190.26
Social functions	153.51	164.91	176.98	190.26
Deposit	323.00	337.00	361.55	388.66
Caretaker fee	127.19	165.00	146.20	157.06
Vacation of premises			-	-
As applicable for De Aar town hall			-	-
Manover town hall			-	-
Rent			-	-
07:00 to 18:00	453.51	487.72	523.82	563.11
18:00 to 23:59	755.26	811.40	873.85	937.24
Deposit	748.00	804.00	863.92	928.71
Deposit only cover crockery and cutlery & rent, if applicable. if there is any major damages not covered by the deposit the lessee will be liable for repairs.(Work done departmentally)			-	-
Vacation of premises			-	-
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	97.40	104.71

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Hanover Community Hall Rental			-	-
Rent				
Church services	153.51	164.91	176.98	190.26
Meetings	153.51	164.91	176.98	190.26
Film shows & concerts	304.39	317.39	351.59	377.96
Disco	378.07	406.14	435.93	468.62
Weddings	153.51	164.91	176.98	190.26
Social functions	153.51	164.91	176.98	190.26
Vacation of premises			-	-
Same as above for Hanover Town Hall			-	-
Britstown town hall			-	-
Rent				
07:00 to 18:00	453.51	487.72	523.82	563.11
18:00 to 23:59	679.82	730.70	785.14	844.03
After 23:59 per hour and 2 hours thereafter			-	-
The hall will be closed	606.14	650.88	699.62	752.09
Brass area at Town Hall	157.80	169.30	181.73	195.37
Vacation of premises			-	-
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	97.40	104.71
Deposit			-	-
Kitchen per period of part thereof	101.00	106.00	116.45	125.19
Electricity - Stoves per kWh	5.26	6.34	5.94	6.38
*Tariffs do not include VAT			-	-
Vacation of premises			-	-
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	97.40	104.71
Community Halls in Jansenville & Mlilabantu			-	-
Rent				
Church services	153.51	164.91	176.98	190.26
Meetings	153.51	164.91	176.98	190.26
Film shows and concerts	228.95	245.61	263.69	283.47
Disco	228.95	245.61	263.69	283.47
Weddings	153.51	164.91	176.98	190.26
Social functions	153.51	164.91	176.98	190.26
Vacation of premises			-	-
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	97.40	104.71
Multipurpose centre			-	-
Rent Multipurpose centre	490.35	527.19	566.58	609.08
Deposit	407.00	438.00	469.87	505.11

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Sportgrounds			0.08	0.08
De Aar West			-	-
Athletics			-	-
Rent - Affiliated (Changerooms included)	930.70	1,000.00	1,074.97	1,155.59
(Marking, layout of lanes and toilet paper excluded)			-	-
Rent - Not Affiliated	1,890.35	2,032.46	2,184.38	2,348.21
(Marking, layout of lanes and toilet paper excluded)			-	-
Rent - Creche	423.68	455.26	489.38	526.08
Deposit changerooms and pavilion hall	798.00	826.00	886.94	953.46
Rent changerooms	294.74	316.67	339.71	365.19
Rent pavilion hall	278.95	300.00	321.90	346.04
Floodlights	214.04	230.70	247.06	265.59
Caretaker fee	294.74	316.67	339.71	365.19
Rugby			-	-
Rent Field "A" (affiliated changerooms included)	186.84	200.00	214.99	231.12
Rent Field "B" (affiliated changerooms included)	136.84	147.37	157.98	169.83
Rent Field "A" (not affiliated)	423.68	455.26	489.38	526.08
Rent Field "B" (not affiliated)	348.49	364.91	383.89	405.18
Deposit changerooms and pavilion hall			-	-
Affiliated	577.00	620.00	666.22	716.19
Not Affiliated	996.49	1,071.00	1,150.99	1,237.31
Rent changerooms	294.74	316.67	339.71	365.19
Rent pavilion hall	278.95	300.00	321.90	346.04
Floodlights	214.04	230.70	247.06	265.59
Caretaker fee	294.74	316.67	339.71	365.19
Cricket			-	-
Rent Field "A" (not affiliated)	423.68	455.26	489.38	526.08
Rent Field "B" (not affiliated)	348.49	364.91	383.89	405.18
Rent field "A" (affiliated)			-	-
Rent field "B" (affiliated)			-	-
Deposit changerooms and pavilion hall			-	-
Affiliated	577.00	620.00	666.22	716.19
Not Affiliated	996.00	1,071.00	1,150.99	1,237.31
Rent changerooms	294.74	316.67	339.71	365.19
Rent pavilion hall	278.95	300.00	321.90	346.04
Floodlights	214.04	230.70	247.06	265.59
Caretaker fee	294.74	316.67	339.71	365.19
*Tariffs do not include VAT			-	-

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Social functions				
Deposit changerooms and pavilion hall	673.68	570.18	719.81	773.80
Rent changerooms	278.95	300.00	321.90	346.04
Rent pavilion hall	591.23	635.96	682.99	734.22
Floodlights	199.12	214.04	229.25	246.44
Caretaker fee	294.74	334.87	339.71	365.19
Annual fees (Affiliation fees)				
De Aar Rugby Club	1,552.63	1,469.30	1,793.59	1,928.11
Primary De Aar (without trompsopies)	7,675.44	8,750.88	8,869.38	9,534.58
High school De Aar	11,950.00	12,846.49	13,809.48	14,845.19
If there is any major damages not covered by the deposit the lessee will be liable for repairs.(Work done departmentally)				
Merino Park				
Rent sportsgrounds (not affiliated)	153.51	164.91	176.98	190.26
Rent sportsgrounds (affiliated)	70.18	75.44	80.77	86.83
If there is any major damages not covered by the deposit the lessee will be liable for repairs.(Work done departmentally)				
Nonzwakazi				
Rent sportsgrounds (not affiliated)	153.51	164.91	176.98	190.26
Rent sportsgrounds (affiliated)	70.18	75.44	80.77	86.83
If there is any major damages not covered by the deposit the lessee will be liable for repairs.(Work done departmentally)				
Proteaville & Mziwabantsi				
Rent sportsgrounds (not affiliated)	153.51	164.91	176.98	190.26
Rent sportsgrounds (affiliated)	70.18	75.44	80.77	86.83
If there is any major damages not covered by the deposit the lessee will be liable for repairs.(Work done departmentally)				
Kwesi				
Rent sportsgrounds (not affiliated)	153.51	164.91	176.98	190.26
Rent sportsgrounds (affiliated)	70.18	75.44	80.77	86.83
If there is any major damages not covered by the deposit the lessee will be liable for repairs.(Work done departmentally)				
Criquet oval				
Rent	735.09	790.85	840.28	912.98
If there is any major damages not covered by the deposit the lessee will be liable for repairs.(Work done departmentally)				
**Tariffs do not include VAT				

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Swimming pools*				
Public swimming pool				
A) Admission fees daily per visit				
Adults	14.04	18.00	15.44	16.60
Children	10.53	13.00	11.88	12.77
B) Seasonal admission fees (1/10 - 30/3)*				
Adults	243.86	282.38	283.51	302.62
Children	153.51	164.91	176.98	190.26
C) Rent of swimming pool				
Schools 10:00 - 13:00 (Mondays - Fridays)	304.39	327.19	351.59	377.96
(Saturdays)	304.39	327.19	351.59	377.96
Provincial level	906.14	973.68	1,046.46	1,124.95
Functions : Schools & Private after 18:00	543.86	585.09	628.35	675.48
D) Deposit	461.00	474.00	509.14	547.33
E) Flood lights*	199.12	214.04	229.25	246.44
F) Caretaker fee*	199.12	214.04	229.25	246.44
Gatis swimming pool				
A) Admission fees daily per visit				
Adults	11.40	13.00	13.07	14.05
Children	8.77	10.00	9.50	10.22
B) Seasonal admission fees (1/10 - 30/3)*				
Adults	214.04	230.70	247.06	265.59
Children	123.68	133.33	142.54	153.23
C) Rent of swimming pool*				
Schools 10:00 - 13:00 (Mondays - Fridays)	153.51	164.91	176.98	190.26
(Saturdays)	327.19	344.74	362.51	382.19
Provincial level	228.95	245.61	263.69	283.47
Functions : Schools & Private after	378.07	406.14	435.93	468.62
D) Deposit	319.00	341.00	368.12	395.94
E) Flood lights*	214.04	230.70	247.06	265.59
F) Caretaker fee*	167.54	180.70	193.61	208.13
If there is any major damages not covered by the deposit the lessee will be liable for repairs.(Work done departmentally)				
*Tariffs do not include VAT				
Airports*				
One engine Aircraft	85.96	92.11	98.59	105.98
Two engine Aircraft	94.34	101.75	109.28	117.47
Three and more engine Aircraft	139.47	150.00	160.35	172.38
Annual airstrip hiring - local	1,700.34	1,290.37	1,387.14	1,491.18
**Tariffs do not include VAT				

Emthanjeni Municipality
FINAL TARIFFS for 2015/2016 MTEF PERIOD

	CURRENT		BUDGET	
	2014/2015	2015/2016	2016/2017	2017/2018
Water				
Basic levy per service connection				
Households *	54.55	57.15	60.81	64.48
Businesses*	276.56	293.16	300.75	329.39
Defence Force*	276.56	293.16	300.75	329.39
Industrial *	276.56	293.16	300.75	329.39
Schools *	276.56	293.16	300.75	329.39
Flats *	276.56	293.16	300.75	329.39
Old age homes *	276.56	293.16	300.75	329.39
Churches *	51.51	54.60	57.88	61.35
Municipal activities *	11.07	11.66	14.68	15.57
Government offices *	276.56	293.16	300.75	329.39
Hospitals *	276.56	293.16	300.75	329.39
S.A.P.D *	276.56	293.16	300.75	329.39
Correctional Services *	276.56	293.16	300.75	329.39
Transnet *	276.56	293.16	300.75	329.39
Clinics *	276.56	293.16	300.75	329.39
Consumptions - households				
1 - 6 kl * (Tariff per kiloliter)	-	-	-	-
7 - 15 kl * (Tariff per kiloliter)	7.22	7.65	8.11	8.60
16 - 30 kl * (Tariff per kiloliter)	8.20	8.69	9.21	9.77
31 - 45 kl * (Tariff per kiloliter)	9.56	10.13	10.74	11.38
46 kl and more * (Tariff per kiloliter)	10.04	10.64	11.28	11.96
Consumptions - Indigent households				
1 - 6 kl * (Tariff per kiloliter)	-	-	-	-
7 - 15 kl * (Tariff per kiloliter)	7.22	7.65	8.11	8.60
16 - 30 kl * (Tariff per kiloliter)	8.20	8.69	9.21	9.77
31 - 45 kl * (Tariff per kiloliter)	9.56	10.13	10.74	11.38
46 kl and more * (Tariff per kiloliter)	10.04	10.64	11.28	11.96
Consumptions - Government Departments (Excl schools)				
1 - 6 kl * (Tariff per kiloliter)	3.99	4.23	4.48	4.75
7 - 15 kl * (Tariff per kiloliter)	7.22	7.65	8.11	8.60
16 - 30 kl (Tariff per kiloliter)	8.20	8.69	9.21	9.77
31 - 45 kl * (Tariff per kiloliter)	9.56	10.13	10.74	11.38
46 kl and more * (Tariff per kiloliter)	10.04	10.64	11.28	11.96
Consumptions - all other activities excluding Households, Municipal, Indigent and Government cons.				
1 - 6 kl * (Tariff per kiloliter)	3.99	4.23	4.48	4.75
7 - 15 kl * (Tariff per kiloliter)	7.22	7.65	8.11	8.60
16 - 30 kl (Tariff per kiloliter)	8.20	8.69	9.21	9.77
31 - 45 kl * (Tariff per kiloliter)	9.56	10.13	10.74	11.38
46 kl and more * (Tariff per kiloliter)	10.04	10.64	11.28	11.96
Consumptions - Municipal activities				
1 - 6 kl * (Tariff per kiloliter)	2.63	2.79	2.96	3.13
7 kl and more * (Tariff per kiloliter)	2.63	2.79	2.96	3.13
Consumer deposit				
Household	568.00	602.00	638.12	676.41
Small and medium business	693.00	734.00	778.04	824.72
Industrial	1,150.00	1,219.00	1,292.14	1,369.87
Government Department	Determined by CFO : Actual cost to be the basis			
Testing of meter *	214.91	228.87	241.75	256.26

Emthanjeni Municipality
FINAL 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	1,851.72	1,947.98	2,064.86
25 mm / 20 mm water meter *	2,122.81	2,250.00	2,385.00	2,528.10
Larger than abovementioned *				
Special meter readings as requested by consumer				
Read of meter *	195.09	142.98	151.56	160.66
Special meter readings by termination of service *	92.11	92.37	103.21	109.40
Communal water *	52.98	56.16	59.53	63.10
Machinery & Plant equipment				
Hiring of machinery and plant equipment (Excluding Show Grounds)				
Selling of red soil*	Actual Cost as determined by relevant Director			
* Tariff do not include VAT				
Libraries				
Photocopies - per page or part thereof	0.88	1.20	1.40	1.50
Rent				
Rent of Library Hall (De Aar West, De Aar East, Nonwakaal, Britstown and Hanover)	201.75	213.86	226.09	240.29
Deposit				
Deposit of Library Hall (De Aar West, De Aar East, Nonwakaal, Britstown and Hanover)	165.00	175.00	185.50	196.61
* Tariff does not include VAT				
Guest Houses*				
Application for Guest House	292.98	304.91	333.81	353.84
* Tariff does not include VAT				

ANNEXURE 3: SDBIP

Embarajpet Municipality

Toplayer Service Delivery Budget Implementation Plan for 2015/16

Embarajpet Municipality

Sl. No.	Activity	Objective	Key Results	Output	Responsible Officer	Stand Alone	Number	2015-16	2016-17	2017-18
1	Financial Services	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network as at 30 June 2016	All	Stand Alone	Number	8000	0	0
2	Financial Services	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) as at 30 June 2016	All	Stand Alone	Number	8000	0	0
3	Financial Services	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	Number of formal residential properties connected to the municipal waste water sanitation/sewage network for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2016	All	Stand Alone	Number	8000	0	0
4	Financial Services	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	Number of formal residential properties for which refuse is removed once per week as at 30 June 2016	All	Stand Alone	Number	8000	0	0
5	Financial Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Social Development	Provide free basic water to indigent households as at 30 June 2016	All	Stand Alone	Number	1400	0	0

Objectives	Strategic Objectives	Key Results	Key Performance Indicators	Responsible Officer	Stand-Alone	Number	Weighting	Start	End	Start	End
6	Financial Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Social Development	Provide free basic electricity to indigent households as at 30 June 2015	Director: Financial Services	Stand-Alone	Number	2400	0	0	2400
7	Financial Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Social Development	Provide free basic sanitation to indigent households as at 30 June 2015	Director: Financial Services	Stand-Alone	Number	2400	0	0	2400
8	Financial Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Social Development	Provide free basic refuse removal to indigent households as at 30 June 2015	Director: Financial Services	Stand-Alone	Number	2400	0	0	2400
9	Financial Services	Provide of basic services to all basic residents within the available resources	Basic Services and Infrastructure Development	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2015 (Actual amount spent on projects / Total amount budgeted for capital projects) x 100	Director: Financial Services	Carry Over	Percentage	80	0	0	80
10	Corporate Services	Promote the equitable training and distribution of wealth in Embankment Municipal area	Local Economic Development	Create jobs opportunities through the municipality's LED initiatives including capital projects by 30 June 2015	Director: Corporate Services	Accumulative	Number	500	0	0	550

Objectives	Strategic Objectives	Key Results	Key Performance Indicators	Responsible Officer	Stand-Alone	Number	Weighting	Start	End	Start	End
11	Corporate Services	Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objectives	Institutional Development and Municipal Transformation	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 by 30 June 2015	Director: Corporate Services	Accumulative	Number	1	0	0	1
12	Corporate Services	Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objectives	Institutional Development and Municipal Transformation	0.7% of the personnel budget spent on training in per the approved skills development plan by 30 June 2015 (Actual total expenditure/total personnel budget) x 100	Director: Corporate Services	Stand-Alone	Percentage	0.7	0	0	0.7
13	Financial Services	Maintaining a financially sustainable and viable Municipality	Financial viability	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2015 (Total operating revenue/operating grants received)/total service debt (due within the year)	Director: Financial Services	Carry Over	Number	30	0	0	30
14	Financial Services	Maintaining a financially sustainable and viable Municipality	Financial viability	Financial viability measured in terms of the outstanding service debt as at 30 June 2015 (Total outstanding service debt)/ revenue received for services x 100	Director: Financial Services	Reverse Stand-Alone	Percentage	20.5	0	0	20.5

Item	Strategic Objective	Strategic Pillar	Strategic Outcome	Key Performance Indicators	Responsible Officer	Reporting Period	2015/16 Budget	2015/16 Actual	2016/17 Budget	2016/17 Actual
15	Maintaining a financially sustainable and viable Municipality	Financial Viability	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2015 (Available cash - Investments)/ Monthly fixed operating expenditure	Carry Over Number	Director: Financial Services	0.5	0	0	0	0.5
16	Provide representative governance through the sustainable utilization of available resources in consultation with the residents of Easthampstead Municipality	Good Governance and Public Participation	Develop risk based audit plan and submit to the audit committee for approval by 30 June 2015	Carry Over Number	Municipal Manager	1	0	0	0	1
17	Maintaining a financially sustainable and viable Municipality	Financial Viability	Submit the annual financial statements to the Auditor-General by 31 August 2015	Carry Over Number	Director: Financial Services	1	1	0	0	0
18	Maintaining a financially sustainable and viable Municipality	Financial Viability	Achievement of a payment percentage of above 80% by 30 June 2016 (Gross Debtors Closing Balance + Billed Closing Balance + Billed Revenue - (Gross Debtors Opening Balance + Bad Debt Written Off)/Billed Revenue) x 100	Carry Over Percentage	Director: Financial Services	80	0	0	0	80

Item	Strategic Objective	Strategic Pillar	Strategic Outcome	Key Performance Indicators	Responsible Officer	Reporting Period	2015/16 Budget	2015/16 Actual	2016/17 Budget	2016/17 Actual
19	Maintaining a financially sustainable and viable Municipality	Financial Viability	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	Accumulative Number	Director: Financial Services	3	0	0	2	1
20	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	90% of the water maintenance budget spent by 30 June 2016 (Actual expenditure divided by the approved budget)(x100)	Carry Over Percentage	Director: Infrastructure Services	90	0	0	0	90
21	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	% of approved water maintenance budget spent	Reverse Stand Alone Percentage	Director: Infrastructure Services	31.5	19.5	18.5	15.5	24.5
22	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	Number of kilobits water purchased or purified - Number of kilobits water sold / Number of kilobits water purchased or purified x 100	Stand Alone Percentage	Director: Infrastructure Services	95	95	95	95	95
23	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	90% of the waste water maintenance budget spent by 30 June 2016 (Actual expenditure divided by the approved budget)(x100)	Carry Over Percentage	Director: Infrastructure Services	90	0	0	0	90

Item No	Category	Sub-category	Service Description	Performance Indicators	Measurement Method	Accumulative	2015/16	2016/17	2017/18
24	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	Construct 2 km new surfaced roads by 30 June 2016	Number of kilometers constructed by 30 June 2016	Accumulative	2	0	0
25	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	90% of the roads and stormwater maintenance budget spent by 30 June 2016 (Actual expenditure divided by the approved budget)(100)	% of approved roads and stormwater maintenance budget spent by 30 June 2016	Carry Over	90	0	0
26	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	Renew 1km existing tar roads by 30 June 2016	Number of kilometers renewed by 30 June 2016	Accumulative	1	0	0
27	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	Limit % electricity unaccounted for to 22% by 30 June 2016 (Number of Electricity Units Purchased - Number of Electricity Units Sold / Number of Electricity Units Purchased) x 100	(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased x 100	Reverse Spill Alone	22	0	0
28	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	90% of the recreational and swimming pool maintenance budget spent by 30 June 2016 (Actual expenditure divided by the approved budget)(100)	% of approved recreational areas and swimming pool maintenance budget spent by 30 June 2016 (Actual expenditure divided by the approved budget)(100)	Carry Over	90	0	0

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Item No	Category	Sub-category	Service Description	Performance Indicators	Measurement Method	Accumulative	2015/16	2016/17	2017/18
29	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	90% of the electricity maintenance budget spent by 30 June 2016 (Actual expenditure divided by the approved budget)(100)	% of approved electricity maintenance budget spent by 30 June 2016 (Actual expenditure divided by the approved budget)(100)	Carry Over	90	0	0
30	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	Complete the New Streets Phase 1 project by 30 June 2016	Project completed by 30 June 2016	Accumulative	1	0	0
31	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	Appoint service provider for Stormwater Phase 2 by 31 December 2015	Service provider appointed by 31 December 2015	Accumulative	1	0	0
32	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	Appoint service provider for Houserv Bulk Storage and Pump Station 11 December 2015	Service provider appointed by 31 December 2015	Accumulative	1	0	0
33	Infrastructure Services	Basic Services and Infrastructure Development	Provision of access to all basic services rendered to residents within the available resources	90% of approved budget spent by 30 June 2016 in terms of the Budget Evaluation Programme System: Brackets Sanitation (Actual expenditure divided by the total approved project budget) x 100	% of approved project budget spent by 30 June 2016 (Actual expenditure divided by the total approved project budget) x 100	Carry Over	90	0	0

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Item No.	Item Description	Category	Strategic Objective	Key Performance Indicator	Responsible Officer	Start Date	End Date	Frequency	Unit of Measure	2015/16 Budget	2015/16 Actual	2015/16 Variance
34	Provision of access to all basic services rendered to residents within the available resources.	Infrastructure Services	Basic Services and Infrastructure Development	90% of approved budget spent by 30 June 2016 for electricity upgrades in Newstead & De Aar East and Western JEPB & OESAs (Actual expenditure divided by the total approved project budget) x 100	All	1	30 June 2016	Percentage	Carry Over	0	0	0
35	Provision of access to all basic services rendered to residents within the available resources	Infrastructure Services	Basic Services and Infrastructure Development	90% of approved budget spent by 30 June 2016 to install prepaid electricity meters (Actual expenditure divided by the total approved project budget) x 100	All	1	30 June 2016	Percentage	Carry Over	0	0	0
36	Provision of access to all basic services rendered to residents within the available resources	Infrastructure Services	Basic Services and Infrastructure Development	90% of approved budget spent by 30 June 2016 for the acquisition of Smart prepaid meters: Electricity and Water Meters	All	1	30 June 2016	Percentage	Carry Over	0	0	0
37	Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objectives	Corporate Services	Institutional Development and Municipal Transformation	Establish a client service desk by 31 March 2016	All	1	31 March 2016	Number	Carry Over	0	0	0
38	Provision of equitable creation and distribution of wealth in Easthampstead Municipal area	Corporate Services	Local Economic Development	Review the LED strategy and submit to council by end 31 May 2016	All	1	31 May 2016	Number	Carry Over	0	0	0

Item No.	Item Description	Category	Strategic Objective	Key Performance Indicator	Responsible Officer	Start Date	End Date	Frequency	Unit of Measure	2015/16 Budget	2015/16 Actual	2015/16 Variance
39	Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objectives	Corporate Services	Institutional Development and Municipal Transformation	Review the Organogram and submit to council by 30 September 2015	All	1	30 September 2015	Number	Carry Over	0	1	0
40	Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objectives	Corporate Services	Institutional Development and Municipal Transformation	Review, workshop and submit the delegation of powers to council by 30 September 2015	All	1	30 September 2015	Number	Carry Over	0	1	0
41	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	Community Services	Safety and Security	Review the Disaster Management Plan and submit to the District Municipality by 30 June 2016	All	1	30 June 2016	Number	Carry Over	0	1	0
42	Provision of access to all basic services rendered to residents within the available resources	Community Services	Basic Services and Infrastructure Development	Review the Integrated Waste Management Plan and submit to Council by 30 June 2016	All	1	30 June 2016	Number	Carry Over	0	0	1
43	Provision of access to all basic services rendered to residents within the available resources	Community Services	Basic Services and Infrastructure Development	Review the Housing sector plan and submit to Council by 30 June 2016	All	1	30 June 2016	Number	Carry Over	0	0	1

Item	High Level Strategic Outcome	Key Results	Key Performance Indicators	Responsible	Reporting Period	Reporting Period	Reporting Period	Reporting Period	Reporting Period					
44	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	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	Carry Over	Number	1	0	0	0	1
45	Community Services	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	90% of the maintenance budget of refuse removal spent by 30 June 2016 (Actual expenditure divided by the approved budget)(x100)	% of the budget spent (Actual expenditure divided by the approved budget)(x100)	All	Director Community Services	Stand alone	Percentage	90	0	0	0	90
46	Community Services	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	Enact 4 Dumping Signs to prevent illegal dumping by 31 March 2016	Number of signs enacted by 31 March 2016	All	Director Community Services	Accumulative	Number	4	0	0	4	0
47	Community Services	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	Annual verification of all applicants for low cost housing by 30 June 2015	Annual verification completed by 30 June 2015	All	Director Community Services	Carry Over	Number	1	0	0	0	1
48	Community Services	Provision of access to all basic services rendered to residents within the available resources	Basic Services and Infrastructure Development	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	Carry Over	Number	1	1	0	0	0

Capital projects for the 2015/16 financial year

Item	Project Name	Project Description	Project Status	Project Start	Project End	Project Budget									
1	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
2	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
3	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
4	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
5	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
6	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
7	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
8	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
9	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
10	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
11	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
12	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
13	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
14	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
15	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
16	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
17	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
18	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
19	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000
20	Water Treatment Plant	Upgrade of water treatment plant to 100% capacity	Completed	2010	2012	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000	10000000

Municipal Manager	67349.33	3237486.39	46653.00	803379.71	802152.82	11536.00	3024848.30	872621.86	23390.00
Financial Services	181418	1717093.35	167998.00	167998.00	1303355.85	314388.87	3233487.24	1393955.75	18466.90
Corporate Services	904426	0.00	39964.88	8000.00	800793.50	816377.00	0.00	798893.20	1274.00
Community Services	600300	179666.35	159123.80	25361.50	469615.30	254781.80	174278.82	630018.00	26953.00
Community Services	309408	1368.15	166877.24	0.00	4635.33	0.00	20366.90	297034.68	133335.00
Community Services	393905	168475.40	604234.22	7371.90	144023.90	2782.40	46899.34	713176.23	7788.00
Community Services	295805	187130	179312.36	0.00	5657.95	0.00	2537.77	254982.87	0.00
Community Services	182300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Infrastructure Services	182818	903390.00	565795.40	1827.00	1400000.00	76976.22	795000.00	731687.37	13000.00
Infrastructure Services	104115	3193024.32	65004.43	234604.37	15333.60	1252789.37	2803600.00	859.24	881387.52
Infrastructure Services	508005	2170687.26	948641.46	219517.80	848508.80	7183134.43	1081500.00	6843129.46	5993.90
Infrastructure Services	600005	7120817.80	164230.67	81789.43	852335.70	858237.46	2575.00	276328.31	941889.80
Infrastructure Services	633005	6181937.03	756511.00	12503600.00	6043672.90	843753.38	3179400.00	2950932.96	768125.62
Community Services	706005	1733433.67	9031868.68	0.00	1812789.36	3482165.63	90000.00	156449.68	1347682.04

Municipal Manager	302220	31523.27	82364.64	1579.81	948179.64	876287.00	0.00	63984.70	1188005.63
Financial Services	602100	1162175.54	3795485.30	41118.00	3168374.00	846230.34	0.00	1516238.70	3447000.14
Corporate Services	904320	8000.00	1094991.37	10996.07	8000.00	564526.97	0.00	8000.00	967281.80
Community Services	302818	483663.68	772426.00	24705.00	97970.20	703936.38	24933.00	58379.83	807356.62
Community Services	193419	9539.37	481745.40	8832.00	34343.20	434881.52	7700.00	23754.51	389675.12
Community Services	155005	844230.80	603835.00	7317.20	532719.30	651818.30	7780.00	541160.43	704246.32
Community Services	205005	2560.26	199251.90	0.00	2162.30	272836.68	0.00	2609.14	186881.50
Community Services	100200	0.00	1181.00	0.00	303.43	303.43	0.00	0.00	0.00
Infrastructure Services	182818	0.00	61435.68	1093.00	300000.00	816363.37	0.00	123890.00	748126.60
Infrastructure Services	134216	94881.24	702627.13	48239.80	5491.96	2048846.90	2722000.00	29448.90	1245344.34
Infrastructure Services	508005	619113.58	4044311.30	0.00	8827715.20	5166033.22	5448700.00	5857932.50	4796007.40
Infrastructure Services	600005	2387746.96	889339.24	85400.50	4193822.40	983368.94	163862.62	2082889.50	771133.51
Infrastructure Services	607005	5217089.53	515896.33	0.00	3431883.37	1133988.15	1000000.00	3519317.00	670083.34
Community Services	306000	712318.50	521800.90	12393.00	2576481.90	238768.30	0.00	718228.39	3076672.80

Monthly Cashflow for the 2015/16 Financial year

Municipal Manager	302020	71057.29	602888.15	48061.60	62713.44	578855.52	30000.00	37900.00	1465635.24	0.00
Financial Services	305100	5140064.14	974136.47	51811.31	239819.70	1627813.40	734387.00	2428928.50	1840140.32	34003.80
Corporate Services	305420	8000.00	372133.30	39993.07	8000.00	953867.04	273351.00	8000.00	3080918.13	54294.20
Community Services	302410	54331.91	548928.56	77800.00	256891.34	1598325.40	24550.00	134000.00	1020083.17	26500.00
Community Services	303410	7883.20	353213.52	6000.00	0.00	367387.94	5200.00	1644.80	329634.71	0.00
Community Services	305005	204309.48	733453.90	0.00	934821.34	933127.93	7080.00	189108.00	1082640.31	0.00
Community Services	303205	4373.52	185305.50	0.00	2798.00	138847.10	0.00	2950.00	251330.33	0.00
Community Services	303205	0.00	0.00	0.00	0.00	1734.33	0.00	0.00	39618.50	0.00
Infrastructure Services	303200	0.00	183098.25	0.00	300000.00	1682048.83	2000.00	0.00	3238475.24	0.00
Infrastructure Services	303315	155829.77	757054.49	379204.40	5034.22	1387246.41	1502916.87	600944.16	3181748.19	500000.00
Infrastructure Services	303300	7937154.23	4133433.80	1109800.00	4899018.38	4290718.91	535027.50	1447248.22	5931469.59	0.00
Infrastructure Services	303605	3753547.83	5624988.80	642034.00	258374.56	3018148.52	15133.00	548411.00	127352.32	311458.00
Infrastructure Services	303200	3379914.82	78817.42	0.00	4103677.96	1299294.80	0.00	549900.00	147287.60	589000.00
Community Services	303005	157919.31	1333003.41	8460.00	73882.82	1804898.16	0.00	2110000.27	2448919.05	0.00

Monthly Cashflow for the 2015/16 Financial year

Municipal Manager	302020	41340.00	2523800.00	3700.00	47940.00	3044488.00	0.00	361121.00	412710.58	912.57
Financial Services	305100	1087093.18	2267082.80	0.00	291211.80	981205.36	198239.41	2382615.41	1481771.54	0.00
Corporate Services	305420	8000.00	1154457.20	0.00	8000.00	1305417.44	8000.00	7916.00	2148313.90	0.00
Community Services	302410	28882.00	809258.00	24000.00	149000.00	884325.51	0.00	159103.00	1627624.22	3408.00
Community Services	303410	7876.50	380000.00	17000.00	7650.00	763342.00	0.00	6238.22	94927.40	58771.00
Community Services	303505	2812874.20	785000.00	7000.00	202008.00	677733.10	10500.00	610880.55	2717130.13	17953.64
Community Services	303605	1014.00	174000.00	0.00	2018.00	102713.10	0.00	5331.73	224038.30	0.00
Community Services	303205	0.00	0.00	0.00	0.00	0.00	0.00	0.00	144886.17	0.00
Infrastructure Services	303200	20300.00	203000.00	1000.00	80000.00	672475.63	0.00	274000.00	1594251.87	513.00
Infrastructure Services	303315	188164.32	1330000.00	0.00	2395964.56	1481847.00	500000.00	4167937.00	4302190.81	0.00
Infrastructure Services	303300	5188643.15	4894182.20	24200.00	8924933.49	4676237.00	280000.00	893543.86	12099300.17	542900.00
Infrastructure Services	303605	270900.00	1050000.00	7000.00	2144000.00	1577235.00	519000.00	2807442.93	4100314.40	1394025.00
Infrastructure Services	303200	3807300.00	2830000.00	0.00	3618790.00	1533131.00	380000.00	3871954.20	3533605.76	2324130.00
Community Services	303005	787940.00	1509500.00	0.00	340700.00	1442453.16	0.00	1096271.87	42335.11	0.00

**ANNEXURE 4:
A-SCHEDULES**

NC217 Emthangeni - Contact Information

A. GENERAL INFORMATION

Municipality: NC217 Emthangeni
Grade: 2 (Check in terms of the Reconstruction of Public Order System Act)
Province: NC NORTHERN CAPE
Web Address: www.emthangeni.co.za
e-mail Address: mutmanager@emthangeni.co.za

B. CONTACT INFORMATION

Postal address:
P.O. Box: 42
City / Town: De Aar
Postal Code: 7500
Street address:
Building:
Street No. & Name: 42 Voortrekker Street
City / Town: De Aar
Postal Code: 7500

General Contacts

Telephone number: 0536229100
Fax number: 0536221016

C. POLITICAL LEADERSHIP

Speaker:
Name: M M Fiebo
Telephone number: 0536222524
Cell number: 0839642114
Fax number: 0536221016
E-mail address: speaker@emthangeni.co.za
Secretary/PA to the Speaker:
Name: T Murgana
Telephone number: 0536222524
Cell number: 0839222911
Fax number: 0536221016
E-mail address: tmurgana@emthangeni.co.za

Mayor/Executive Mayor:
Name: ST Thoma
Telephone number: 0536221016
Cell number: 0839642114
Fax number: 0536221016
E-mail address: mayor@emthangeni.co.za
Secretary/PA to the Mayor/Executive Mayor:
Name: T Murgana
Telephone number: 0536222524
Cell number: 0839222911
Fax number: 0536221016
E-mail address: tmurgana@emthangeni.co.za

Deputy Mayor/Executive Mayor:
Name:
Telephone number:
Cell number:
Fax number:
E-mail address:
Secretary/PA to the Deputy Mayor/Executive Mayor:
Name:
Telephone number:
Cell number:
Fax number:
E-mail address:

D. MANAGEMENT LEADERSHIP

Municipal Manager:
Name: Jack Visser
Telephone number: 0536229100
Cell number: 0836222119
Fax number: 0536221016
E-mail address: mutmanager@emthangeni.co.za
Secretary/PA to the Municipal Manager:
Name:
Telephone number:
Cell number:
Fax number:
E-mail address:

Chief Financial Officer:
Name: Farid Marouf
Telephone number: 053 632 9168
Cell number: 0820729401
Fax number: 053 631 1863
E-mail address: fmarouf@emthangeni.co.za
Secretary/PA to the Chief Financial Officer:
Name:
Telephone number:
Cell number:
Fax number:
E-mail address:

Official responsible for submitting financial information

Name: Wenzel Lubek
Telephone number: 0536229100
Cell number: 072962286
Fax number: 0536221016
E-mail address: wlubek@emthangeni.co.za

NC217 Emthangeni - Table A1 Budget Summary

Description	2014/15			2015/16			2016/17			Current Year 2016/17			2016 Budget Year Review & Expenditure		
	Actual Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/16	Budget Year 2016/16	Budget Year 2016/16	Actual Outcome	Actual Outcome	Actual Outcome		
Revenue															
Special Contributions															
Property rates	14 961	17 322	21 709	21 709	21 709	21 709	21 709	21 709	21 709	21 709	21 709	21 709	21 709		
Service charges	19 291	19 889	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208	19 208		
Government grants	300	1 962	1 020	340	340	340	340	340	340	340	340	340	340		
Transfer payments - conditional	34 010	40 616	40 710	39 618	39 618	39 618	39 618	39 618	39 618	39 618	39 618	39 618	39 618		
Other non-financial	6 386	21 731	20 360	20 360	20 360	20 360	20 360	20 360	20 360	20 360	20 360	20 360	20 360		
Total Revenue (including capital transfers and contributions)	141 038	144 526	163 107	163 107	163 107	163 107	163 107	163 107	163 107	163 107	163 107	163 107	163 107		
Expenditure															
Employee costs	61 675	58 489	59 844	61 800	61 800	61 800	61 800	61 800	61 800	61 800	61 800	61 800	61 800		
Depreciation of assets	3 621	3 684	4 157	4 206	4 201	4 201	4 201	4 201	4 201	4 201	4 201	4 201	4 201		
Depreciation of asset impairment	20 000	20 075	20 004	20 001	20 001	20 001	20 001	20 001	20 001	20 001	20 001	20 001	20 001		
Transfer charges	1 094	1 159	1 066	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700		
Materials and other purchases	34 108	40 637	40 320	39 879	39 879	39 879	39 879	39 879	39 879	39 879	39 879	39 879	39 879		
Transfer payments	789	200	780	13 800	13 800	13 800	13 800	13 800	13 800	13 800	13 800	13 800	13 800		
Transfer payments - conditional	21 954	42 838	21 480	24 484	24 484	24 484	24 484	24 484	24 484	24 484	24 484	24 484	24 484		
Other expenditure	22 004	213 170	200 300	201 667	202 000	202 000	202 000	202 000	202 000	202 000	202 000	202 000	202 000		
Total Expenditure	125 855	24 133	229 805	214 736	212 176	212 176	212 176	212 176	212 176	212 176	212 176	212 176	212 176		
Surplus/(Deficit)	15 183	14 393	33 302	48 371	50 931	50 931	50 931	50 931	50 931	50 931	50 931	50 931	50 931		
Transfer payments - capital	1 234	11 461	11 102	28 246	28 246	28 246	28 246	28 246	28 246	28 246	28 246	28 246	28 246		
Contributions received - capital to conditional loan	-	-	-	-	-	-	-	-	-	-	-	-	-		
Surplus/(Deficit) after capital transfers & contributions	14 949	14 393	22 200	27 126	22 685	22 685	22 685	22 685	22 685	22 685	22 685	22 685	22 685		
Share of surplus/(deficit) of accounts	-	-	-	-	-	-	-	-	-	-	-	-	-		
Surplus/(Deficit) for the year	14 949	14 393	22 200	27 126	22 685	22 685	22 685	22 685	22 685	22 685	22 685	22 685	22 685		
Capital expenditure & funds received															
Capital expenditure	4 611	4 611	21 467	40 569	23 668	23 668	23 668	23 668	23 668	23 668	23 668	23 668	23 668		
Transfer payments - capital	40 822	42 120	12 012	28 448	11 668	11 668	11 668	11 668	11 668	11 668	11 668	11 668	11 668		
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-		
Borrowing	-	-	-	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960	4 960		
Intergovernmental grants	2 260	1 900	4 144	4 144	4 144	4 144	4 144	4 144	4 144	4 144	4 144	4 144	4 144		
Total revenue of capital items	47 693	49 531	37 623	40 569	23 668	23 668	23 668	23 668	23 668	23 668	23 668	23 668	23 668		
Special income															
Transfer payments	194 474	220 827	220 172	240 000	240 000	240 000	240 000	240 000	240 000	240 000	240 000	240 000	240 000		
Transfer from current account	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Transfer from current liability	28 774	32 207	32 511	48 273	48 273	48 273	48 273	48 273	48 273	48 273	48 273	48 273	48 273		
Community wealth funds	1 660 864	1 021 107	209 400	863 674	863 674	863 674	863 674	863 674	863 674	863 674	863 674	863 674	863 674		
Total from Special Income	2 005 776	2 014 781	2 026 663	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411		
Total from Special Income	2 005 776	2 014 781	2 026 663	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411	2 063 411		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Net cost from Special Income	20 164	40 640	34 470	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474	17 474		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999	11 999		
Capital expenditure net of special income	2 595	2 711	12 045	23 115	11 999	11 999	11 999								

NCST Enhancer - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2019/20			Current Year 2019/20			2019/20 Medium Term Revenue & Expenditure Forecast		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Standard										
Government and administration		36,711	47,200	43,710	43,240	42,140	42,140	46,240	47,720	46,710
Executive and council		4,030	5,471	5,028	5,228	5,228	5,228	5,228	5,228	5,228
Budget and treasury office		31,440	39,445	36,000	36,225	35,225	35,225	41,012	42,492	41,482
Corporate services		1,241	2,284	2,682	1,787	1,687	1,687	1,999	1,999	1,999
Community and public safety		8,920	17,260	16,640	16,160	15,160	15,160	15,220	14,120	13,640
Community and social services		1,440	1,264	1,420	1,410	1,410	1,410	1,440	1,227	1,224
Sport and recreation		78	380	340	320	320	320	320	320	320
Public safety		7,402	15,616	14,880	14,430	13,430	13,430	13,480	12,573	12,100
Health		1,040	1,596	1,980	1,999	1,999	1,999	2,000	2,000	2,000
Economic and environmental services		4,220	3,020	3,420	3,420	3,420	3,420	3,420	3,420	3,420
Planning and development		3,020	2,420	2,220	2,220	2,220	2,220	2,220	2,220	2,220
Road transport		1,200	600	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Governmental provision		0	0	0	0	0	0	0	0	0
Trading services		10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840
Electricity		10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840
Water		0	0	0	0	0	0	0	0	0
Waste water management		0	0	0	0	0	0	0	0	0
Waste management		0	0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0	0
Total Revenue - Standard		140,624	174,460	164,280	164,280	164,280	164,280	164,280	164,280	164,280
Expenditure - Standard										
Government and administration		39,340	50,780	47,800	47,320	46,220	46,220	50,320	51,800	50,780
Executive and council		7,620	10,060	9,590	9,790	9,790	9,790	10,260	10,260	10,260
Budget and treasury office		31,720	40,720	38,210	37,530	36,430	36,430	40,060	41,540	40,520
Corporate services		1,000	2,000	2,400	1,999	1,999	1,999	2,000	2,000	2,000
Community and public safety		10,010	20,450	19,830	19,350	18,350	18,350	18,410	17,310	16,830
Community and social services		1,440	1,264	1,420	1,410	1,410	1,410	1,440	1,227	1,224
Sport and recreation		78	380	340	320	320	320	320	320	320
Public safety		8,492	18,806	18,070	17,620	16,620	16,620	16,670	15,763	15,296
Health		1,000	1,596	1,980	1,999	1,999	1,999	2,000	2,000	2,000
Economic and environmental services		7,220	6,020	6,420	6,420	6,420	6,420	6,420	6,420	6,420
Planning and development		6,020	4,820	5,220	5,220	5,220	5,220	5,220	5,220	5,220
Road transport		1,200	600	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Governmental provision		0	0	0	0	0	0	0	0	0
Trading services		10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840
Electricity		10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840
Water		0	0	0	0	0	0	0	0	0
Waste water management		0	0	0	0	0	0	0	0	0
Waste management		0	0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0	0
Total Expenditure - Standard		140,624	174,460	164,280	164,280	164,280	164,280	164,280	164,280	164,280

1 Government Finance Statistics Functions and Sub Functions are established to assist the completion of national and international accounts for comparison purposes
 2 Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgetary Financial Performance (revenue and expenditure)
 3 Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgetary Financial Performance (revenue and expenditure)
 4 All amounts must be checked under a standard classification (number 010). The 010 number 'Other' is only for debits. An 'Transfer, Income and Expenditure' and 'Fund' must be supported by historic, existing data that is placed under 'Other'. Assign accounts only to standard classification.

NCST Enhancer - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2019/20			Current Year 2019/20			2019/20 Medium Term Revenue & Expenditure Forecast		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote										
Vote 1 - EXECUTIVE AND COUNCIL		4,030	5,471	5,028	5,228	5,228	5,228	5,228	5,228	5,228
Vote 2 - FINANCE AND ADMINISTRATION		31,440	39,445	36,000	36,225	35,225	35,225	41,012	42,492	41,482
Vote 3 - PLANNING AND DEVELOPMENT		3,020	2,420	2,220	2,220	2,220	2,220	2,220	2,220	2,220
Vote 4 - HEALTH		1,040	1,596	1,980	1,999	1,999	1,999	2,000	2,000	2,000
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1,440	1,264	1,420	1,410	1,410	1,410	1,440	1,227	1,224
Vote 6 - PUBLIC SAFETY		7,402	15,616	14,880	14,430	13,430	13,430	13,480	12,573	12,100
Vote 7 - SPORT AND RECREATION		78	380	340	320	320	320	320	320	320
Vote 8 - ROAD TRANSPORT		1,200	600	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Vote 9 - OTHER		0	0	0	0	0	0	0	0	0
Vote 10 - HOUSING SERVICES		0	0	0	0	0	0	0	0	0
Vote 11 - WASTE MANAGEMENT		0	0	0	0	0	0	0	0	0
Vote 12 - WASTE WATER MANAGEMENT		0	0	0	0	0	0	0	0	0
Vote 13 - ELECTRICITY		10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840
Vote 14 - WATER		0	0	0	0	0	0	0	0	0
Vote 15 - WASTE		0	0	0	0	0	0	0	0	0
Vote 16 - WASTE OF VOTE 10		0	0	0	0	0	0	0	0	0
Total Revenue by Vote		140,624	174,460	164,280	164,280	164,280	164,280	164,280	164,280	164,280
Expenditure by Vote in the accompanying										
Vote 1 - EXECUTIVE AND COUNCIL		7,620	10,060	9,590	9,790	9,790	9,790	10,260	10,260	10,260
Vote 2 - FINANCE AND ADMINISTRATION		31,720	40,720	38,210	37,530	36,430	36,430	40,060	41,540	40,520
Vote 3 - PLANNING AND DEVELOPMENT		3,020	2,420	2,220	2,220	2,220	2,220	2,220	2,220	2,220
Vote 4 - HEALTH		1,040	1,596	1,980	1,999	1,999	1,999	2,000	2,000	2,000
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1,440	1,264	1,420	1,410	1,410	1,410	1,440	1,227	1,224
Vote 6 - PUBLIC SAFETY		8,492	18,806	18,070	17,620	16,620	16,620	16,670	15,763	15,296
Vote 7 - SPORT AND RECREATION		78	380	340	320	320	320	320	320	320
Vote 8 - ROAD TRANSPORT		1,200	600	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Vote 9 - OTHER		0	0	0	0	0	0	0	0	0
Vote 10 - HOUSING SERVICES		0	0	0	0	0	0	0	0	0
Vote 11 - WASTE MANAGEMENT		0	0	0	0	0	0	0	0	0
Vote 12 - WASTE WATER MANAGEMENT		0	0	0	0	0	0	0	0	0
Vote 13 - ELECTRICITY		10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840	10,840
Vote 14 - WATER		0	0	0	0	0	0	0	0	0
Vote 15 - WASTE OF VOTE 10		0	0	0	0	0	0	0	0	0
Total Expenditure by Vote		140,624	174,460	164,280	164,280	164,280	164,280	164,280	164,280	164,280
Expenditure by Vote for the year		140,624	174,460	164,280	164,280	164,280	164,280	164,280	164,280	164,280

1 'New' Vote - e.g. expenditure, if different to standard classification structure
 2 Must reconcile to Budgetary Financial Performance (revenue and expenditure)
 3 Assign votes to reconcile to budget total

NCST's Embajeros - Table A1 Budgeted Financial Position

Description	Ref	2019			Current Year 2020			2020 Medium Term Revenue & Expenditure Forecast			
		Budgeted	Actual	Actual	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
		Outcome	Outcome	Outcome	Budget	Budget	Forecast	Outcome	2019	2020	2021
ASSETS											
Capital Assets											
Cash		14,378	17,100	17,270	2,544	2,644	2,644	19	2,128	2,756	2,610
Call investment deposits	1	-	-	-	1,138	1,138	-	-	4,000	4,342	4,128
Consumer deposits	1	30,821	48,454	38,488	3,071	3,071	3,071	3,071	20,004	21,100	20,228
Other deposits	1	7,730	12,186	12,627	3,240	3,240	3,240	1,710	12,107	14,880	14,207
Current portion of long-term investments		79	26	32	-	-	-	-	-	-	-
Investments	2	21,158	23,423	23,088	40,895	40,895	40,895	40,437	10,994	10,994	10,994
Total current assets		74,066	102,209	101,405	50,848	50,848	50,848	40,456	38,249	49,294	47,969
Non-current assets											
Long-term investments	1	1	1	1	-	4,272	4,272	5,024	-	-	-
Investments	1	11	14	21	-	-	-	3,075	4,000	4,375	4,172
Investment property	1	3,100	3,424	3,384	4,272	-	-	140,119	1,004	1,004	1,004
Investment in associates		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	1,020,100	88,400	82,000	142,000	142,000	142,000	141,667	88,007	87,008	86,700
Agriculture		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		1,000	500	500	1,200	1,200	1,200	304	473	473	460
Other intangible assets		21	30	31	100	100	100	21	30	30	30
Total non-current assets		1,024,232	92,869	86,036	147,472	147,472	147,472	142,000	93,487	92,815	92,166
TOTAL ASSETS		1,548,300	1,945,078	1,887,441	1,656,320	1,656,320	1,656,320	1,626,912	1,381,736	1,442,109	1,388,135
LIABILITIES											
Current liabilities											
Bank overdraft	1	3,104	3,307	3,100	1,100	1,100	1,100	1,200	1,400	1,400	1,400
Borrowing	4	2,207	2,495	2,700	1,204	1,204	1,204	2,400	2,400	2,400	2,400
Contractor deposits		1,780	1,800	1,900	1,000	1,000	1,000	2,100	2,100	2,400	2,400
Tax and other payable	4	21,807	20,800	21,007	11,200	11,200	11,200	10,000	10,700	11,000	10,900
Provisions		170	1,300	1,400	2,000	2,000	2,000	10,000	2,000	2,000	1,800
Total current liabilities		27,068	49,702	50,107	17,504	17,504	17,504	34,700	37,600	37,600	37,000
Non-current liabilities											
Borrowing		33,440	3,000	3,200	11,100	11,100	11,100	3,100	14,200	14,200	14,400
Provisions		3,075	40,200	40,000	34,104	34,104	34,104	-	32,700	32,300	32,300
Total non-current liabilities		36,515	43,200	43,200	45,204	45,204	45,204	3,100	46,900	46,500	46,700
TOTAL LIABILITIES		63,583	92,902	93,307	62,708	62,708	62,708	37,800	84,500	84,100	83,700
NET ASSETS		1,484,717	1,852,176	1,794,134	1,593,612	1,593,612	1,593,612	1,289,112	1,297,236	1,357,909	1,304,435
COMMUNITY NET ASSETS											
Recurrent Surplus/Deficit		1,484,717	1,852,176	1,794,134	1,593,612	1,593,612	1,593,612	1,289,112	1,297,236	1,357,909	1,304,435
Reserves	4	-	-	-	271,307	271,307	271,307	271,307	-	-	-
Minority interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY NET ASSETS		1,484,717	1,852,176	1,794,134	1,593,612	1,593,612	1,593,612	1,289,112	1,297,236	1,357,909	1,304,435

1 Detail to be provided in Table A2
 2 Include accepted but not funding from transferred to beneficiaries within 12 months
 3 Include Contribution work multiplied (showed separately in annual financial statements)
 4 Detail to be provided in Table A3 (Include reserves to be funded by other)
 5 Not shown must balance with Total Community Net Assets

NCST's Embajeros - Table A2 Budgeted Cash Flows

Description	Ref	2019			Current Year 2020			2020 Medium Term Revenue & Expenditure Forecast			
		Budgeted	Actual	Actual	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
		Outcome	Outcome	Outcome	Budget	Budget	Forecast	Outcome	2019	2020	2021
NET FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property lease, penalties & collection charges		14,134	2,000	11,407	20,000	20,000	20,000	12,100	20,000	20,000	20,000
Service charges		78,227	80,500	80,500	80,400	80,400	80,400	80,400	80,400	80,400	80,400
Other income		7,107	12,200	1,707	34,800	34,800	34,800	34,800	34,800	34,800	34,800
Government grants	1	3,047	30,070	30,070	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Interest	1	4,000	17,304	15,102	20,000	20,000	20,000	17,100	17,100	17,100	17,100
Dividends		-	-	-	-	-	-	-	-	-	-
Payments		(234,340)	(100,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)
Supplier and employee		(17,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Finance charges		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Transport and Goods		(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
NET CASH FROM/USED IN OPERATING ACTIVITIES		(190,972)	(67,226)	(108,887)	(139,600)	(139,600)	(139,600)	(106,900)	(106,900)	(106,900)	(106,900)
NET FLOW FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		47	50	100	100	100	100	100	100	100	100
Decrease (increase) in investment income		44	-	-	-	-	-	-	-	-	-
Decrease (increase) in investment receivables		42	-	30	-	-	-	-	-	-	-
Decrease (increase) in investment liabilities		(2)	30	-	-	-	-	-	200	100	-
Payments		(14,000)	(12,000)	(12,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)
NET CASH FROM/USED IN INVESTING ACTIVITIES		(13,933)	(11,970)	(11,900)	(14,000)	(14,000)	(14,000)	(13,900)	(13,900)	(13,900)	(13,900)
NET FLOW FROM FINANCING ACTIVITIES											
Receipts											
Bank overdraft		-	-	-	1,400	1,400	1,400	-	-	-	-
Borrowing (repayment/borrowing)		-	-	-	-	-	-	-	100	100	100
Income (decrease) in customer deposits		-	-	-	(10)	(10)	(10)	10	10	10	10
Payments		(2,000)	(2,170)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
NET CASH FROM/USED IN FINANCING ACTIVITIES		(2,000)	(2,170)	(2,000)	(600)	(600)	(600)	(600)	(600)	(600)	(600)
NET INCREASE (DECREASE) IN CASH HELD		(4,905)	(80,426)	(120,787)	(154,200)	(154,200)	(154,200)	(120,400)	(120,400)	(120,400)	(120,400)
Decrease (increase) at the year begin	2	5,140	1,200	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Exchange rate variations at the year end	2	3,200	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

1 Local/Global counterparties to include supplier funds (DHS) and Miscellaneous
 2 Cash equivalents include investments with maturity of 3 months or less

NCST2 Embargo - Table A6 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2019/20			2019/20 Medium Term Revenue & Expenditure Framework					
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 11 Budget Year 10	Budget Year 11 Budget Year 10
Cash and Investments, 2019/20										
Customer agreements at the year end	1	9,005	9,046	26	3,204	9,000	9,000	9,004	90	1,401
Other current investments - 1 to 12 days		20	20	-	10,291	9,108	9,108	12,070	3,000	1,999
Non-current assets - Investments	1	21	20	20	-	-	-	18,070	2,070	2,070
Cash and investments available		9,026	9,086	46	13,495	18,108	18,108	39,144	5,070	5,470
Application of cash and investments										
Orphan landbank transfer		11,024	11,100	7,000	1,300	1,300	1,300	4,000	1,070	1,070
Orphan landbank		-	-	-	-	-	-	-	-	-
Security requirements	2	1,014	-	-	1,014	1,014	1,014	1,014	4,402	4,402
Other working capital requirements	3	(29,020)	(29,070)	(27,741)	(1,284)	(1,270)	(1,270)	1,481	(16,000)	(16,000)
Other provisions		-	-	-	-	-	-	1,400	1,070	1,070
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Revenues to be factored into investments	5	1,300	-	-	1,300	1,300	1,300	1,300	-	-
Total Application of cash and investments		(24,710)	(24,040)	(20,741)	9,716	9,696	9,696	16,000	7,402	6,700
Reconciliation		(14,684)	(14,954)	(14,701)	(3,221)	(1,588)	(1,588)	(3,056)	(2,332)	(1,230)

- May reconcile with Budgetary Cash Flow
- For example, 10% transfer
- Capital approved for policy support - include sufficient working capital to e.g. allowing for a 5% current return + 10 days on processing
- For example - ending fund requirements for banking
- Capital approved required for each machine model and base of each sailing of vessels

NCST2 Embargo - Table A6 Asset Management

Description	Ref	2019/20			2019/20 Medium Term Revenue & Expenditure Framework					
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 11 Budget Year 10	Budget Year 11 Budget Year 10	
Capital Expenditure										
Total New Assets	1	1,106	1,284	1,200	20,400	12,000	12,000	12,000	4,000	12,000
Infrastructure - Road Transport		1,106	1,004	1,000	12,000	12,000	12,000	12,000	4,000	12,000
Infrastructure - Electricity		-	-	0	-	-	-	-	1,500	1,500
Infrastructure - Water		200	-	80	1,000	100	100	100	10,000	10,000
Infrastructure - Landbank		600	600	-	-	-	-	-	2,000	-
Infrastructure - Other		300	-	-	-	-	-	-	-	-
Community		120	1,204	1,200	20,400	12,000	12,000	12,000	4,000	12,000
Marine assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	4	2,000	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-
Total Revised Capital Expenditure	2	2,106	1,404	1,280	19,400	12,000	12,000	12,000	15,500	15,500
Infrastructure - Road Transport		1,400	70	400	100	100	100	100	1,000	1,000
Infrastructure - Electricity		-	40	60	20	20	20	20	1,200	1,200
Infrastructure - Water		-	10	40	10	10	10	10	90	90
Infrastructure - Landbank		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	60	120	30	30	30	30	30	30
Community		1,400	1,400	1,400	1,000	1,000	1,000	1,000	7,100	7,100
Community		-	120	60	30	30	30	30	30	60
Marine assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	4	1,400	2,000	2,000	6,000	6,000	6,000	6,000	1,000	2,000
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangible		-	60	-	-	-	-	-	60	60
Total Capital Expenditure - Asset class	3	18,000	17,720	17,400	40,000	20,000	20,000	20,000	17,500	18,000
ASSET REGISTER SUMMARY - PPE, MOC	1									
Infrastructure - Road Transport		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Infrastructure - Electricity		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Infrastructure - Water		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Infrastructure - Landbank		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Infrastructure - Other		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Community		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Marine assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE, MOC	5	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
EXPENDITURE OTHER ITEMS										
Expenditure & Investment		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Revenue & Expenditure to Asset Class	1	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Infrastructure - Road Transport		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Landbank		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Community		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Marine assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	6,7	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Revenue of Existing Assets as % of total capital		10%	10%	10%	10%	10%	10%	10%	10%	10%
Revenue of Existing Assets as % of Revenue*		10%	10%	10%	10%	10%	10%	10%	10%	10%
RRP as a % of RPE		10%	10%	10%	10%	10%	10%	10%	10%	10%
Revenue and RRP as a % of RPE		10%	10%	10%	10%	10%	10%	10%	10%	10%

- Detail of new assets provided in Table D20A
- Detail of revenue of existing assets provided in Table D20A

1. Detail of Repairs and Maintenance by Asset Class provided in Table 2026
2. Best practice is full capital expenditure on Budgeted Capital Expenditure
3. Best practice is Budgeted Financial Position (after tax and debt)
4. Detailed breakdown and assets funded by these means to be attached to the respective category

NCOTI Envelope - Table A10 Basic service delivery measurement

Description	Ref	2019/20			Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Volume	Volume	Volume	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 1 2020/21	Budget Year 2 2021/22	Budget Year 3 2022/23
Household service levels										
Water										
Fixed water leaks (dwelling)		0 146	0 206	0 276	0 170	0 170	0 170	11 144	11 270	0 170
Fixed water leaks (not in dwelling)		-	-	402	471	471	471	396	396	402
Unusable tap (at least one service level)	2	21	21	471	495	495	495	495	495	501
Other water supply (at least one service level)	4	-	-	495	471	471	471	341	329	276
Minimum Service Level and Above sub total		0 207	0 206	0 199	0 199	0 199	0 199	12 151	12 270	14 291
Using public tap (1- no service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (1- no service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub total		0 007	0 000	0 000	0 000	0 000	0 000	0 000	0 000	0 000
Total number of households	5	0 207	0 206	0 199	0 199	0 199	0 199	12 151	12 270	14 291
Sanitation services										
Flush toilet (connected to sewerage)		4 428	4 493	4 288	4 492	4 492	4 492	3 947	4 417	10 342
Flush toilet (not connected to sewerage)		1 142	1 157	1 227	1 120	1 120	1 120	1 120	1 120	1 147
Chemical toilet		28	243	445	327	327	327	327	327	444
Other toilet provision (1- no service level)		-	-	495	471	471	471	471	471	495
Minimum Service Level and Above sub total		6 598	6 293	6 050	6 939	6 939	6 939	6 865	7 274	12 428
Bucket toilet		33	43	511	506	506	506	506	506	495
Other toilet provision (1- no service level)		-	-	495	471	471	471	471	471	495
No toilet provision		-	-	-	4 170	4 170	4 170	-	-	-
Below Minimum Service Level sub total		33	43	511	4 676	4 676	4 676	4 676	4 676	4 990
Total number of households	6	6 631	6 336	6 561	11 615	11 615	11 615	11 541	11 950	17 418
Electricity										
Electricity (at least one service level)		1 222	1 378	2 760	1 807	1 807	1 807	1 808	2 123	2 621
Electricity - prepaid (1- no service level)		4 947	4 493	5 440	5 175	5 175	5 175	5 175	5 175	5 201
Minimum Service Level and Above sub total		6 169	5 871	8 200	6 982	6 982	6 982	6 983	7 298	7 822
Electricity (1- no service level)		0	31	451	494	494	494	494	494	500
Electricity - prepaid (1- no service level)		-	-	495	471	471	471	471	471	495
Other energy services		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub total		0	0	0	0	0	0	0	0	0
Total number of households	6	6 169	5 902	8 651	6 982	6 982	6 982	6 983	7 298	7 822
Waste										
Municipal waste (not a bank)		0 076	0 021	10 127	0 027	0 027	0 027	0 027	0 027	14 238
Minimum Service Level and Above sub total		0 076	0 021	10 127	0 027	0 027	0 027	0 027	0 027	14 238
Removal of bulky waste (not a bank)		-	-	-	-	-	-	-	-	-
Using communal refuse bank		-	-	-	-	-	-	-	-	-
Using own refuse bank		-	-	-	-	-	-	-	-	-
Other refuse disposal		-	-	-	-	-	-	-	-	-
Recycling disposal		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub total		-	-	-	-	-	-	-	-	-
Total number of households	6	0 076	0 021	10 127	0 027	0 027	0 027	0 027	0 027	14 238
Household services (Free Basic Service)										
Water (3 litres per household per month)		0 076	0 021	0 071	0 019	0 019	0 019	2 408	2 190	2 595
Sanitation (Free Minimum Level service)		2 475	2 493	2 486	2 445	2 445	2 445	2 446	2 446	2 446
Electricity (Free service) (Other per household per month)		2 475	2 493	2 486	2 445	2 445	2 445	2 446	2 446	2 446
Refuse (prepaid or bank once a week)		2 475	2 493	2 486	2 445	2 445	2 445	2 446	2 446	2 446
Cost of Free Basic Service provided (R'000)	6	4 401	4 494	4 443	4 342	4 342	4 342	4 343	4 343	4 343
Water (3 litres per household per month)		0 100	0 076	0 066	0 016	0 016	0 016	0 016	0 016	0 016
Sanitation (Free service) (prepaid)		-	-	-	-	-	-	-	-	-
Electricity (Free service) (Other per household per month)		384	1 190	1 140	1 415	1 415	1 415	1 416	1 416	1 416
Refuse (prepaid or bank once a week)		1 017	2 298	2 199	2 394	2 394	2 394	2 395	2 395	2 395
Total cost of FBS provided (prepaid social package)	6 621	3 364	3 365	3 665	3 830	3 830	3 830	3 831	3 831	3 831
Market cost of Free services provided										
Property rates (R'000 thousand)		0 000	0 000	0 000	0 000	0 000	0 000	0 000	0 000	0 000
Water (3 litres per household per month)		0	0	0	0	0	0	0	0	0
Sanitation (Other per household per month)		-	-	-	-	-	-	-	-	-
Electricity (Other per household per month)		10	10	10	10	10	10	10	10	10
Refuse (prepaid or bank once a week)		10	10	10	10	10	10	10	10	10
Market cost of Free services provided (R'000)	6	10	10	10	10	10	10	10	10	10
Market cost of Free services provided (2020)										
Property rates (R'000 thousand)		-	-	-	-	-	-	-	-	-
Property rates (Other water, electricity and waste)		-	-	-	-	-	-	-	-	-
Water		4 443	4 494	4 443	4 342	4 342	4 342	4 343	4 343	4 343
Sanitation		2 445	2 493	2 445	2 445	2 445	2 445	2 446	2 446	2 446
Electricity (Other energy)		495	1 190	1 140	1 415	1 415	1 415	1 416	1 416	1 416
Refuse		1 415	2 298	2 199	2 394	2 394	2 394	2 395	2 395	2 395
Market Housing - rental subsidies		-	-	-	-	-	-	-	-	-
Housing - top-up subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total market cost of Free services provided (total social package)	6 621	10 386	10 386	9 846	9 846	9 846	9 846	9 846	9 846	9 846

7. House service provided by another entity e.g. (Other)

8. Equal distance to 20m from dwelling

9. Street distance to 20m from dwelling

10. Distance, spring, (at least one)

11. Best practice is full number of households in municipal area (where applicable) meaning services must be included

12. Include value of publicly provided by municipality (where provided) (where)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Outdated services										
Light Vehicle System	1,125	1,750	4,275	5,975	5,975	5,975	5,975	4,950	3,304	1,714
Security Services	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
WAGE Asset Maintenance	-	-	-	-	-	-	-	-	-	-
Contract - IT Maintenance	-	-	-	-	-	-	-	-	-	-
Project Electricity Commission	340	371	382	2,210	1,421	1,421	1,421	1,380	1,760	1,940
Professional Consultancy Fees	2,270	2,000	1,520	540	540	540	540	1,120	1,274	1,290
total	5,535	5,921	7,977	10,530	10,530	10,530	10,530	9,830	11,938	10,654
Allocations to regions of state										
Electricity	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total allocated services	0									
Other Expenditure by Type										
Collection costs	-	86	-	1,342	1,342	1,342	1,342	1,076	1,192	1,480
Contributions to other agencies	-	-	-	-	-	-	-	491	570	540
Contracted fee	840	905	976	-	-	-	-	2,570	3,364	3,820
Asset fees	1,536	1,473	1,571	2,040	2,040	2,040	2,040	2,022	2,022	2,022
General expenses	6,637	6,788	6,988	6,284	6,284	6,284	6,284	7,897	8,020	8,090
Departmental Service Accounts	2,074	2,412	2,960	3,885	3,885	3,885	3,885	4,760	4,327	4,810
External Licences and Subscriptions	344	327	340	369	369	369	369	369	400	420
Fuel and Oil	2,796	2,770	2,844	3,220	3,220	3,220	3,220	3,400	3,520	3,570
General Insurance-Polices/Leases	2,752	2,853	2,980	300	300	300	300	300	300	300
Insurance	2,074	1,490	2,020	1,994	1,994	1,994	1,994	1,917	1,968	1,790
SALES Marketing Fees	301	309	316	474	474	474	474	474	500	510
Telephone expenses	1,148	1,123	1,160	947	947	947	947	1,019	1,070	1,100
Printing and Stationery	621	607	629	540	540	540	540	540	540	540
Postage and Printing	217	210	219	266	266	266	266	266	266	266
Publicity Costs	225	204	240	274	274	274	274	274	274	274
Taxation Expenses	200	240	250	370	370	370	370	440	450	460
Subsidies and Travel	1,140	1,124	1,160	1,170	1,170	1,170	1,170	1,400	1,470	1,490
Skills Development Training	360	374	380	340	340	340	340	340	370	370
Security Costs for New State parks	460	460	470	1,260	1,260	1,260	1,260	1,340	1,420	1,510
Contract Marketing Expenses	650	675	697	1,400	1,400	1,400	1,400	1,300	1,400	1,400
Water Conservation and Training	-	-	-	60	60	60	60	60	60	60
Electricity Metering	-	-	-	300	300	300	300	-	-	-
Operation Fuel	-	-	-	60	60	60	60	-	-	-
Brand Protection	-	-	-	60	60	60	60	60	60	60
Security Incident	-	-	-	60	60	60	60	60	60	60
Asset Registration	-	-	-	-	-	-	-	274	284	297
Total Other Expenditure	22,903	23,495	24,947	34,776	34,776	34,776	34,776	41,866	43,474	44,470
By Expenditure Item										
Employee related costs	360	-	-	-	-	-	-	-	-	-
Other materials	4,022	3,975	4,140	4,220	4,220	4,220	4,220	4,948	5,061	5,120
Contracted Services	3,438	3,730	3,948	4,148	4,148	4,148	4,148	4,970	5,307	5,590
Other Expenditure	-	-	-	-	-	-	-	-	-	-
Total Support and Maintenance Expenditure	8,820	8,705	9,088	9,468	9,468	9,468	9,468	11,966	12,468	12,810
total	-									

Notes:
1. Most amounts with Budgeted Financial Performance (Revenue and Expenditure)
2. Most amounts in supporting information in staff tables
3. Most other categories where revenue or expenditure is a related value. All separate fees and "General expenses" is not 100% of Total Expenditure
4. Expenditure is most any "unclassified" categories
5. The total other cost agree with the total in 2023, but including separately purchased mobile items
6. include a note for each service that that is affected by "Revenue Impact"
7. Special consideration may have to be given to including "general services" or "other support" budget when circumstances require the details reported under relevant notes

NCST Expenditure - Supporting Table SA2 Matrix Financial Performance Budget (Revenue source/expenditure type and cost)

Description	2023		2024		2025		2026		2027		2028		2029		2030	
	EXECUTIVE AND COUNCIL	ADMINISTRATIVE AND DEVELOPMENT	FINANCE AND PLANNING	HEALTH	COMMUNITY AND SOCIAL SERVICES	PUBLIC SAFETY	WATER AND RECREATION	ROAD TRANSPORT	OTHER	HOUSING SERVICES						
Revenue																
Revenue by Source																
Property rates	-	2,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - variation & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity/water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water/sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water/sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse removal	-	0	-	-	-	16	-	-	-	-	-	-	-	-	0	-
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Source of facilities and equipment	401	-	-	-	-	10	-	-	20	-	4	-	-	-	-	-
Interest earned - external investments	-	70	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - community services	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	736	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-	64	-	136	-	-	-	-	-
License and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	140	301	-	-	-	30	-	0	0	0	0	0	0	0	0	0
Grant income	236	14,500	1,900	-	1,100	1,100	-	-	-	-	-	-	-	-	-	-
Transfer (received) - operating	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gifts in kind (if any)	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (including capital revenues and contribution)	2,000	42,774	1,900	-	1,900	1,900	1,900	1,900	764	1,336	4	-	-	-	0	0
Expenditure by Type																
Employee expenses	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gift expenditure	-	2,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset treatment	10	100	20	60	100	-	-	-	-	-	170	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gift purchase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	0	470	1,400	-	-	10	0	0	0	0	0	0	0	0	0	0
Contracted services	-	3,200	37	-	-	-	-	4,900	-	-	-	-	-	-	-	-
Transfer programs	40	500	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1,700	4,000	3,100	10	60	1,000	300	1,000	300	1,100	300	1,100	300	1,100	300	1,100
Gifts in kind (if any)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	6,100	10,670	6,400	10	1,400	1,900	1,900	6,700	6,100	6,100	6,100	6,100	6,100	6,100	6,100	6,100
Surplus/Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer (received) - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions (received) - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/Deficit after capital revenues & contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Expenditure
1. Expenditure amounts to be based on municipal expenditure structure

2011-12 WASTE MANAGEMENT	2011-12 WASTE WATER	2011-12 ELECTRICITY	2011-12 WATER	2011-12 SEWER OF WASTE	Total
-	-	-	-	-	27,000
-	-	9,100	-	-	9,100
-	19,700	-	28,600	-	48,300
2,500	-	-	-	-	2,500
-	-	-	-	-	300
-	-	-	-	-	700
30	40	200	200	-	630
-	-	-	-	-	1,300
-	-	20	-	-	200
-	20	20,000	10	-	20,030
1,500	1,500	2,400	4,500	-	9,900
-	-	-	-	-	50
13,000	20,700	40,500	30,000	-	104,700
1,000	2,400	2,000	2,000	-	7,400
-	-	-	-	-	4,000
700	1,100	4,500	2,000	-	8,800
20	80	300	70	-	770
300	400	200	50	-	1,250
-	-	6,000	1,400	-	7,400
300	40	1,400	1,000	-	3,100
-	-	1,700	-	-	1,700
2,400	4,100	1,200	2,000	-	10,700
2,500	4,100	1,000	2,100	-	10,700
-	-	-	-	-	-
6,000	19,400	40,700	30,000	-	116,100
600	2,000	6,000	3,000	-	11,600
-	20,000	-	6,000	-	26,000
-	-	-	-	-	-
-	-	-	-	-	-
600	42,000	6,000	26,000	-	74,600

NCST Enhancements - Supporting Table SAO Supporting detail to Budgeted Financial Position

Description	Ref	2011/12				2012/13			2013/14			2014/15		
		Audited Outcome	Audited Estimate	Audited Revenue	Original Budget	Adjusted Budget	Full Year Forecast	Proposed Revenue	Budget Year 2014	Budget Year +1 2015	Budget Year +2 2016			
2 Account														
ASSETS														
Capital Assets														
Call Investment Assets														
Call deposits - 10 days														
Other current investments - 90 days														
Total Call Investment Assets														
1	-	-	-	11,700	11,700	11,700	-	9,070	9,000	9,000	9,000			
Customer deposits														
Customer deposits														
Liab. Provided to call investment														
2	30,000	48,000	30,000	9,070	9,070	9,070	9,070	11,420	11,420	11,420	11,420			
Self-financed projects														
Balance at the beginning of the year														
Contributions to the provision														
Bad debts written off														
Balance at end of year														
1	120,100	271,470	220,000	-	-	-	-	-	-	-	-			
2	1,000,000	870,400	900,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000			
Property, plant and equipment (PPE)														
PPE at book value (incl. finance leased)														
Less: accumulated depreciation														
2	1,000,000	870,400	900,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000			
Liabilities														
Current liabilities - borrowing														
Short term loans (after final loan covenant)														
Current portion of long term liabilities														
Total Current liabilities - borrowing														
2	2,200	2,400	2,700	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074			
Trade and other payables														
Trade and other payables														
Unearned customer services														
GST														
Total Trade and other payables														
1	27,900	29,000	27,400	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300			
Non-current liabilities - borrowing														
Borrowings														
Finance lease (including IFR lease element)														
Total Non-current liabilities - borrowing														
4	20,000	1,000	2,200	11,100	11,100	11,100	1,000	10,100	10,100	10,100	10,100			
Provisions - unbudgeted														
Retention benefits														
Lit other than provision deny														
Warranty and other provisions														
Other														
Total Provisions - non-current														
4	1,000	40,000	40,000	10,100	10,100	10,100	-	10,100	10,100	10,100	10,100			
CHANGES IN NET ASSETS														
Accumulated Depreciation/Debt														
Accumulated depreciation - working capital														
GST adjustments														
Provision balance														
Original Debt														
Adjustments to Revenue														
Transfer to Non-current														
Disposals of assets														
Other adjustments														
Accumulated Depreciation/Debt														
1	1,000,000	1,000,000	900,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000			
Debits														
Working Capital Fund														
Capital expenditure														
Depreciation														
Other debits														
Provision														
2	-	-	-	27,900	27,900	27,900	1,000	-	-	-	-			
2	1,000,000	1,000,000	900,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000			
Total capital expenditure includes expenditure on nationally significant priorities														
Provision of loan interest														

NC373 Enrichment - Supporting Table S44 Reconciliation of GP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	2023/24			Current Year (2024/25)			MPSW Medium Term Revenue & Expenditure Framework		
			Audited Outcome 2023/24	Audited Outcome 2024/25	Audited Outcome 2025/26	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Efficient			50	50	50	50	51	51	50	50	50
Provide representation to continuously monitor the governance through the sustainable utilisation of available resources in consultation with the systems of Enrichment Municipality	To continuously monitor the governance through the sustainable utilisation of available resources in consultation with the systems of Enrichment Municipality										
Provide representation to continuously monitor the governance through the sustainable utilisation of available resources in consultation with the systems of Enrichment Municipality	To continuously monitor the governance through the sustainable utilisation of available resources in consultation with the systems of Enrichment Municipality		240	230	230	230	240	240	230	230	230
Provide the equitable creation and distribution of wealth in the Enrichment municipal area	To improve GDP, SME's and tourism, support emerging sectors and reduce unemployment and poverty in the municipal area		50	50	50	-	-	-	50	-	-
Provision of access to all basic services rendered to residents within available resources	To provide all community quality water, sanitation and refuse management services and maintain existing infrastructure		21 740	21 100	21 200	21 100	21 211	21 214	21 400	20 800	21 300
Provision of access to all basic services rendered to residents within available resources	To provide all community road infrastructure		470	500	750	750	750	750	750	750	750
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		20 710	20 600	20 670	20 600	20 700	20 700	20 700	20 600	20 700
Maintaining a financially sustainable and viable municipality	To ensure a strategic financial management service to Enrichment Municipality		50	50	50	50	50	50	50	50	50
Maintaining a financially sustainable and viable municipality	To strengthen and improve financial and asset management within Enrichment Municipality		14 400	14 400	14 400	14 400	14 400	14 400	14 400	14 400	14 400
Maintaining a financially sustainable and viable municipality	To implement the Strategic Property Plan, fully meeting all of its objectives within Enrichment Municipality		2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair, equitable, transparent, competitive and cost effective		1 100	1 100	1 100	1 100	1 100	1 100	1 100	1 100	1 100
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required by SARS		1 200	1 200	1 200	1 200	1 200	1 200	1 200	1 200	1 200
Development and transformation of the institution with the aim of equipping the municipality to meeting their objectives	To maintain a supported municipality, enhance Employment Equity targets, ensure human resources are ready to respond to required services		-	-	-	4 750	4 750	4 750	4 750	4 750	4 750
Strategic Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices		30	40	40	40	40	40	40	40	40
Provide the equitable creation and distribution of wealth in the Enrichment municipal area	To improve GDP, SME's and tourism, support emerging sectors and reduce unemployment and poverty in the municipal area		1 400	1 200	1 400	-	-	-	-	-	-
Provide the equitable creation and distribution of wealth in the Enrichment municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities		50	50	50	-	-	-	-	-	-
Contribute to the development and promotion of the rights and needs of all residents with a particular focus on the poor	To improve and enhance social development in the municipal area		2 000	19 000	11 500	1 000	80	80	1 000	1 000	1 000

Contribution to the provision of services to residents and support for the economic growth of the municipality	To provide public services to other municipalities, support for the community, law enforcement, social welfare, education and the provision of services within the municipal area	2 000	7 500	5 200	7 100	4 200	4 200	4 200	4 200	4 200
Allocation to other profiles		2								
Total Revenue (including capital transfers and contributions)		1	140 000	171 400	190 200	220 400	220 400	220 400	220 400	220 400

1. Total revenue available to 'Table A4 Budget Performance (income and expenditure)

NC075 Enbridge – Supporting Table S43 Reconciliation of GP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2019			Current Year 2020			2020 Medium Term Revenue & Expenditure Forecast		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020	Budget Year +1 2021	Budget Year +2 2022
Revenue												
Provide representative governance through the equitable allocation of available resources in consultation with the financial representative	To continuously review the accountability and transparency governance processes as per the To be an investor-owned by the government through the equitable allocation of available resources in consultation with the financial representative and distribution of wealth in the Enbridge municipal area			1.00	1.04	1.07	1.02	1.02	1.02	1.06	1.06	1.01
Provide access to all basic services rendered to residents within available resources	To provide all communities quality water, sewerage and other services, manage demand and maintain existing infrastructure			4.04	7.04	1.18	0.00	1.00	1.00	1.04	1.00	0.00
Provide access to all basic services rendered to residents within available resources	To provide all communities quality water, sewerage and other services, support emergency services and reduce unemployment and poverty in the municipal area			4.73	1.01	1.00	0.01	0.00	0.00	0.00	0.00	0.00
Provide access to all basic services rendered to residents within available resources	To provide all communities quality water, sewerage and other services, manage demand and maintain existing infrastructure			10.00	30.00	30.00	10.00	10.00	10.00	10.00	10.00	10.00
Provide access to all basic services rendered to residents within available resources	To provide all communities quality water, sewerage and other services, manage demand and maintain existing infrastructure			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Provide access to all basic services rendered to residents within available resources	To provide all communities quality water, sewerage and other services, manage demand and maintain existing infrastructure			14.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Maintaining a financially sustainable and viable municipality	To create a strategic financial management plan in Enbridge Municipality			2.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Enbridge Municipality			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Enbridge Municipality			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair, equitable, transparent, competitive and cost effective			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintaining a financially sustainable and viable municipality	To implement financial returns as required per EPRA			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Development and maintenance of the institution with the aim of equipping the municipality to manage local operations	To maintain a supported municipality, address Employment Equity targets, develop human resources and capacity to meet Municipal Transformation and Institutional Development			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provide the equitable creation and distribution of wealth in the Enbridge municipal area	To provide L2D, SMDF and support, support emergency services and reduce unemployment and poverty in the municipal area			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provide the equitable creation and distribution of wealth in the Enbridge municipal area	To facilitate employment of women, youth development, poverty alleviation and create opportunities			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contribute to the development and protection of the rights and needs of all residents with a particular focus on equity	To improve and enhance local development in the municipal area			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contribute to the creation of opportunities where residents and visitors can work, live and play without threat to themselves or	To provide safe, secure and healthy living in the community, law enforcement, road safety			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Allocation to other priorities												
Total Expenditure				20.00	24.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00

1. Total expenditure must reconcile to Table S41 Budgeted Financial Performance (income and expenditure)

NC075 Enbridge – Supporting Table S44 Reconciliation of GP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2019			Current Year 2020			2020 Medium Term Revenue & Expenditure Forecast		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020	Budget Year +1 2021	Budget Year +2 2022
Revenue												
Provide access to all basic services rendered to residents within available resources	To provide all communities quality water, sewerage and other services, manage demand and maintain existing infrastructure		A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provide access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure		B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provide access to all basic services rendered to residents within available resources	To provide all communities quality water, sewerage and other services, manage demand and maintain existing infrastructure		C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintaining a financially sustainable and viable municipality	To create a strategic financial management plan in Enbridge Municipality		D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Enbridge Municipality		E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contribute to the creation of opportunities where residents and visitors can work, live and play without threat to themselves or	To provide safe, secure and healthy living in the community, law enforcement, road safety		F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provide access to all basic services rendered to residents within available resources	To provide all communities quality water, sewerage and other services, manage demand and maintain existing infrastructure		G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provide access to all basic services rendered to residents within available resources	To provide all communities quality water, sewerage and other services, manage demand and maintain existing infrastructure		H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provide the equitable creation and distribution of wealth in the Enbridge municipal area	To facilitate employment of women, youth development, poverty alleviation and create opportunities		I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provide representative governance through the equitable allocation of available resources in consultation with the financial representative	To continuously review the accountability and transparency governance processes as per the To be an investor-owned by the government through the equitable allocation of available resources in consultation with the financial representative and distribution of wealth in the Enbridge municipal area		J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Allocation to other priorities												
Total Capital Expenditure				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure
2. Goal code must be used on Table S42

NCOT's Embedded - Supporting Table S4E Performance Indicators and benchmarks

Description of financial indicator	Basis of calculation	2019	2020	2021	Current Year 2022			2023 Medium Term 5 ¹ Expenditure Plan		2023 Budget for 12 2022
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Forecast outcome	Budget for 2022	
Operating Resources										
Grant Funding		0	0	0	0	0	0	0		
Capital Charges in Operating Expenditure	Interest & Principal Paid Operating Expenditure	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%
Capital Charges in Core Revenue	Finance charges & Resumption of borrowing (Core Revenue)	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Estimated loading of user capital expenditure	Estimated Capital expenditure net transfers and grants and contributions	10%	10%	10%	10%	10%	10%	10%	10%	10%
Setts of Capital										
Debt	Long Term Borrowing/Funds & Reserves	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
Quality										
Current Ratio	Current assets/current liabilities	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Current Ratio adjusted for capital grants	Current assets less grants & M equipment liabilities	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Quality Ratio	Money Asset/Current Liabilities	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Revenue										
Annual Debtors Collection Rate of Revenue (Less 1%)	Less 1% MVA Receipts/Less 1% MVA Billing	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Current Debtors Collection Rate (Cash-in-hand & Revenue & New income)		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Outstanding Debtors in Revenue	Total Outstanding Debtors in Annual Revenue	0.0%	0.1%	0.0%	0.2%	0.1%	0.1%	0.1%	0.2%	0.2%
Outstanding Debtors in Revenue	Debtors < 12 Months Received/Total Debtors < 12 Months Old									
Customer Management										
Customer System Efficiency	% of Customer Four Star Service (before 100% of 100%)	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Customer for Cash and Investment		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other Indicators										
Electricity Distribution Losses (2)	Total Volume Losses (MWh)	100000	100000	100000	100000	100000	100000	100000	100000	100000
	Total Cost of Losses (Pound MWh)	4.70	4.68	4.62	4.60	4.60	4.60	4.60	4.60	4.60
Water Distribution Losses (2)	Total Volume Losses (MWh)	100000	100000	100000	100000	100000	100000	100000	100000	100000
	Total Cost of Losses (Pound MWh)	4.70	4.68	4.62	4.60	4.60	4.60	4.60	4.60	4.60
Employee costs	Employee-related Total Revenue - capital income	21.4%	20.4%	20.2%	20.2%	20.2%	20.2%	20.2%	20.4%	20.2%
Maintenance	Total maintenance/Total Revenue - capital income	30.7%	30.7%	30.6%	30.6%	30.6%	30.6%	30.6%	30.7%	30.6%
Repairs & Maintenance	Repairs/Total Revenue excluding capital income	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Finance charges & Depreciation	FCID/Total Revenue - capital income	10.2%	10.2%	10.1%	10.2%	10.1%	10.1%	10.1%	10.1%	10.1%
Efficiency (Overall) and other indicators										
1. Debt coverage	Total Operating Revenue - Operating Expenditure/Total operating payments due within financial year	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
2. Debt Service (Debtors in Revenue)	Total outstanding service debt/annual revenue received for services	0.1%	0.2%	0.2%	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%
3. Debt coverage	Debtors net of investments/quarterly fixed operational expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Calculation using 12 months and not included from current month
 2. Only include if services provided by the municipality

Value & unit

Budget for 12 2022

0.0

0.2%

0.1

NCOT's (enhanced) Supporting Table SA226 Property rates by category (budget year)

Description	Ref	Res.	Indus.	Bus. & Com.	Farm prop.	State-owned	Municipal	Public service utility	Private school buses	Formal & informal trails	Green Land	State trust land	Surface E200 acres %
Budget Year 2025													
Valuation													
No. of properties		1,204	0	30	1,011	40	272	54	-	-	-	-	-
No. of residential (residential value)		-	-	-	-	-	-	-	-	-	-	-	-
No. of unassessable (official properties) (2)		-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations (3)		11	-	0	0	0	21	-	-	-	-	-	-
Supplementary valuation (\$)		348,000	-	-	1,711,000	1,900,000	6,794,000	-	-	-	-	-	-
No. of valuations of amendments		0	-	-	0	-	-	-	-	-	-	-	-
No. of requests by ratepayers		4	-	-	0	-	-	-	-	-	-	-	-
No. of appeals by ratepayers (rebuttal)		0	-	-	0	-	-	-	-	-	-	-	-
No. of successful appeals		0	-	-	-	-	-	-	-	-	-	-	-
No. of successful appeals > 1%		0	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valuated (value shown not valuation method)		1	1	1	1	1	1	1	1	1	1	1	1
Frequency of valuation (method)													
Method of valuation used (method)		Market	Market	Market	Market	Market	Market						
Base of valuation (method)		Land & Improv.	Land & Improv.	Land & Improv.	Land & Improv.	Land & Improv.	Land & Improv.						
Placing in properties (4) (method)													
Composition of value (type used) (5)		Yes	Yes	Yes	Yes	Yes	Yes						
Full value used (5)		Yes	Yes	Yes	Yes	Yes	Yes						
Is subject meeting uniform standards for use?		Variable	Variable	Variable	Variable	Variable	Variable						
Valuation reductions													
Valuation reductions public infrastructure (6)													
Valuation reductions urban infrastructure (6)													
Valuation reductions revenue (6)													
Valuation reductions of 15.0% (6)													
Valuation reductions public works (6)													
Valuation reductions other (6)													
Total valuation reductions													
Total value used for rating (6)		4											
Total amount (6)		4											
Total value of improvements (6)		4											
Total market value (6)		4											
Rating													
Average rate		0											
Rate number budget (7) (8)													
Rate number reported to voters (7) (8)													
Expected cost reduction rate (8)		4											
Special rating areas (8) (9)													
Special exemptions - industrial (8) (9)													
Special exemptions - commercial (8) (9)													
Special exemptions - other (8) (9)													
Special exemptions - other (8) (9)													
Special exemptions - other (8) (9)													
Total value exemptions/reductions (8) (9)													

1 Land & Assistance Act: Protection of Land Rights, Commercial Property Association
 2 include value of additional reductions in "Total value greater than 15% amount"
 3 Average rate - cents in the \$100. Eg. 10.25 cents in the \$100 is reported as 10.25/100=0.1025
 4 include special collections
 5 in favor of the applicant
 6 Please select information for historical comparison

NC212 Exchange - Supporting Table SATIS Service Tariffs by category - explanatory

Description	Key	Provide description of tariff structure where appropriate	2015/16			Current Year 2016/17	2015/16 Budget Year Revenue & Expenditure Forecast		
			2015/16	2016/17	2016/18		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Exchanges, institutions and related (Firm) <i>(firm fees or applicable)</i>									
State tariffs <i>(firm fees or applicable)</i>		<ul style="list-style-type: none"> 20 in electricity 							
State public tariffs <i>(firm fees or applicable)</i>		<ul style="list-style-type: none"> 20 in electricity 							
Electricity tariffs <i>(firm fees or applicable)</i>		<ul style="list-style-type: none"> 20 in electricity 							

NCPI Enhancements - Supporting Table SMH Household Bills

Description	Ad	2012	2013	2014	Current Year 2014			2014 Station Year Revenue & Expenditure Framework			
		Audited Revenue	Audited Expende	Audited Outcome	Original Budget	Adjusted Budget	Full Year Percent	Budget Year 2014	Budget Year 11 2014	Budget Year 11 2013	Budget Year 11 2014
Revenue											
Monthly Amount for Household - Whole Invoice Stage											
Rates and services charges											
Property rate		45.0	47.5	50.0	50.0	50.0	50.0	0%	50.0	50.0	50.0
Electricity Base fee		30.0	30.0	30.0	30.0	30.0	30.0	0%	30.0	30.0	30.0
Electricity Consumption		50.0	50.0	50.0	50.0	50.0	50.0	0%	50.0	50.0	50.0
Water Base fee		4.0	4.0	4.0	4.0	4.0	4.0	0%	4.0	4.0	4.0
Water Consumption		10.0	10.0	10.0	10.0	10.0	10.0	0%	10.0	10.0	10.0
Sanitation		10.0	10.0	10.0	10.0	10.0	10.0	0%	10.0	10.0	10.0
Refuse removal		5.0	5.0	5.0	5.0	5.0	5.0	0%	5.0	5.0	5.0
Other		-	-	-	-	-	-	-	-	-	-
net total		144.0	144.0	144.0	144.0	144.0	144.0	0%	144.0	144.0	144.0
VAT on Services		21.6	21.6	21.6	21.6	21.6	21.6	0%	21.6	21.6	21.6
Total large household bill		165.6	165.6	165.6	165.6	165.6	165.6	0%	165.6	165.6	165.6
% household revenue		16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	0%	16.5%	16.5%	16.5%
Monthly Amount for Household - Infrastructure Stage											
Rates and services charges											
Property rate		14.4	14.4	14.4	14.4	14.4	14.4	0%	14.4	14.4	14.4
Electricity Base fee		-	-	-	-	-	-	0%	-	-	-
Electricity Consumption		40.0	40.0	40.0	40.0	40.0	40.0	0%	40.0	40.0	40.0
Water Base fee		4.0	4.0	4.0	4.0	4.0	4.0	0%	4.0	4.0	4.0
Water Consumption		10.0	10.0	10.0	10.0	10.0	10.0	0%	10.0	10.0	10.0
Sanitation		10.0	10.0	10.0	10.0	10.0	10.0	0%	10.0	10.0	10.0
Refuse removal		5.0	5.0	5.0	5.0	5.0	5.0	0%	5.0	5.0	5.0
Other		-	-	-	-	-	-	0%	-	-	-
net total		83.4	83.4	83.4	83.4	83.4	83.4	0%	83.4	83.4	83.4
VAT on Services		12.5	12.5	12.5	12.5	12.5	12.5	0%	12.5	12.5	12.5
Total small household bill		95.9	95.9	95.9	95.9	95.9	95.9	0%	95.9	95.9	95.9
% household revenue		9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	0%	9.6%	9.6%	9.6%
Monthly Amount for Household - Tenant/ Specific activities from local authority											
Rates and services charges											
Property rate		14.4	14.4	14.4	14.4	14.4	14.4	0%	14.4	14.4	14.4
Electricity Base fee		-	-	-	-	-	-	0%	-	-	-
Electricity Consumption		40.0	40.0	40.0	40.0	40.0	40.0	0%	40.0	40.0	40.0
Water Base fee		4.0	4.0	4.0	4.0	4.0	4.0	0%	4.0	4.0	4.0
Water Consumption		-	-	-	-	-	-	0%	-	-	-
Sanitation		10.0	10.0	10.0	10.0	10.0	10.0	0%	10.0	10.0	10.0
Refuse removal		5.0	5.0	5.0	5.0	5.0	5.0	0%	5.0	5.0	5.0
Other		-	-	-	-	-	-	0%	-	-	-
net total		83.4	83.4	83.4	83.4	83.4	83.4	0%	83.4	83.4	83.4
VAT on Services		12.5	12.5	12.5	12.5	12.5	12.5	0%	12.5	12.5	12.5
Total small household bill		95.9	95.9	95.9	95.9	95.9	95.9	0%	95.9	95.9	95.9
% household revenue		9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	0%	9.6%	9.6%	9.6%

1 Use a full property value of £100,000, 1,000 kWh electricity per 100 water
 2 Use a full property value of £50,000 per £100,000, 500 kWh electricity and 200 water
 3 Use a full property value of £25,000, 250 kWh electricity and 100 water (50 kWh electricity and 100 water)

NCDFD Endowment - Supporting Table SA16 Investment particulars by type

Investment type	2013			Current Year (2014)			2014 Multi-Year Revenue & Expenditure Forecast		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014	Budget Year +1	Budget Year +2
Approved									
Capital Appreciation									
Securities - National Government									
Local Corporate Bonds									
Deposits - Bank		11	14	21	11,700	11,700	11,700	11,700	11,700
Deposits - Public Investment Commission									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificate									
Repurchase Certificate of Deposit - Banks									
Guaranteed Endowment Proceed (policy)									
Reinsurance Agreements - Banks									
Mutual Funds									
Reservable not held	1	11	14	21	11,700	11,700	11,700	11,700	11,700
Not Held									
Securities - National Government									
Local Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commission									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificate									
Repurchase Certificate of Deposit - Banks									
Guaranteed Endowment Proceed (policy)									
Reinsurance Agreements - Banks									
Not Held not held									
Consolidated total	1	11	14	21	11,700	11,700	11,700	11,700	11,700

1 Total investment held reserve in Budget Finance Position Current and investment details are included investment

NCDFD Endowment - Supporting Table SA16 Investment particulars by maturity

Investment by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Over 5y)	Volatile or Fixed Interest rate	Interest Rate %	Exemption Part (Pounds)	Commission Required
Fixed Maturity								
General Investment	1	1/1/2014	Fixed Interest	Yes	Yes	5.0%	0	0
Maturity not held								
Not Held								
Not Held not held								
TOTAL INVESTMENTS AND INTEREST	1							

1 Total investment held reserve in all items in Table SA16 for the Current Year (2014)

2 Commission in every other year

Empty state of
document

2022/23

2022/23

NCST Exchanges - Supporting Table EX17 Borrowing

Borrowing - Categorized by type	2017/18	2018/19	2019/20	Current Year 2020/21			2020/21 Medium Term Review & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year 21 2020/21	Budget Year 22 2021/22
At Risk									
Total At Risk									
Long Term Loans (non-amortising interest)	3,440	3,498	3,321	3,178	3,178	3,178	3,477	3,478	3,480
Long Term Loans (amortising)									
Local improved assets									
Improvement Credit									
Financial Leases									
PPP Leases									
Finance Granted By Cap Equipment Supplier									
Bankable Bonds									
Non-Bankable Bonds									
Bankers Acceptances									
Finance Derivatives									
Other Securities									
Municipally-backed	3	3,441	3,498	3,221	3,178	3,178	3,477	3,478	3,480
Other									
Long Term Loans (non-amortising interest)									
Long Term Loans (amortising)									
Local improved assets									
Improvement Credit									
Financial Leases									
PPP Leases									
Finance Granted By Cap Equipment Supplier									
Bankable Bonds									
Non-Bankable Bonds									
Bankers Acceptances									
Finance Derivatives									
Other Securities									
Other	3	-	-	-	-	-	-	-	-
Total Borrowing	3	3,441	3,498	3,221	3,178	3,178	3,477	3,478	3,480
Unspent Borrowing - Categorized by type									
Total Unspent									
Long Term Loans (non-amortising interest)									
Long Term Loans (amortising)									
Local improved assets									
Improvement Credit									
Financial Leases									
PPP Leases									
Finance Granted By Cap Equipment Supplier									
Bankable Bonds									
Non-Bankable Bonds									
Bankers Acceptances									
Finance Derivatives									
Other Securities									
Municipally-backed	3	-	-	-	-	-	-	-	-
Other									
Long Term Loans (non-amortising interest)									
Long Term Loans (amortising)									
Local improved assets									
Improvement Credit									
Financial Leases									
PPP Leases									
Finance Granted By Cap Equipment Supplier									
Bankable Bonds									
Non-Bankable Bonds									
Bankers Acceptances									
Finance Derivatives									
Other Securities									
Other	3	-	-	-	-	-	-	-	-
Total Unspent Borrowing	3	-	-	-	-	-	-	-	-

Footnote 1: Transferring total amount to Budget Finance Provisions (Borrowing - unspent)

NCETI Embargo - Supporting Table SA19 Transfers and grant receipts

Description	Ref	2019/20			Current Year 2020/21			2019/20 Medium Term Review & Expenditure Framework		
		Actual Outcome	Actual Outcome	Actual Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS										
Operating Transfers and Grants										
National Government		32,079	37,457	38,465	38,076	38,076	38,076	38,466	37,476	37,467
Local Government Expenditure Share		30,438	34,333	34,470	33,362	33,362	33,362	33,633	33,039	33,040
Finance Management		1,462	1,562	1,590	1,452	1,460	1,460	1,460	1,425	1,425
Municipal Services Improvement		76	807	80	338	338	338	338	87	100
GPAT Income		-	1,000	1,124	1,000	1,000	1,000	1,000	-	-
Energy Efficiency and Climate Management		-	-	-	-	-	-	-	-	-
Provincial Government		270	1,862	4,912	737	737	737	1,140	1,140	1,208
Health Activity		-	1,000	1,000	-	-	-	-	-	-
Housing		270	-	400	-	-	-	-	-	-
Sport and Recreation		-	400	378	737	737	737	1,140	1,140	1,208
Department of Education		-	-	338	-	-	-	-	-	-
Department of Trade		-	-	2,000	-	-	-	-	-	-
Other grant providers		-	-	2,000	-	-	-	-	-	-
Department of Home Affairs		-	-	1,000	-	-	-	-	-	-
Total Operating Transfers and Grants	0	32,847	39,749	43,407	39,013	39,013	39,013	40,606	38,616	38,668
Capital Transfers and Grants										
National Government		-	10,707	12,100	10,200	12,700	12,700	10,200	11,400	10,400
National Infrastructure Grant (NIG)		10,147	12,102	12,098	12,000	12,000	12,000	11,800	12,100	12,000
Regional Sub-Infrastructure		30	-	1,000	200	700	700	400	300	-
Integrated National Infrastructure Programme		-	-	-	-	-	-	1,000	2,000	1,000
Other Capital Expenditure Programme Grant		-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-
Other capital expenditures (grant awarded)		-	-	-	-	-	-	-	-	-
Other grant providers		-	-	-	-	-	-	-	-	-
Department of Home Affairs		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	1	-	10,707	12,100	10,200	12,700	12,700	10,200	11,400	10,400
TOTAL RECEIPTS OF TRANSFERS AND GRANTS		32,847	50,456	55,507	49,213	51,713	51,713	50,806	49,996	49,068

- 0/0/0/0/0
1. Each municipality is asked to split its grant into a portion for the operating expenditure of municipalities, other or other expenditure
 2. Income activity (SIC) (SIC) and income assigned (SIC) to its operating grants (transfers)
 3. Expenditure of SIC (SIC)
 4. Housing activities for housing which currently transferred to organizations or persons outside the control of the municipality
 5. Total transfers and grants must reconcile to Budget (SIC) (SIC)
 6. Other capital expenditure (SIC) (SIC)

NCETI Embargo - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2019/20			Current Year 2020/21			2019/20 Medium Term Review & Expenditure Framework		
		Actual Outcome	Actual Outcome	Actual Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE										
Operating Expenditure of Transfers and Grants										
National Government		30,460	37,073	36,208	36,076	36,076	36,076	36,466	37,476	37,467
Local Government Expenditure Share		27,462	34,333	34,470	33,362	33,362	33,362	33,633	33,039	33,040
Finance Management		1,462	1,562	1,590	1,452	1,460	1,460	1,460	1,425	1,425
Municipal Services Improvement		76	807	80	338	338	338	338	87	100
GPAT Income		-	1,000	1,124	1,000	1,000	1,000	1,000	-	-
Energy Efficiency and Climate Management		-	-	-	-	-	-	-	-	-
Provincial Government		1,460	1,862	4,912	737	737	737	1,140	1,140	1,208
Health Activity		470	1,000	1,000	-	-	-	-	-	-
Housing		-	-	400	-	-	-	-	-	-
Sport and Recreation		400	400	378	737	737	737	1,140	1,140	1,208
Department of Education		-	-	338	-	-	-	-	-	-
Department of Trade		-	-	2,000	-	-	-	-	-	-
Other grant providers		-	-	2,000	-	-	-	-	-	-
Department of Home Affairs		-	-	1,000	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		30,708	38,208	40,070	39,013	39,013	39,013	40,606	38,616	38,668
Capital Expenditure of Transfers and Grants										
National Government		10,200	10,707	12,100	10,200	12,700	12,700	10,200	11,400	10,400
National Infrastructure Grant (NIG)		10,147	12,102	12,098	12,000	12,000	12,000	11,800	12,100	12,000
Regional Sub-Infrastructure		30	-	1,000	200	700	700	400	300	-
Integrated National Infrastructure Programme		-	-	-	-	-	-	1,000	2,000	1,000
Other Capital Expenditure Programme Grant		-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-
Other capital expenditures (grant awarded)		-	-	-	-	-	-	-	-	-
Other grant providers		-	-	-	-	-	-	-	-	-
Department of Home Affairs		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		10,200	10,707	12,100	10,200	12,700	12,700	10,200	11,400	10,400
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		40,908	48,915	52,170	49,213	51,713	51,713	50,806	49,996	49,068

- 0/0/0/0/0
1. Expenditure must be reported into the total transfer or grant received or assigned

NCST Exchange - Supporting Table SA21 Reconciliation of transfers, grant receipts and unspent funds

Description	Net	2019/20			Current Year 2019/20			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Revised Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 21 Budget Year 22	Budget Year 23
Revenue										
Capital Receipts (M2019)	12									
National Government										
Service support at beginning of the year										
Current year receipts		2175	2122	2140	2175	2175	2175	2140	2122	2141
Conditions met - transferred to revenue		2175	2122	2140	2175	2175	2175	2140	2122	2141
Conditions not met - transferred to liabilities										
Residual Government										
Service support at beginning of the year										
Current year receipts		28	183	410	27	27	27	142	183	128
Conditions met - transferred to revenue		28	183	410	27	27	27	142	183	128
Conditions not met - transferred to liabilities										
District Municipality										
Service support at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions not met - transferred to liabilities										
Other grant providers										
Service support at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions not met - transferred to liabilities										
Total operating transfers and grants revenue		2203	2305	4550	2202	2202	2202	4382	2305	2369
Total operating transfers and grants - FY20	2									
Capital Receipts (M2020)	13									
National Government										
Service support at beginning of the year										
Current year receipts			1814	1210	2126	1210	1210	1814	1210	1241
Conditions met - transferred to revenue			1814	1210	2126	1210	1210	1814	1210	1241
Conditions not met - transferred to liabilities										
Residual Government										
Service support at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions not met - transferred to liabilities										
District Municipality										
Service support at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions not met - transferred to liabilities										
Other grant providers										
Service support at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions not met - transferred to liabilities										
Total capital transfers and grants revenue			1814	1210	2126	1210	1210	1814	1210	1241
Total capital transfers and grants - FY20	2									
TOTAL TRANSFERS AND GRANTS RECEIVED		2203	2305	4550	2202	2202	2202	4382	2305	2369
TOTAL TRANSFERS AND GRANTS - FY20										

2019/20
 1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position - additional grants revenue that reconcile to Budgeted Financial Performance
 2. FY20 - conditions to be met
 3. Actual Treasury balance will require this reconciliation to grant development

NCST Exchange - Supporting Table SA21 Transfers and grants made by the municipality

Description	Net	2019/20			Current Year 2019/20			2019/20 Medium Term Revenue & Expenditure Framework					
		Audited Outcome	Revised Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year 21 Budget Year 22	Budget Year 23		
Revenue													
Cash Transfers to other municipalities	1												
Grant description													
Total Cash Transfers to Municipalities													
Cash Transfers to Entities/Other External Stakeholders	2												
Grant description													
Total Cash Transfers to Entities/Other													
Cash Transfers to other Organs of State	3												
Grant description													
Total Cash Transfers to Other Organs of State													
Cash Transfers to Organisations	4												
Grant description													
Total Cash Transfers to Organisations													
Cash Transfers to Groups of Individuals	5												
From direct services to support households													
From direct services to support households			70	50	70	50	50	1300	1300	1300	1300	1300	1300
Total Cash Transfers to Groups of Individuals			70	50	70	50	50	1300	1300	1300	1300		
TOTAL CASH TRANSFERS AND GRANTS	6		70	50	70	50	50	1300	1300	1300	1300		
Non-Cash Transfers to other municipalities	1												
Grant description													
Total Non-Cash Transfers to Municipalities													
Non-Cash Transfers to Entities/Other External Stakeholders	2												
Grant description													
Total Non-Cash Transfers to Entities/Other													
Non-Cash Transfers to other Organs of State	3												
Grant description													
Total Non-Cash Transfers to Other Organs of State													
Non-Cash Grants to Organisations	4												
Grant description													
Total Non-Cash Grants to Organisations													
Grants to Individuals	5												
Grant description													
Total Non-Cash Grants to Groups of Individuals													
TOTAL NON-CASH TRANSFERS AND GRANTS													
TOTAL TRANSFERS AND GRANTS	6		70	50	70	50	50	1300	1300	1300	1300		

2019/20
 1. Grant description refers to municipal name and operational code of support
 2. Grant description of each entity or external stakeholder per external stakeholder may be provided both manually to ensure a consistent level of funding
 3. Grant description of each Organ of State is g. Gender to identify provider to compensate for T20 provided
 4. Grant description of each other organisation is g. charity
 5. Grant description of each other organisation is g. the aged, other relevant beneficiary
 6. All descriptions about support transfers for capital transfers and "operational purposes"

NCOT1 Embarjari - Supporting Table SA22 Summary councilor and staff benefits

Summary of Director and Councilor remuneration	2017/18	2018/19	2019/20			2019/20 Medium Term Revenue & Expenditure Forecast			
			Actual Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Accounted	A	B	C	D	E	F	G	H	I
Director (Political Office Director and Chief Executive)									
Basic Salaries and Wages	1,475	1,475	1,325	1,307	1,362	1,362	1,375	1,390	1,350
Pension and O/P Contributions	-	-	39	-	-	-	-	-	-
Medical Aid Contributions	-	-	30	-	-	-	-	-	-
Quoties	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	55	55	45	35	35	40	1,051	1,051	1,102
California Allowance	10	10	10	24	24	24	30	30	40
Housing Allowance	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement health stipendia	-	-	-	-	-	-	-	-	-
Sub Total - Director	1,485	1,485	1,379	1,332	1,391	1,391	1,386	1,391	1,492
% increase		0.0%	18.7%	3.6%	0.7%	-	1.0%	0.5%	6.0%
Senior Managers (City/Regional)									
Basic Salaries and Wages	2,701	2,660	2,152	2,069	2,069	2,069	2,042	2,024	2,010
Pension and O/P Contributions	40	40	40	30	30	30	30	30	30
Medical Aid Contributions	10	10	10	10	10	10	10	10	10
Quoties	50	-	-	-	-	-	-	-	-
Performance Bonus	-	-	45	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	58	58	57	57	60	60	60
California Allowance	2	2	2	5	5	5	5	5	5
Housing Allowance	2	2	2	5	5	5	5	5	5
Other benefits and allowances	2	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	20	20	20
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement health stipendia	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	4,428	4,344	2,172	2,082	2,082	2,079	2,079	2,067	2,076
% increase		1.8%	13.9%	3.7%	-	-	1.0%	0.6%	4.9%
Other Municipal Staff									
Basic Salaries and Wages	21,741	21,222	16,744	16,450	16,450	16,450	16,748	16,776	16,824
Pension and O/P Contributions	3,125	3,125	1,403	1,365	1,365	1,365	1,365	1,365	1,365
Medical Aid Contributions	2,950	2,950	2,140	1,945	1,945	1,945	1,945	1,945	1,945
Quoties	70	49	2,202	2,075	2,075	2,075	2,024	1,967	1,920
Performance Bonus	-	-	3,883	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	80	80	80	80	100	100	100
California Allowance	2	2	2	5	5	5	5	5	5
Housing Allowance	2	2	2	5	5	5	5	5	5
Other benefits and allowances	2	-	-	-	-	-	-	-	-
Payments in lieu of leave	1,637	168	2,036	1,944	1,920	1,920	1,881	1,840	1,820
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement health stipendia	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	42,489	40,498	24,737	23,877	23,877	23,877	24,024	24,024	24,049
% increase		14.6%	50.9%	3.7%	0.0%	-	0.6%	0.0%	0.1%
Total Fixed Municipality									
	48,973	48,467	34,891	33,289	33,289	33,289	33,289	33,289	33,597
		12.6%	55.9%	5.7%	0.0%	-	0.5%	0.0%	0.9%
Board Members of Entities									
Basic Salaries and Wages	-	-	-	-	-	-	-	-	-
Pension and O/P Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Quoties	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-
California Allowance	-	-	-	-	-	-	-	-	-
Housing Allowance	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement health stipendia	-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities	-	-	-	-	-	-	-	-	-
% increase		-	-	-	-	-	-	-	-
Senior Managers of Entities									
Basic Salaries and Wages	-	-	-	-	-	-	-	-	-
Pension and O/P Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Quoties	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-
California Allowance	-	-	-	-	-	-	-	-	-
Housing Allowance	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement health stipendia	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities	-	-	-	-	-	-	-	-	-
% increase		-	-	-	-	-	-	-	-
Other Staff of Entities									
Basic Salaries and Wages	-	-	-	-	-	-	-	-	-
Pension and O/P Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Quoties	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-

California Allowance	1	-	-	-	-	-	-	-	-
Housing Allowance	1	-	-	-	-	-	-	-	-
Other benefits and allowances	1	-	-	-	-	-	-	-	-
Payments in lieu of leave	1	-	-	-	-	-	-	-	-
Long service awards	1	-	-	-	-	-	-	-	-
Post-retirement health stipendia	1	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities	6	-							
% increase		-	-	-	-	-	-	-	-
Total Municipality Entities									
		48,467	48,467	34,891	33,289	33,289	33,289	33,289	33,597
		12.6%	12.6%	55.9%	5.7%	0.0%	0.5%	0.0%	0.9%
TOTAL SALARY, ALLOWANCES & BENEFITS	17	47,988	47,988	34,891	33,289	33,289	33,289	33,289	33,597
TOTAL BUDGETS AND STAFF	17	47,988	47,988	34,891	33,289	33,289	33,289	33,289	33,597

NCOT Exchange - Supporting Table S24 Summary of personnel numbers

Summary of Personnel Numbers	2016			Current Year 2017			Budget Year 2018			
	FTE	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Managerial Council and Board of Municipal Entities										
Chairman/Political Officer/Executive Officer (Executive)		14	2	12	14	2	12	14	2	12
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Managerial employees										
Managerial Manager and Senior Managers	2	4	5	5	5	5	5	5	5	5
Other Managers	1	2	5	7	5	5	5	7	5	5
Professionals										
Finance		1	1	-	1	1	-	1	1	-
Qualifications training		-	-	-	-	-	-	-	-	-
Information Technology		1	1	-	1	1	-	1	1	-
Health		-	-	-	-	-	-	-	-	-
Security		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Technicians										
Finance		5	12	4	10	10	2	12	10	2
Information Technology		1	1	-	1	1	-	1	1	-
Health		2	2	-	2	2	-	2	2	-
Water		1	1	-	1	1	-	1	1	-
Sanitation		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other										
Other (Contract and administrative)		112	107	-	109	107	2	109	106	2
Service and other workers		-	-	-	-	-	-	-	-	-
Industrial/agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and handicrafts		20	20	-	20	20	-	20	20	-
Plant and Machine Operators		20	20	-	20	20	-	20	20	-
Domesticity Co-operatives		10	10	-	10	10	-	10	10	-
TOTAL PERSONNEL (including 100% of 100%)	5	144	139	25	140	140	22	142	140	22
Total municipal employees (including 100% of 100%)	5.15	144	140	18	140	140	18	140	138	18
Contract personnel (including 100% of 100%)	5.15	144	140	18	140	140	18	140	138	18
Human Resource personnel (including 100% of 100%)	5.15	144	140	18	140	140	18	140	138	18

- Notes:**
1. Figures must be lettered and aligned to the municipality's current organizational structure
 2. Not Full Equivalent (FTE), E.g. One full time person = 1 FTE, a person working half time has about half of 1 FTE
 3. All of the systems are
 4. Include only in Governmental Expenses
 5. Include municipal staff employees in Governmental Expenses
 6. Include municipal (contract) Expenses, not FTE of manager and staff who include municipal
 7. Manager who is in the director's office is a municipal function
 8. The number of employees holding in these functions

NCOT Exchange - Supporting Table S25 Budgeted monthly revenue and expenditure

Description	FTE	Budget Year 2018													
		July	August	Sept.	October	November	December	January	February	March	April	May	June		
Revenue By Source															
Property taxes		11,000	9,000	1,000	1,200	1,000	1,200	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Service charges - sanitation revenue		1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Service charges - other revenue		120	120	120	120	120	120	120	120	120	120	120	120	120	120
Service charges - other		20	20	20	20	20	20	20	20	20	20	20	20	20	20
Market of facilities and equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments		40	40	40	40	40	40	40	40	40	40	40	40	40	40
Interest earned - outstanding debts		50	50	50	50	50	50	50	50	50	50	50	50	50	50
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		10	10	10	10	10	10	10	10	10	10	10	10	10	10
License and permits		40	20	20	20	20	20	20	20	20	20	20	20	20	20
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer payments - operational		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Other income		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Gain on disposal of PPE		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue (including capital transfers and contribution)	20,000	17,500	18,500												
Expenditure By Type															
Employee salaries		11,000	9,000	1,000	1,200	1,000	1,200	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Remuneration of consultants		20	20	20	20	20	20	20	20	20	20	20	20	20	20
Debt repayment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer charges		20	20	20	20	20	20	20	20	20	20	20	20	20	20
Subsidies		6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Other materials		20	20	20	20	20	20	20	20	20	20	20	20	20	20
Contracted services		80	100	100	100	100	100	100	100	100	100	100	100	100	100
Transfer payments		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other expenditure		2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Surplus/Deficit	2,500	0	1,000												
Transfer payments - capital		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Contributions transferred - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/Deficit after capital transfers & contributions	2,500	0	1,000												
Transfer		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain or loss on disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/Deficit	2,500	0	1,000												
Deficit	1	0	1,000												

1. Codes apply only to months with Budget Financial Performance

Medium Term Revenue and Expenditure Forecasts

Budget Year 2019/20	Budget Year 21 2020/21	Budget Year 22 2021/22
4134	4732	4818
105	100	100
4135	4632	4718
30	30	30
1822	1918	1940
190	187	188
130	128	127
822	892	908
38	42	43
-	-	-
1318	1460	1488
130	140	140
878	128	148
-	-	-
1819	2018	2038
914	920	922
424	450	454
500	548	552
928	146	144
-	-	-
2872	3018	3032
-	-	-
4188	4820	4928
1222	1330	1344
2040	2180	2200
124	127	128
2841	3140	3172
1128	1210	1234
182	198	200
1018	1110	1120
1218	128	140
18	32	34
2147	2440	2478
1602	1630	1640
1402	1710	1720
-	-	-
1780	2200	2240
910	1020	1030
184	180	180
1630	1710	1720
1018	1080	1090
130	162	168
2048	2300	2340
478	570	578
-	-	-
478	570	578

NOTICE: Embarked - Supporting Table S428 Budgeted monthly capital expenditure (municipal vote)

Account	Description	Est	Budget Year 2019														
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June			
Multi-year expenditure to be expensed		2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 1 - EXECUTIVE AND COUNCIL			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - SPORT AND RECREATION			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - ROAD TRANSPORT			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - OTHER			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - WATER			-	-	118	-	-	98	100	80	-	128	-	-	88	100	-
Vote 15 - (SAVES OF VOTE 14)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		2	-	-	118	-	-	98	100	80	-	128	-	-	88	100	-
Expenditure expenditure to be expensed																	
Vote 1 - EXECUTIVE AND COUNCIL			40	70	20	2	-	-	-	40	30	-	4	-	-	-	1
Vote 2 - FINANCE AND ADMINISTRATION			19	40	27	40	-	-	29	70	100	30	-	18	-	-	5
Vote 3 - PLANNING AND DEVELOPMENT			1	1	1	1	-	-	1	-	1	-	1	-	1	-	1
Vote 4 - HEALTH			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES			28	28	27	27	27	27	27	27	27	27	27	27	27	27	27
Vote 6 - PUBLIC SAFETY			2	1	8	8	8	8	8	8	8	8	8	8	8	8	8
Vote 7 - SPORT AND RECREATION			-	-	100	6	8	8	8	8	8	8	8	8	8	8	8
Vote 8 - ROAD TRANSPORT			170	280	50	40	232	19	170	150	80	-	80	-	80	-	-
Vote 9 - OTHER			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HOUSING SERVICES			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE MANAGEMENT			-	30	-	13	-	-	-	8	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT			1180	1275	-	-	1000	20	-	-	-	1400	-	-	1300	1220	-
Vote 13 - ELECTRICITY			210	180	8	-	140	80	150	100	-	20	20	140	140	140	-
Vote 14 - WATER			30	3	-	40	-	-	-	-	30	-	8	10	2	-	-
Vote 15 - (SAVES OF VOTE 14)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	1218	1767	273	283	1310	67	140	170	140	170	140	87	410	370	370	170
Total Capital Expenditure	2	1218	1767	273	283	1310	67	140	170	140	170	140	87	410	370	370	170

1. Some amounts completed as other Budget Year expenditure appropriation of Budget Year and Forecast Year estimates.
 2. Total Capital Expenditure must include the Budget Capital Expenditure.

NCPI Enhancer - Supporting Table SA22 List of related mechanisms

External mechanism	Type of agreement / MoU	Period of agreement / MoU	Service provided	Entry into force / expiry agreement or contract	Monetary value of Agreement / \$
Water Works Security Services	Yes	1	Security Services	21 July 2015	3.750
2 Licences	Yes	4	Completion of General and Supplementary Licences for	31 June 2015	2.540
Long Mates	Yes	1	Development of Resource Enhancement Strategy and by	30 June 2017	
Turnover Projects	Yes	2	Restoration of De-Asp Water Works Treatment Works	30 June 2016	4.700
Anti-Invasive	Yes	1	Provision of Short-term insurance	30 June 2017	700
Contract	Yes	1	Administration and selling of the land/tenure in the	31 October 2017	

Abbreviations
 1 Total agreement period from commencement until end
 2 Annual value

NCPI Enhancer - Supporting Table SA23 Contracts having future budgetary implications

Description	Est	Preceding Year	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework			Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
				Budget Year 2019/20	Budget Year 21 2020/21	Budget Year 12 2021/22					
Parent Participation	13	Total	Original Budget	Budget Year 2019/20	Budget Year 21 2020/21	Budget Year 12 2021/22	Estimate	Estimate	Estimate	Estimate	Estimate
Revenue Obligations By Contract	0										
Contract 1											
Contract 2											
Contract 3 (M)											
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-
Expenditure Obligations By Contract	0										
Anti-Invasive			600	700	700						
Contract 1											
Contract 2 (M)											
Total Operating Expenditure Implication		-	600	700	700	-	-	-	-	-	-
Capital Expenditure Obligations By Contract	0										
Turnover Projects			4.700	600							
Contract 1											
Contract 2 (M)											
Total Capital Expenditure Implication		-	4.700	600	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	3.400	1.300	700	-	-	-	-	-	-
Revenue	0										
Revenue Obligations By Contract	0										
Contract 1											
Contract 2											
Contract 3 (M)											
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-
Expenditure Obligations By Contract	0										
Contract 1											
Contract 2											
Contract 3 (M)											
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligations By Contract	0										
Contract 1											
Contract 2											
Contract 3 (M)											
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-
Total Expenditure Implication		-	-	-	-	-	-	-	-	-	-
Total Expenditure Implication		-	-	-	-	-	-	-	-	-	-

Abbreviations
 1 Total implication for all preceding years to be summed and total added to Preceding Year's values
 2 List all contracts with future financial obligations beyond the three years covered by the MTRF (2018/19-20)

Review of Working Assets as % of Budget

	19%	1.9%	12.2%	14.2%	11.1%	11.1%	12.1%	11.2%	12.2%
1. Total Capital Expenditure - an amount of working assets (CA) plus Total Capital Expenditure on one asset (C) for the maintenance in the capital expenditure in Budget Capital Expenditure									
2. Assets, Car Parks, Bus Services and Fuel Costs									
3. For example - including facilities (e.g. New jobs, staff introduction) for economic development purposes									
4. Staff in particular construction to be included under the respective line									
5. Construction includes land and buildings required by that infrastructure and where the land is required used by the service generated by that infrastructure									
6. Development of land is based upon the land available within the respective unit area									
7. Assets used to provide a service to the community									
8. For municipal contributions to the 'top structure' being built using the housing subsidy									
9. Other, not included, include any									
10. Ambulance, fire engine, police vehicles - but not included for road works as specified in Plan and equipment									

Asset Values

NCOTI Embarked - Supporting Table (SAC) Repairs and maintenance expenditure by asset class

Description	2011/12	2012/13	2013/14	Current Year (2013)		2013/14 Medium Term Revenue & Expenditure Forecast			
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 01/2013	Budget Year 02/2013	Budget Year 03/2013
Repairs and maintenance expenditure by asset class									
Infrastructure	1,136	1,408	4,405	3,004	3,918	3,918	3,162	4,766	1,228
Infrastructure - Road Network	32	138	1,077	1,302	1,302	1,302	618	1,462	1,045
Roads, Footways & Bridges	32	138	1,077	1,302	1,302	1,302	618	1,462	1,045
Street works	-	-	-	-	-	-	234	-	-
Infrastructure - Electricity	31	148	528	1,021	1,027	1,021	1,000	1,266	1,126
Transmission	-	-	-	-	-	-	-	-	-
Transmission & Reception	31	148	528	1,021	1,027	1,021	685	1,228	1,222
Street Lighting	-	-	-	-	-	-	317	311	304
Infrastructure - Water	64	72	67	69	64	64	1,148	1,421	1,281
Water & Reservoirs	-	-	-	172	172	172	361	361	427
Water purification	64	72	67	279	279	279	-	-	-
Wastewater	-	-	-	419	419	419	787	1,027	1,126
Infrastructure - Sewerage	48	77	66	62	62	62	94	111	142
Sewerage	-	-	-	62	62	62	94	111	142
Sewerage purification	48	77	66	-	-	-	-	-	-
Infrastructure - Other	31	71	139	619	619	619	1,075	1,044	1,017
Waste Management	31	-	37	619	619	619	1,075	1,044	1,017
Transportation	-	-	-	-	-	-	-	-	-
Sea	-	-	-	-	-	-	-	-	-
Other	-	71	35	-	-	-	-	-	-
Community	62	146	279	1,423	1,412	1,412	1,086	1,166	1,122
Parks & gardens	-	-	22	36	36	36	36	47	29
Sportsfields & clubs	-	-	14	35	35	35	35	47	32
Swimming pools	10	-	-	21	21	21	63	42	43
Community centres	29	-	34	109	103	103	69	55	59
Libraries	-	-	25	44	44	44	47	47	48
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	275	275	275	1,012	1,097	1,126
Buses	-	-	-	-	-	-	-	-	-
Golf	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	35	35	35	-	-	-
Social housing	-	-	-	-	-	-	-	-	-
Other	-	125	138	35	35	35	35	124	112
Business assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	16	-	102	102	102	-	-	-
Housing development	-	16	-	102	102	102	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	446	1,051	4,006	4,407	4,407	4,407	1,066	1,066	1,020
General services	1,025	-	1,025	1,066	1,066	1,066	1,171	1,021	1,020
Specialised services	-	-	-	39	39	39	-	-	-
Plant & equipment	-	-	66	262	262	262	176	164	148
Computers - hardware/software	24	-	-	29	29	29	36	36	37
Furniture and other office equipment	-	-	38	111	111	111	63	59	62
Appliances	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-
Other Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	-	1,021	-	52	52	52	145	74	75
Other Land	-	-	1,001	101	101	101	-	-	-
Supplies (ready - Credit/stock in inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	27	168	168	168	79	101	114
Accruals assets	-	-	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-	-	-
Capital assets	-	-	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	31	31	31	1,028	207	271
Computers - software & programming	-	-	-	31	31	31	1,028	207	271
Other IT software	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1,624	2,471	11,921	12,403	12,401	12,401	10,320	11,468	10,429
Specified vehicles	428	-	-	36	36	36	-	-	-
Police	428	-	-	36	36	36	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Countryside	-	-	-	-	-	-	-	-	-
Ambulance	-	-	-	-	-	-	-	-	-
MP as a % of PTE	1.9%	1.9%	1.2%	1.2%	1.2%	1.2%	1.8%	1.8%	1.8%

2016-17 Operating Expenditure

4.7% 1.7% 4.4% 6.5% 6.7% 4.7% 7.3% 1.2% 1.3%

- Expenditure
1. Core Finance and Maintenance Expenditure by Asset Category that is used to set capital and maintenance expenditure on Table 6A1
 2. Assets, Car Parks, Bus Timelines and Taxi Stands
 3. For example - knowledge facilities in e.g. Bus stops, WiFi infrastructure for wireless development projects
 4. Work on programme infrastructure to be included under the respective asset
 5. Infrastructure includes land and buildings required by but infrastructure and associated equipment used by the service generated by that infrastructure
 6. Development-related capital assets to be included within the respective sub-class
 7. Assets used to provide a service to the community
 8. Not developer contributions for the type of structure being built using the housing subsidy
 9. Station, air conditioning, escalators
 10. Infrastructure, for example, water services, but not vehicles that would normally be classified as "Plant and equipment"

Asset classes

NCST1 Expenditure - Supporting Table 6A2(a) Depreciation by asset class

Description	A1	2015/16		2016/17		2016/17 Medium Term Revenue & Expenditure Framework				
		Audited Outcomes	Audited Expenditure	Audited Outcomes	Original Budget	Revised Budget	Full Year Forecast	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19
Depreciation by Asset Classification										
Infrastructure		3,794	3,839	4,254	4,760	4,760	4,760	5,198	5,296	5,397
Infrastructure - Transport		1,718	1,739	2,040	2,430	2,430	2,430	2,592	2,703	2,804
Roads, Footpaths & Bridges		1,148	1,159	1,340	1,630	1,630	1,630	1,736	1,851	1,952
Other roads		-	-	-	-	-	-	-	-	-
Infrastructure - General		432	481	1,714	80	80	80	111	136	143
Caravan		-	-	-	-	-	-	-	-	-
Telecommunications & Datacentre		432	481	1,714	80	80	80	111	136	143
Other Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		1,663	1,725	7,481	80	80	80	110	130	131
Water & Wastewater		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Wastewater		7,481	7,125	7,481	80	80	80	110	130	131
Infrastructure - Gas		125	166	4,716	80	80	80	100	100	100
Gas		125	166	4,716	80	80	80	100	100	100
Energy purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		119	170	2,883	210	210	210	210	210	210
Water management		119	170	2,883	210	210	210	210	210	210
Transport		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		9,493	9,493	9,493	1,460	1,460	1,460	1,460	1,460	1,460
Parks & Gardens		-	-	-	-	-	-	-	-	-
Sportsfields & clubs		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		4,180	4,220	4,411	214	214	214	214	214	214
Leisure		1,882	1,922	2,011	80	80	80	80	80	80
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security monitoring		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Other		80	80	80	10	10	10	10	10	10
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Gardens		1,608	1,625	1,640	104	104	104	104	104	104
Social rental housing		-	-	-	-	-	-	-	-	-
Other		1,400	1,400	1,370	100	100	100	100	100	100
Business assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment/Leasehold		-	-	30	30	30	30	30	30	30
Property development		-	-	30	30	30	30	30	30	30
Other		-	-	-	-	-	-	-	-	-
Other assets		9,112	9,275	9,365	1,440	1,440	1,440	1,440	1,440	1,440
General services		1,300	1,300	1,300	10	10	10	10	10	10
Specialised services		1,500	1,525	1,400	1,300	1,300	1,300	1,300	1,300	1,300
Plant & equipment		-	-	80	-	-	-	-	-	-
Computers - software & equipment		1,020	1,000	1,000	10	10	10	10	10	10
Furniture and other office equipment		10	10	10	10	10	10	10	10	10
Audio		-	-	-	-	-	-	-	-	-
Books		-	-	-	-	-	-	-	-	-
Cars, Land and Buildings		1,000	1,000	1,000	40	40	40	40	40	40
Other Buildings		1,100	1,100	1,000	100	100	100	100	100	100
Other Land		-	-	-	-	-	-	-	-	-
Scaffolding - (Treatment of housing)		-	-	-	-	-	-	-	-	-
Other		1,400	1,400	-	-	-	-	-	-	-
Intangible assets		-	-	-	-	-	-	-	-	-
Licences		-	-	-	-	-	-	-	-	-
Financial assets		-	-	-	-	-	-	-	-	-
Licences		-	-	-	-	-	-	-	-	-
Stockpile		1,000	1,000	-	-	-	-	-	-	-
Computers - software & programming		1,000	1,000	-	-	-	-	-	-	-
Other software		-	-	-	-	-	-	-	-	-
Total Depreciation		14,688	14,875	15,084	2,601	2,601	2,601	2,748	2,776	2,801
Specialised activities		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Active		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Fire		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Activities		-	-	-	-	-	-	-	-	-

1. Depreciation based on assets that are used, not including Depreciation resulting from evaluation.

1. Agency, City Park, Bus Terminal and Car Park
2. For example - roadworks, maintenance of 2.5m wide, 20m infrastructure for economic development projects
3. Work programme - contribution to a budget plan for respective line
4. Infrastructure includes land and buildings required for that infrastructure and associated equipment used for services provided by that infrastructure
5. Construction/fit-out/fit-out costs to be included within the respective cost line
6. Systems used to provide a service to the community
7. Staffing costs to be included in the 'for inclusion being built using the housing subsidy'
8. Staffing, operations, maintenance
9. Staffing, operations, maintenance
10. Amortisation, depreciation, value addition - but not included for asset already identified as 'Plant and equipment'

Cost

MCET's Enhanced - Supporting Table SAGS Future financial implications of the capital budget

Vid Description	2019/20 Medium Term Revenue & Expenditure Forecast			Forecasts		
	Budget Year 2019/20	Budget Year 11 2029/30	Budget Year 15 2033/34	Forecast 2024/25	Forecast 2029/30	Forecast 2034/35
Capital expenditure						
Vid 1 - EXECUTIVE AND COUNCIL	160	60	10			
Vid 2 - FINANCE AND ADMINISTRATION	1,607	1,011	1,119			
Vid 3 - PLANNING AND DEVELOPMENT	13	10	16			
Vid 4 - HOUSING	-	-	-			
Vid 5 - COMMUNITY AND SOCIAL SERVICES	307	22	347			
Vid 6 - PUBLIC SAFETY	36	10	30			
Vid 7 - SPORT AND RECREATION	361	176	307			
Vid 8 - ROAD TRANSPORT	11,124	10,621	10,671			
Vid 9 - OTHER	-	-	-			
Vid 10 - HOUSING SERVICES	9	1	1			
Vid 11 - WASTE MANAGEMENT	11	10	16			
Vid 12 - WASTE WATER MANAGEMENT	10,958	-	-			
Vid 13 - ELECTRICITY	4,726	5,810	1,947			
Vid 14 - WATER	10,186	17,430	26			
Vid 15 - SHARE OF COSTS (e.g. water supply / wastewater)	-	-	-			
Total Capital Expenditure	47,964	31,276	20,080			
Future operational costs to date						
Vid 1 - EXECUTIVE AND COUNCIL	11,000	10,400	14,801			
Vid 2 - FINANCE AND ADMINISTRATION	30,704	34,201	30,006			
Vid 3 - PLANNING AND DEVELOPMENT	10,452	10,800	11,400			
Vid 4 - HOUSING	100	100	200			
Vid 5 - COMMUNITY AND SOCIAL SERVICES	11,124	12,276	12,500			
Vid 6 - PUBLIC SAFETY	10,918	12,493	14,078			
Vid 7 - SPORT AND RECREATION	4,102	4,400	5,100			
Vid 8 - ROAD TRANSPORT	10,400	17,300	10,200			
Vid 9 - OTHER	770	307	300			
Vid 10 - HOUSING SERVICES	2,274	2,200	2,401			
Vid 11 - WASTE MANAGEMENT	10,104	10,207	10,200			
Vid 12 - WASTE WATER MANAGEMENT	10,000	17,000	10,100			
Vid 13 - ELECTRICITY	10,900	12,076	7,070			
Vid 14 - WATER	10,004	16,645	7,000			
Vid 15 - SHARE OF COSTS (e.g. water supply / wastewater)	-	-	-			
Total future operational costs	220,000	220,700	247,000			
Future revenue to date						
Property rates	17,100	20,000	20,000			
Property rates - penalties & collection charges	-	-	-			
Service charges - electricity revenue	17,100	16,276	16,200			
Service charges - water revenue	26,171	27,494	26,000			
Service charges - wastewater revenue	10,000	10,000	10,000			
Service charges - other revenue	1,627	1,200	1,000			
Service charges - other	300	307	370			
Share of facilities and equipment	100	101	101			
Lot other revenue charges / applicable	10,100	10,100	10,100			
Lot other revenue charges / applicable	-	-	-			
Total future revenue	73,400	85,474	83,771			
Net financial implications	30,000	25,000	16,000			

1. Summary for total capital cost and capital project to operational (2019/20 - 2034/35)
2. Summary of future operational costs from when projects operational (present value with the use of asset's underlying 2019/20 - 2034/35)
3. Summary of future revenue from when projects are operational - including financial lot and lot implications (present value with the use of asset's underlying 2019/20 - 2034/35)

BCO's Emphasis - Supporting Table S427 Projects delayed from previous financial years

Manager/Investment project	AC	Project name	Project number	Asset Class	Asset Sub-Class	BCO expenditure
	1/			2	3	4
Financial						
Asset municipality						
List of investments proposed by Municipal City				Concrete	Concrete	
Asset Transport						
Streets		Construction New Street Streets		Roads, Pavements & Bridges	Roads, Pavements & Bridges	1.01.0000 - 228431 201
Streets		Improving of Street to Transit/Transit		Roads, Pavements & Bridges	Roads, Pavements & Bridges	01.200107 - 22224900
Streets		Restoration of Older Streets/Tramway		Infrastructure - Utilities	Infrastructure - Utilities	

Other
List of investments proposed by Municipal City

Asset Name	Project name

- Notes:**
 1. List of projects with planned completion dates in current year that have been re-budgeted in the BCO's
 2. Refer BCO's call
 3. As per Table S428

Project/Asset ID/ID Year	Current Year 2019/20		2019/20 Medium Term Revenue & Expenditure Forecast		
	Original Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22

		11 600	11 600		
		50	50		
			50		

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ANNEXURE 5:
IDP

Emthanjani Municipality



*Review of the
IDP 2015/16*

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FOREWORD BY THE EXECUTIVE MAYOR

FOREWORD BY THE EXECUTIVE MAYOR



Councillor S.T. Sthonga
EXECUTIVE MAYOR

ACKNOWLEDGEMENT FROM THE MUNICIPAL MANAGER

ACKNOWLEDGEMENT FROM THE MUNICIPAL MANAGER

On behalf of Emthanjeni Local Municipality I would like to express my gratitude to all those who participated in the IDP review process (2015/2016).

Among the key contributors to the work, we note the following:-

- The residents and stakeholders of Emthanjeni Local Municipality who participated in the Community Input sessions.
- All the Emthanjeni Municipality Councillors.
- All the staff in the Directorates of Emthanjeni Local Municipality.
- The Emthanjeni IDP/Budget and PMS Representative Forum, which met in De Aar On 28 January 2015/March 2015.
- The Executive Committee and IDP/Budget Steering Committee, for providing overall direction.
- The contributions of the Local Economic Development Public Participation Committees
- Assistance from Pixley Ka Seme District Municipality – Shared Services
- The support of Department of Cooperative Governance Human Settlement and Traditional Affairs.

Executive Committee:

- | | |
|---------------|------------|
| 1. ST Sthonga | Mayor |
| 2. GL Nyl | Councillor |
| 3. AF Jaftha | Councillor |

Emthanjeni IDP/ Budget / PMS / SDBIP Steering Committee:

- | | |
|-------------------|------------------------------------|
| 1. I Visser | Municipal Manager |
| 2. FM Manuel | Chief Financial Officer |
| 3. F Taljaard | Project Management Unit: Manager |
| 4. M. Owies | Director Infrastructure Services |
| 5. Ms. EV Diamane | Director Corporate Services |
| 6. CP Appies | Manager Housing |
| 7. MR Jack | Director Community Services |
| 8. W Lubbe | Manager Technical Services |
| 9. M. Ludwick | Manager Financial Services |
| 10. T Msengana | Manager Office of the Mayor |
| 11. S. Mqijima | Manager Electro-Technical Services |
| 12. S. Mvandaba | Manager Development |
| 13. XG Sthonga | Chief Traffic Officer |
| 14. F Schlemmer | Office Head-Britstown |
| 15. HM Joka | Office Head-Hanover |
| 16. CW Jaftha | IDP Officer |

EXECUTIVE SUMMARY

Overall support to the process was provided by the Municipality's Development unit and Budget Office led by the CFO. Finally, the Office of the Municipal Manager coordinated the IDP review process.

Isak Visser

MUNICIPAL MANAGER

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This document represents the fourth review of Emthanjeni Municipality's IDP for the current five-year local government planning and implementation time-frame, i.e. 2011 - 2016 and considers the 2015/2016 budget cycle. The document must be read together with the original IDP, the first three reviews and the municipal-wide sector plans. This IDP review serves as an addendum to the 5-year IDP (2011-2016) that was approved by Council and includes the following:

The review is in essence structured as follows:

- Chapter 1 - A legal framework
- Chapter 2 - A review of the profile of the municipal area and a review of the status of the municipality as the mechanism to achieve the identified strategic objectives.
- Chapter 3 - An overview of the 2014/15 progress in terms of completion of the identified projects as a means in reaching the strategic objectives
- Chapter 4 - The Strategic Agenda as identified in the original 2011-16 IDP has been reviewed during a Strategic Session in March 2015 and remains in principle the same as with the previous years as council did not alter its strategic objectives
- Chapter 5 - An Action Plan for the 2015/16 financial year

The remaining chapters in the IDP review serve as supporting documentation to the above core of the review.

The IDP is regarded as the single most important strategic document of the municipality and consolidates all municipal strategies and documents. Hence, this IDP includes the directives to achieve the municipal vision, to promote the national and provincial developmental agenda, to expand and enhance municipal infrastructure, and to ensure that all residents have access to essential (basic) services.

The original IDP has been developed through an exhaustive process of engagement with various stakeholders and the review process included consultation with the community in reviewing the identified needs. The resultant outcomes informed the design and implementation of municipal-wide projects and programmes, as well as the delivery of services, maintenance of infrastructure and responsibilities to stimulate growth and development. In this regard, the 2015/2016 municipal budget includes mainly projects regarding maintenance and provision of infrastructure.

The programmes and projects are intended for all the wards and this document will acknowledge the sources of information used in the process, amongst others are the following contributing sources:

- (a) Comments received from the community and various role-players in the IDP Process;
- (b) Meetings with members of the IDP Steering Committee;
- (c) The Implementation of Performance Management System (PMS);
- (d) The Implementation of Service Delivery Budget Implementation Plan (SDBIP);
- (e) The adoption of the Spatial Development Framework (SDF);
- (f) The update of the list of projects;

EXECUTIVE SUMMARY

- (g) The preparation and update of the sector plans;
- (h) Integration of all programmes and plans in the municipal areas;
- (i) IMAP (Implementation Map) for better monitoring of IDP, Budget and SDBIP; and
- (j) The Annual Report 2013/14

The Municipality adopted in the 2011-2016 IDP, the national Key Performance Areas and aligned itself with these KPA's through a set of strategic objectives. The IDP therefore focuses on the following:

1. Basic Service Delivery
2. Municipal Transformation and Institutional Development
3. Good Governance and Public Participation
4. Municipal Financial Viability and Management
- Local Economic Development
5. Safety and Security
7. Social Development

The above strategic objectives are aligned with the needs of the communities as these needs reflected mainly on:

- Economic Development
- Infrastructure Development
- Health Services
- Youth Development
- Housing Delivery
- SMME Development
- Availability of Agricultural land
- Sport and Recreation
- Skills development

As to ensure a proper planned review process, a Process Plan was approved and focuses on the organizational arrangements for the planning process and indicates the time-frames and community participation processes. This was done in line with the guidelines set out in the Municipal Finance Management Act and concrete efforts were made to align the planning and budgeting processes. The process illustrates the important relationship between the IDP and the Performance Management System.

As stated above, the IDP review plan consists out of the following sections:

Chapter 1: IDP Process: Introduction

This section focuses on the purpose of the document and the legal context and framework of the IDP. The section further identifies the basis for the IDP and clarifies the process followed with review.

Chapter 2: Situation Analysis and Status of the Municipality as the mechanism to implement the strategic objectives

EXECUTIVE SUMMARY

This section focuses on the existing situation of the communities the municipality serves, focusing on population statistics, geographical descriptions, economic growth potential and other socio-economic aspects in the society of Emthanjeni Municipality.

This section must enable the municipality to determine its developmental objectives, whether it be service delivery, health, education, job creation, etc.

This second part of this section focuses on the current status of the municipality as an implementing agent and determine the capacity (or lack thereof) and resources (or lack thereof) to implement the IDP.

Chapter 3: Overview of 2014/15 projects

This chapter gives an overview of the progress with regard to the identified projects as per Strategic Objective as to form a baseline for planning further projects for the 2015/16 financial year.

Chapter 4: The Strategic Agenda

The section outlines the priorities of the communities and the objectives and strategies agreed upon. The key performance areas and strategic objectives have been identified in this section.

Chapter 5: Action Plan 2015/16 and Integrated Sector Plans

The section focuses on the projects identified to be implemented during the new financial year per Key Performance Area/Strategic Objective. It sets out each project's name, indicator(s), location, target(s) to measure performance, as well as the potential sources of funding. A distinction is made between projects for which funding is available for the 2015/16 financial year and projects for which funding is not (yet) available for.

The section also focuses on the integrated sector plans that needs to be aligned with the municipality's strategic objectives and with the resources framework. These sector plans include inter alia:

- 5 Year Capital Investment Programme;
- 5 Year Financial Plan;
- 5 Year Infrastructure Plan;
- Integrated Waste Management Plan;
- Integrated Institutional Plan;
- Tourism Strategy Implementation Plan;
- Integrated Housing Plan and Housing Allocation Policy etc.;
- LED & SMME strategy.

Other principle matters the IDP also addresses include:

Public Participation

The Local Government Municipal Systems Act, 32 of 2000 – Chapter 4 requires that all Municipalities develop a culture of participatory governance by putting in place mechanisms and procedures that allow for public participation in the affairs of the Municipality, including the IDP Process. Central to this is the need for community members to be well informed about the affairs of the Municipality at all times and to take part in the decision-making processes of Council. To address this, the Council set up

EXECUTIVE SUMMARY

Ward Committees and an IDP Representative Forum. The Process Plan outlines the continuous consultation with the community stakeholders.

A range of meetings were held with various stakeholders, especially ward committees and a complete list of these meetings can be viewed in Chapter 4.

INSTITUTIONAL ARRANGEMENTS

The municipality is responsible for the successful implementation of the IDP. For this reason, it is important to ensure the successful allocation of roles and responsibilities within the organisation and the following is a brief overview:

Executive Committee:

Political oversight over the IDP.

Ward Councillors:

- Link the planning process to the constituencies and / or wards;
- Be responsible for organizing public consultation and participation;
- Monitor the implementation of the IDP with respect to the particular wards.

Municipal Manager:

Overall responsibility for the IDP.

IDP Development Manager / IDP Officer:

Responsible for managing the IDP Process through:

- Facilitation of the IDP Process,
- Co-ordinating IDP related activities, including capacity building programmes,
- Facilitating reporting and the documentation thereof,
- Liaising with PKS Shared Services, the PIMS Centre and Provincial Sector Departments,
- Providing secretariat functions for the IDP Steering Committee and Forum.

The Chief Financial Officer:

The CFO must ensure that the municipal budget is linked to the IDP and is responsible for:

- Co-ordinating the budget implementation,
- Development of the 5-year municipal integrated financial plan linked to the IDP

IDP Steering Committee:

- The Committee meets quarterly,
- It is responsible for IDP processes, resources and output
- It makes recommendations to Council,
- It oversees the meetings of the IDP Representative Forum,

EXECUTIVE SUMMARY

- Oversees effective management of the IDP Process
- Contribute to the assessing of needs & prioritising
- Evaluation of IDP/ Budget / PMS alignment

IDP Representative Forum:

- It forms the interface for community participation in the affairs of Council;
- Operates on consensus basis in determination of priority issues for the municipal area;
- Participates in the annual IDP Review Process;
- Meets on a quarterly basis to discuss progress and shortcomings;
- All wards within municipal area must be represented on Forum through the Ward Committee.

ALIGNMENT

In terms of the Municipal Systems Act development strategies must be aligned with National and Provincial Sector Plans as well as planning requirements. It also envisages that a single inclusive and strategic plan must be adopted which links, integrates and coordinates plans. The municipality aligned its resources and processes as far as possible with the IDP.

SPATIAL DEVELOPMENT FRAMEWORK

Ermthanjani Municipality Spatial Development Framework is outdated and the municipality plans to review it as resources are available as this document is critical to guide spatial development within the Municipality.

PERFORMANCE MANAGEMENT SYSTEM (PMS)

The White Paper on Local Government (1998) nationally introduced Performance Management System (PMS) as a tool to ensure developmental local government. It concluded that Integrated Development Planning, Budgeting and Performance Management were powerful tools, which could assist municipalities to develop an integrated perspective on development in their areas. Performance management will cover both the institutional performance and municipal wide performance.

The Municipal Systems Act (Act 32 of 2000), requires all municipalities to:

- Develop a Performance Management System;
- Set targets, monitor and review performance based on indicators linked to the IDP;
- Publish an annual report on performance to the Councillors, staff, the public and other spheres of government;
- Incorporate and report on a set of general indicators pre-established nationally by the Minister responsible for Local Government;
- Conduct an internal audit on performance before tabling the report;
- Have the annual performance report audited by the Auditor-General;
- Involve the community in setting indicators and targets and reviewing municipal performance.

Ermthanjani Municipality has compiled a Draft SDBIP with clear indicators based on the national key performance areas (and therefore the municipality's strategic objectives).

EXECUTIVE SUMMARY

The KPA's and performance indicators are based on the local priorities and IDP objectives. Performance agreements were also concluded between the Council and the Municipal Manager as well as all Directors. These agreements directly supported the implementation of the IDP process. Individual performance agreements need to be signed by the Municipal Manager, Directors and further with Managers to cascade PMS further down the organisation.

CHAPTER 1: INTRODUCTION AND PURPOSE OF REVIEW

1.1 NATIONAL LEGISLATIVE FRAMEWORK

Municipalities function within an extensive legislative and policy framework that provides prescripts and guidelines for municipal actions according to constitutional obligations. In this regard, all municipalities must align their budget and programmes with national developmental and institutional policy directives that are mainly being guided by the Constitution.

The **Constitution of the Republic of South Africa** outlines the type of local government needed. Sections 152 and 153 of the Constitution describe the following objectives of local government:

- To ensure the sustainable provision of services
- To provide democratic and accountable government for all communities
- To promote social and economic development
- To promote a safe and healthy environment
- To give priority to the basic needs of communities, and
- To encourage involvement of communities and community organisations in matters of local government.

The Constitution supersedes all legislative frameworks and the following legislation has been developed to guide municipalities as to its mandate, function and mechanisms to implement its constitutional mandate:

- a) The **Municipal Systems Act (MSA) Act 32 of 2000** requires municipalities to develop Integrated Development Plans that will guide the direction and content of potential development within the relevant council's area of jurisdiction, and must be reviewed annually. In addition the Act also stipulates the IDP process and the components of the IDP.
- b) The **Local Government: Municipal Planning and Performance Management Regulations (2001)** sets out the minimum requirements for an Integrated Development Plan. Regulation 2 (1) states that the municipality's IDP must at least identify:
 - The institutional framework, which must include an organogram required for the implementation of the Integrated Development Plan;
 - Any investment initiatives in the municipality;
 - Any development initiatives in the municipality, including infrastructure, physical, social and institutional development;
 - All known projects, plans and programmes to be implemented within the municipality by any organ of the state, and
 - The key performance indicators set by the municipality.

Regulation 2 (3) sets out matters/issues that must be reflected in the financial plan that must form part of the integrated development plan.

- c) Section 21(2) of the **Municipal Finance Management Act (Act 56 of 2003) (MFMA)** states that, when preparing the annual budget, the Mayor of a municipality must:
 - Take into account the municipality's Integrated Development Plan.

- Take all reasonable steps to ensure that the municipality revises the integrated development plan in terms of section 34 of the MSA, taking into account realistic revenue and expenditure projections for future years.
- Take into account the national budget, the relevant provincial budget, the national government's fiscal and macroeconomic policy, the annual Division of Revenue Act and any agreements reached in the Budget Forum.
- Consult with the relevant authorities.

The drafting, implementation and review of the IDP on an annual basis is mandatory for all municipalities in terms of the relevant legislation, and it is therefore important to briefly outline this legal framework.

The Integrated Development Plan, adopted by the Council of the municipality, is the key strategic planning tool for the municipality. It is described in the Municipal Systems Act (MSA) as:

35(1) (a) "...the principal strategic planning instrument which guides and informs all planning, development and all decisions with regard to planning, management and development in the municipality";

(b) "binds the municipality in the executive authority..."

In terms of the MSA, section 34, a municipality is required to review its IDP annually. Annual reviews allow the municipality to expand upon or refine plans and strategies, to include additional issues and to ensure that these plans and strategies inform institutional and financial planning.

It needs to be emphasized that the IDP is the major principal planning mechanism for the municipality to PLAN, IMPLEMENT AND MONITOR ALL ITS ACTIVITIES and informs the annual budget, the spatial development frameworks, the Local Economic Development Strategy and the performance management system of senior management.

1.2 PURPOSE OF THE IDP REVIEW-DOCUMENT

The purpose of this document is to describe the results of the municipality's 2015/2016 IDP review process, and describes the following:-

- The process followed to review the Emthanjeni Municipality's IDP;
- The key informants that have provided the basis for amending certain elements of the IDP;
- The amended objectives, strategies, programmes and projects which have been revised.

In order to evaluate the progress of the municipality in terms of the identified strategic objectives, it is important to read it together with the original Integrated Development Plan 2011 – 2016 and the IDP Review of 2015/16. Both documents are attached as annexure.

The purpose is therefore to:

- ensure that the planning processes of the municipality's internal departments are informed by the IDP and that there is sufficient capacity to implement the projects;
- assess and report on progress and if required, apply corrective measures;
- ensure that the IDP is the platform for structured inter-governmental engagement;
- ensure that budget allocations and expenditure are in line with the IDP objectives;
- ensure that the municipality's planning processes and outcomes are compliant;
- ensure better alignment between the municipality's SDBIP and performance management system; and
- ensure that the strategic objectives relate to the key performance areas.

1.3 BASIS FOR THE INTEGRATED DEVELOPMENT PLAN 2011-2016

The IDP 2011-2016 was undertaken as part of the continuous cycle of planning, implementation and monitoring.

In essence, the process consists out of a situational analysis whereby existing data and annual reports were used as a base to understand the CURRENT STATUS of both the municipality and the environment in which it functions. Based on the analysis of the current situation, the objectives is to reach the already identified vision need to be translated into appropriate strategies, once these strategies have been finalised, projects to achieve the objectives were identified and discussed. The strategies identified have also been aligned with intergovernmental strategies and programmes as to ensure an integrated approach.

The IDP Review for 2011-2016 was undertaken within the framework of National, Provincial and District plans and policies, with particular consideration being given to the following:

1.3.1 NEW GROWTH PATH, 2009 (NGP)

The NGP aims to find job opportunities in both the traditional economic sectors as well as cross-cutting sectors. It further aims to develop strategies that would create the needed jobs in the economy of South Africa over the medium term. This strategy will combine micro and macro-economics in achieving its goal.

The main indicators for success will be:

- Jobs (number and quality)
- Growth (the rate, labour intensity & composition of economic growth)
- Equity (lower income and inequality)
- Environmental outcomes

1.3.2 THE FIVE PILLARS ON WHICH THE NGP STANDS ARE:

1. Infrastructure:

Public Sector - energy, transport, water, communications infrastructure and housing until 2015.	250 000 jobs annually
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2. Main Economic Sectors:

Agricultural value chain	300000 households in agricultural smallholder schemes
	145 000 in agro processing by 2020
	Upgrade conditions for 660 000 farmer workers
Mining value chain	Additional 140 000 jobs by 2020 & 200 000 by 2030
Manufacturing sectors with IPAP2 targets	350 000 jobs by 2020 in industries not covered elsewhere
Tourism & certain high level services	250 000 jobs

3. Seizing the potential of New Economies:

The Green economy	300 000 additional direct jobs by 2020 of which 80 000 is in manufacturing and up to 400 000 in construction, operations and management by 2030
Growing the knowledge capital	100 000 by 2020 based on current employment and taking out overlaps with niche tourism, IPAP2 and government services

4. Investing in Social Capital and Public Services:

Social Economy – such as co-ops	260 000 jobs by 2020
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5. Spatial Development:

Measurable improvements in livelihoods	500 000 households in rural development areas
African regional development	60 000 direct jobs by 2015 and around 150 000 by 2020 from exports to SADC

1.3.3 NATIONAL DEVELOPMENT PLAN 2030

If the National Growth Plan is the strategy, then the National Development Plan is the tactic to be used in achieving the aims moving towards 2030. The NDP focus on eleven distinct areas for development in South Africa and it is the following:

- Create 11 mil jobs by 2030
- Expand infrastructure
- Transition to low carbon economy
- An inclusive integrated rural economy
- Reversing the spatial effects of apartheid
- Education and Training
- Social protection
- Build a capable state
- Reforming the public service
- Provide quality Health Care
- Fight Corruption

- Transformation and Unity (National Development Plan 2030, 2011)

1.3.4 NATIONAL SPATIAL DEVELOPMENT PERSPECTIVE (NSDP)

The main purpose of the NSDP is to reconfigure apartheid spatial relations and to implement spatial priorities that meet the constitutional imperative of providing basic services to all and alleviating poverty and inequality. The NSDP is based on government's objectives of growing the economy, creating jobs, addressing poverty and promoting social cohesion.

NSDP principles are aimed at focusing government action and investment to enable the developmental state to achieve maximum social and economic impact within the context of limited resources. While the focus on government spending in areas of some economic potential is on economic infrastructure, in areas of low or no economic potential government spending should focus on human capital development.

Spatial marginalization from economic opportunities and social amenities continue to be a significant feature of the space economy and must be addressed to reduce poverty and inequality and to ensure shared growth (National Spatial Development Perspective, 2003).

1.3.5 NORTHERN CAPE PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY

The NCPGDS is defined as a framework against which provincial government departments define the parameters in which they formulate their strategic plans & budgets. It is a yardstick to measure departmental performance and is aligned to the electoral and budgeting process.

It is based on the social and economic analysis prevailing in the Province with sector specific programmes, strategies and project level opportunities and interventions and it seeks alignment with IDP's, Sector Development Plans and NSDP. The PGDS reflects opportunities for growth in the following sectors namely:

- Agriculture and Agro-Processing
- Fishing and Mari-culture
- Mining and Mineral Resources
- Transport
- Manufacturing
- Tourism

The development targets identified are:

Criteria	Target
Maintain average annual growth rate	3-4.5%
Address unemployment	Create more than 16 000 jobs annually
Reduce households living in absolute poverty	5% per annum
Improve literacy rate	50% by 2014
Reduce maternal mortality	Two-thirds by 2014
Reduce child mortality	Two-thirds by 2014

Criteria	Target
Shelter for all	2014
Clean drinking water for all	2014
Eliminate sanitation backlog	2014
Reduce contact crime	10% by 2014
New transmission of HIV/STI	50% by 2014
TB cure rate	85% by 2014
Redistribute productive agricultural land to PD's	30% by 2014
Conserve and protect valuable biodiversity	6.5% by 2014
Reduce infrastructure backlog	10% by 2014

Table 2: Development Targets

1.3.6 PIXLEY KA SEME DISTRICT GROWTH AND DEVELOPMENT STRATEGY

The PKSDGDS seeks to achieve a shared vision, amongst all sectors of its society, for the achievement of its goal of reducing poverty and improving the quality of life all its citizens. The DGDS reinforces the following principles:

- Integrated, sustainable, holistic and participatory growth and development.
- Providing for the needs of all the people.
- Ensuring community and/or beneficiary involvement and ownership.
- Long term sustainability on all levels.
- Equitable socio-economic development with equitable benefits for all

The Development Targets identified for the DGDS:

Criteria	Target
Average annual economic growth rate	2%-4%
Reduce poverty	50% by 2014
Eradicate bucket system	2010
Reduce crime	10% by 2010
Decrease illiteracy rate	50% by 2014
Reduce unemployment	50% by 2014
Reduce prevalence rate of HIV/Aids	2014
Housing for all	2014

1.3.7 MEDIUM TERM STRATEGIC FRAMEWORK

The strategic priorities, deriving from the popular mandate, can be summarized as follows:

- Speed up economic growth and transform the economy to create decent work and sustainable livelihoods.
- Massive programme to build economic and social infrastructure

- Comprehensive rural development strategy linked to land and agrarian reform and food security
- Strengthen the skills and human resource base
- Improve the health profile of society
- Intensify the fight against crime and corruption
- Build cohesive, caring and sustainable communities
- Pursue regional development, African advancement and enhanced international co-operation.
- Sustainable resource management and use
- Build a developmental state including improvement of public services and strengthening democratic institutions

As with previous annual reviews, the amendments were formulated on the basis of:

- An assessment of implementation performance and the achievement of IDP targets and strategic objectives – considering the impact of successes and corrective measures necessary to address problems and challenges
- Review of sector strategies and plans, and cluster analysis reports inform the input of communities
- Council strategic session
- Powers and functions of the municipality
- MTAS outcomes
- Outcomes of the LED mentorship programme
- Improved SDBIP system
- IDP, Budget and Performance Management Representative Forum
- Public input sessions and sector input sessions
- Management meetings and IDP steering committee meetings
- Emthanjeni Municipality Directorate inputs
- Implementation Map (IMAP).

1.4 PROCESS – REVIEW OF 2015/16 IDP - PUBLIC PARTICIPATION

The Local Government Municipal Systems Act, 32 of 2000 – Chapter 4 requires that all Municipalities develop a culture of participatory governance and to ensure the institutionalisation of this participatory process. To address this, Council has set up

- Ward Committees
- IDP Representative Forum
- IDP/ Budget / PMS Steering Committee.

In an effort to maximise community participation with regard to the compilation of the Draft IDP, the following is undertaken:

- Council Meets the People 4 times a year
- IDP/Budget /PMS /SDBIP input meetings in the wards
- Sectoral meetings with Emerging Farmers i.e. Hanover, Britstown & De Aar
- Input received from the public

- Ward Committee input
- Meetings of Public Participation Committees
- Engagements.

For the 2015/16-IDP review process, the following workshops were held:

The municipality conducted the following consultation processes as part of the review process:

No	Type of Meeting	Date	Venue	Attendance
1.	IDP/Ward Committee Engagement	23 February 2015	Civic Hall	Councillors, Senior Management, Community members (Ward 1 &2)
2.	IDP/Ward Committee Engagement	4 March 2015	Multi-purpose centre	Councillors, Senior Management, Community members
3.	IDP/Ward Committee Engagement	March 2015	Nonwakazi Hall	Councillors, Senior Management, Community members
4.	IDP/Ward Committee Engagement	3 March 2015	Kwezi Hall	Councillors, Senior Management, Community members
5.	IDP/Ward Committee Engagement	5 March 2015	Proteaville	Councillors, Senior Management, Community members
6.	Steering Committee	2 March 2015	Committee Room	Committee members
7.	Mayoral Imbizo	24 February 2015	De Aar Civic Hall	SAPS., Councillors, CDW's, Ward Committee Members
9.	Youth	29-30 January 2015	Juvene Hall	Youth
13.	IDP/Budget Steering Committee Engagement	11 March 2015	Committee Room	Committee Members

Table 2: Public Participation Engagement

In accordance with the provisions of the Process Plan the IDP was reviewed and further developed through the following:

- The Draft IDP and Budget for 2015/2016 must be presented for adoption by Council at the end of March 2015
- Submission of the IDP to the MEC of Local Government for comments
- The adopted IDP will be advertised for public comments
- Council held a Strategic Session held on 17-18 March 2015 reviewing the strategic agenda
- In addition to the IDP Rep Forum that was established, Council have established the IDP Steering Committee. The purpose of these is to ensure that the review and implementation of the IDP is driven by these structures
- Council Meets the People regularly.

Other processes followed:

CHAPTER 1

- General discussions and meetings with members of the IDP Steering Committee
- Liaison with various government departments and stakeholders
- Consideration of the MEC's comments on the IDP
- Support from COGHSTA
- Involvement of PKSDM in the IDP Processes (Shared Services)
- LED Public Participation Committee recommendations.

The review process in itself is important as to ensure ownership of the development plan by all concerned, with specific reference to the communities of Emthanjeni, the provincial government and the administration.

CHAPTER 2

CHAPTER 2: PROFILE AND SITUATIONAL ANALYSIS OF THE MUNICIPAL AREA

This chapter serves mainly to provide a brief description of the historic significance, social, economic and institutional environment, and high-level development 'indicators' as imperatives for municipal planning in order to ensure economic growth, job creation and socio-economic improvement.

SECTION 1

2.1 EMTHANJENI LOCAL MUNICIPALITY IN CONTEXT

2.1.1 MUNICIPAL GEOGRAPHICAL INFORMATION

Emthanjeni Local Municipality is a category B municipality consisting of three towns: De Aar, Britstown and Hanover. Emthanjeni, and especially De Aar, is renowned for its central location on the main railway line between Johannesburg, Cape Town, Port Elizabeth and Namibia. De Aar is situated in the Northern Cape Province and represents 3.7% of the total population in the Province.

It is situated in the Pixley ka Seme District Municipality and is the seat of this district. Emthanjeni represents approximately 22, 7% of the district's population. The Pixley ka Seme District has an approximate population of 186 351 people (Census 2011) representing 16, 26% of the Northern Cape population with its 1 145 861 residents. The Northern Cape represent 2, 21% of the National population (51,770,560). The Municipality is situated approximately 300 km south west of Kimberley, 440 km south east of Upington, 300 km north east of Beaufort-West and 300 km south west of Bloemfontein. The land area comprises 11% of the district land area and 3% of the province.

Hanover lies approximately 65 km east of De Aar on N1 main north to south route and Britstown is situated about 55 km west of De Aar on the N12 route. Both these main routes link Johannesburg and Cape Town. The towns of Emthanjeni lie in an extensive stock farming area with the emphasis on sheep, mutton and wool farming, especially Merino's.

Emthanjeni Municipality, specifically De Aar, is the seat of Pixley ka Seme District Municipality which hosts all Government Departments. Emthanjeni Municipality covers an area of approximately.

Below is a map of the Northern Cape that indicates the location of the Emthanjeni Municipality in the Pixley Ka Seme District area



Figure 1 Map of Emthanjeni situated in the Northern Cape Province

Figure 2 Map of Pixley Ka Seme district



Distances from major centres in South Africa:

- Johannesburg : 750km
- Pretoria : 810km
- Cape Town : 748km

- Bloemfontein : 315km
- Port Elizabeth : 502km
- Kimberley : 315km

The towns have the following residential areas:

Town	Residential Areas				
De Aar	De Aar-West	De Aar East	Nonzwakazi	Malaycamp	Barcelona
	Waterdal				
Britstown	Jansenville	Mziwabantu	Britstown (town)	Proteaville	
Hanover	Kwezi	Nompumelelo	Joe Slovo park	Tornadovill	Hanover (town)

Table 3: Towns in Residential Areas

The Municipality is currently structured into the following 7 Wards after the Election of 18 May 2011:

Ward	Areas
1	Louisville, Montana, Kareeville, Sunrise
2	Leeuwenshof, Residensia, New bright, Happy Valley, Extension 20, Klein Kareeville, Extension 7
3	Nonzwakazi, Portion of Waterdal
4	Barcelona, Macarena, Malay camp, Portion of Nonzwakazi
5	Waterdal, Town Area
6	Kwezi, Nompumelelo, Joe Slovo Park, Tornadoville, Hanover(town)
7	Jansenville, Mziwabantu, Britstown(town), Proteaville

Table 4: Municipal Wards

As per new demarcation proposals, the municipal ward demarcation will change from the above seven (7) wards to eight (8) wards in preparation for the coming 2016 Local Government Election. The rearrangement of ward names still needs to be concluded:

Ward	Areas
1	Portion of Louisville, Montana, Kareeville, Sunrise
2	Leeuwenshof, Residensia, New bright, Happy Valley, Extension 20, Klein Kareeville, Extension 7
3	Nonzwakazi, (From street 11, 10,20 until street 3,15, 16 and Izinyoka)
4	Barcelona, Macarena, Malay camp, Portion of Nonzwakazi (Only street 12,18)
5	Remaining part of town until portion of Louisville
6	Kwezi, Nompumelelo, Joe Slovo Park, Tornadoville, Hanover(town)
7	Jansenville, Mziwabantu, Britstown(town), Proteaville
	Street 2, 1, 13, 14, 17, Waterdal and Town portion until Visser street

Table 5: New wards

The Major Towns of Emthanjeni

De Aar

De Aar means "the artery", and in many senses this town is the lifeblood of the Karoo. It is the head office of the Erithanjeni and Pixley Ka Seme District Municipalities; home to



many artists; there is an important weather station that can be toured by visitors, and it has the second most important railway junction in the country. The significance of the railway line is that it is central to Gauteng, Cape Town, Port Elizabeth and Namibia. There are about 110 km of railway lines, including 29 rail-tracks in De Aar precincts. However, "De Aar" founded in 1904, was named because of the many water-bearing arteries that occur underground. Unlike many other Karoo towns, it did not start around the Dutch Reformed Church, but in fact started around the railway line.

This town used to be known around railway activities which at some stage faded and by now some activities are coming back as way of revitalization of the railway.

De Aar has the largest abattoir in the Southern Hemisphere and supplies all the major centres throughout the entire country with the famous "Karoo" lamb and mutton. Apart from meat production, the sheep farms around De Aar are also major suppliers of wool. All the water used in the town comes from boreholes – which is why the town is known for its large number of wind pumps. The town is easily accessible by tarred road and two airfields serve it – one is an all-weather runway that can accommodate any type of aircraft and it is only 52 km away from the national bus route.

Hanover



This attractive and historic little town on the N1 lies more or less halfway between Cape Town, Gauteng and Kwazulu-Natal. It was established in 1854 at the base of some rocky hills on the farm Petrusvallei, which

was bought from Gert Gous. Gous requested that the town be called Hanover, after his great grandfather's town in Germany.

When declared a magisterial district in 1876, the town was very fortunate to be appointed with a visionary magistrate, Richard Beere. He insisted that trees be planted so that resident's descendants would have shade. Due to the increase in water

consumption caused by an increase in residents, the spring that Hanover was built around dried up, and the number of trees seen in the town today is far less than 100 years ago. Beere loved the Karoo and spent considerable time on the summit of Trappieskop, where a stone pyramid honoring his contribution to the town was erected when he died.

The older houses were all built right on the road edge – as per authority's instructions at the time – and when, in later years, homeowners built on verandas, they had to pay one shilling tax for this privilege. Today, they are still paying this tax, which is now R17,00. Hanover was home to Olive Schreiner – well known South African author – who lived here from 1900 to 1907, and referred to it as "the prettiest little village I have ever seen". Her husband, Cron, was an agent in town and today his offices are used as a small guest house. Like many small Karoo towns, most of the streets are not tarred and the residential areas are very quiet. However, behind garden walls and front doors there is plenty of activity going on as the industrious residents carry out their daily business.

The town is home to a variety of artists and craftspeople, as well as having several restaurants, a delightful bookshop, coffee shop and a museum. Interesting Karoo architecture is to be seen and many gardens have a wind pump standing sentinel in one corner. Surrounding farms are principally Merino sheep farms, with many of the country's best breeders farming in the Hanover district. Lesser Kestrels, from Europe and Central Asia, come to nest in trees around town, and can be seen gliding in the dawn and dusk sky from late October to the end of summer.

Britstown

It was in the hey days of The Great Diamond rush in the year 1877 that Britstown came into being. Fortune hunters paused here in their frenzied dash to the fabulous diamond field, and a settlement mushroomed to provide fresh horses, fodder, refreshment and accommodation. Soon even a concertina virtuoso made music for happy dancers lubricated by the local brew. First the Fuller and Gibson coaches and then others stopped here. But by the time Britstown gained municipal status in January 1889, a railway line already snaked across the Karoo plains to carry would-be diamond diggers through to Kimberley.



The small have of Britstown, along the diamond route across the plains, was named after a man who loved the Karoo, Hans Brits. He once accompanied Dr David Livingstone, famous son-in-law of the great missionary, Robert Moffat, on a journey to the north. Livingstone originally came to South Africa to help the Moffat's at their mission in Kuruman, and it was on a journey to the north that he met Brits. They took a liking to each other, and Brits decided to travel with him. But, Livingstone did not get on with the

Moffat's, so he soon announced his intentions of travelling deeper into Africa, a decision that led to him becoming probably the continent's most famous explorer. Brits decided again a life of exploration and returned to the Karoo.

Hans Brits settled on a farm named Gembokfontein, which is where Britstown now stands. Soon after the discovery of diamonds at Hopetown and Kimberley, Brits realised that he and his neighbours could earn good money serving the growing traffic along the Diamond Route. So Brits arranged for a town to be laid out on a portion of his farm. The thinking was to establish a point between Victoria West and Kimberley that could provide travellers on the Diamond Route with accommodation and refreshments as well as fresh horses and fodder. In 1877, a group of men headed by TP Theron purchased a section of Hans Brits's farm to establish a community centre with a church. This accomplished, they handed over the management of the settlement to church wardens. Traffic increased when gold was discovered and in time, the town became a major junction on the route to Namibia.



2.2 GEOGRAPHICAL FEATURES AND NATURAL RESOURCES

2.2.1 CLIMATE: EMTHANJENI MUNICIPALITY

Emthanjeni Municipality is situated in the Northern Cape Province's semi-arid climate; specifically in the Pixley ka Seme Region with its summer rainfall occurring mainly in the late summer months. The area has warm summers and very cold winters, with temperatures varying from high 30°C in January/February to -10°C in June/July. The region is subject to periodic droughts which have a serious impact on the surrounding farming areas and on the economy of the towns. The area is located in a summer rainfall region with very little rainfall. The mean annual rainfall ranges from 130mm-300mm per year. Rain occurs predominantly in the form of summer thunderstorms and 60% of the average annual rainfall occurs between October & April.

The Municipality needs to recognise its role in respect of climate responsive due to the following:

- The impact of changing weather patterns will be felt and need to adapt to project changes.
- Critical to reduce climate change and greenhouse gas emissions.
- To manage resources due to potential future cost implications.

Some of the areas where the municipality have control over which influence climate change include building codes, land use planning, water, storm water and sanitation, electricity supply, waste management, transport, air quality management, etc.

2.2.2 CLIMATE CHANGE

Climate change can be described as the increased frequency with which anomalies occur, i.e. positive or negative weather conditions to which people have not as yet adjusted. Thus the municipality needs to identify what should be adapted to and when to start with climate protection. Measures should include options for various degrees of extremity. These measures will not guarantee absolute protection, but will make damage controllable and provide a means of coping with climate related surprises. Climate protection has to become each individual's concern through supporting climate protection measures or by responding to changeable climates to reduce the risks and take advantage of the opportunities.

It is predicted that the Karoo could experience more drought periods, couple with increased evaporation and temperatures having negative impacts on already restricted water supply. Regional predictions suggest a drying trend from west to east, as shift to more irregular rainfall of possible greater intensity, and rising temperature everywhere.

The Karoo area is dependent upon boreholes for its water supply. Increase in temperature over the next 10 years will drive the municipality to either find alternative sources of water supply or to increase boreholes. Energy consumption will potentially also increase by 10% and a similar strategy for alternative energy will have to be identified for both cooling in summer and heat in winter. The alternative of solar energy will be needed to relieve electricity.

The municipality will need to use SMME programmes more effectively for the installation and maintenance of solar energy as to elevate climate change challenges.

It needs to be emphasized that the municipality does not yet have a climate change strategy, plans and/or budget to respond to the challenges. The major concern is the matter of mandate as the municipality does not necessarily regard climate change management as its responsibility, although it does indirectly fulfil a role by managing water sources and managing air and noise pollution (esp. with heavy transport activities in the area). Again a major constraint in this regard is the lack of funding for these mandates.

2.2.3 PHYSICAL CHARACTERISTICS

Water

The towns of Emthanjeni Municipality obtain water from 68 boreholes and two fountains, divided into 4 borehole schemes. The monthly capacity of the fountains varies according to the rainfall. The water quality is hard and presents problems for bathing, washing and electrical appliances.

Due to funding from Department of Water Affairs which recognised the scarcity of water in the area to municipality could develop additional boreholes. The underground water has its challenges such as water being salty with some health hazards.

Minerals

De Aar and the surrounding area does not have any economically viable mineral deposits, as far as can be ascertained. Recent studies indicate the possibility of uranium deposits in the area (Hanover). This can only be ascertained after an elaborate study is conducted.

Vegetation

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The vegetation is typical of the Karoo region with Karoo bushes and grass as the dominant features. Lone thorn trees occur in limited areas

Flood lines

No perennial rivers are to be found in the immediate vicinity of the towns. All storm water channels are local and the catchment area is limited to the immediate vicinity of the towns. De Aar experiences problems with storm water in the streets and subway due to a lack of proper storm water drainage.

Air

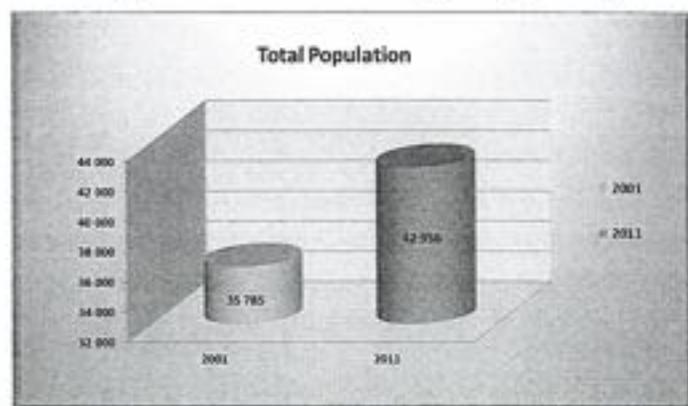
The quality of air in the Emthanjeni Municipal area can be described as good in comparison with the pollution in other urban centres. Air pollution is minimal as problems such as acid rain does not occur in Emthanjeni Municipal area and pollution from industries is kept to a minimum. Dust pollution does occur in the Karoo to a certain extent due to the sparse vegetation and low variable rainfall.

2.3 EMTHANJENI MUNICIPALITY: POPULATION

According to Statistics South Africa, Census 2011 the total population of Emthanjeni Municipality was 42 356. The following tables show the composition of the population per the following categories:

2.3.1 TOTAL POPULATION:

The Community Survey of 2007 indicates that Emthanjeni Local Municipality had a total population of 38 230. The 2011 Census (StatsSA) indicates that the total population has increased to 42 354. The population growth rate per annum is 1.69%.



Graph 1: Total Population

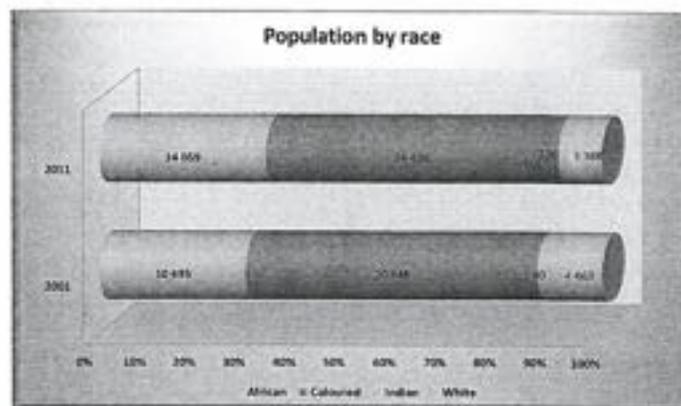
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Year	African	Coloured	Indian	White
2001	10 435	20 848	40	4 463
2011	14 059	24 436	236	3 388

Source: Source Emthanjeni Annual Report 2012/13

Table 6: Population

2.3.2 POPULATION COMPOSITION BY RACE:



Graph 2: Population by Race (Source Emthanjeni Annual Report 2012/13)

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2.3.3 POPULATION BY RACE PER WARD:

Ward	Black African	Coloured	Indian/Asian	White	Other	Total
30703001: Ward 1	281	4 790	62	18	23	5 173
30703002: Ward 2	635	7 222	56	10	73	7 996
30703003: Ward 3	5 001	247	14	142	14	5 418
30703004: Ward 4	2 706	2 583	20	10	35	5 353
30703005: Ward 5	1 337	2 348	34	2 302	30	6 050
30703006: Ward 6	2 660	2 955	27	496	39	6 178
30703007: Ward 7	1 440	4 292	23	410	24	6 188
Total Population						42 356

Table 7: Population by race per ward (Source: Census 2011)

2.3.4 DISTRIBUTION OF POPULATION PER TOWN:

Ward	Black African	Coloured	Indian/Asian	White	Other	Total
Mziwabantu	975	324			3	1 302
Britstown	402	3 195	21	204	21	3 843
Rural Area	468	1 593	3	546	15	2 625
De Aar	3 918	17 028	177	2 481	156	23 760
Nonzwakazi	6 039	159	9		21	6 228
Hanover	2 256	2 133	24	156	27	4 596
Total Population						42 354

Table 8: Distribution of population per town (Source: Census 2011)

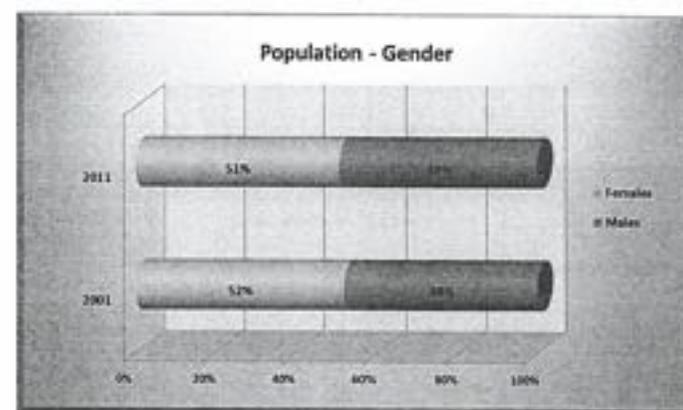
2.3.5 POPULATION COMPOSITION BY GENDER

In 2011 the Emthanjeni population showed that females represent 21 634 (51%) and males 20 722 (49%).

Population - Gender	2001	2011
Females	18 679	21 634
Males	17 107	20 722
Total	35 785	42 356

Table 9: Gender Statistics

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Graph 3: Population by Gender (Source: Emthanjeni Annual Reports)

2.3.6 POPULATION COMPOSITION BY GENDER PER WARD

Ward	Male	%	Female	%
30703001: Ward 1	2 451	47	2 723	53
30703002: Ward 2	3 931	49	4 065	51
30703003: Ward 3	2 495	46	2 923	54
30703004: Ward 4	2 633	49	2 720	51
30703005: Ward 5	3 018	50	3 032	50
30703006: Ward 6	3 117	50	3 061	50
30703007: Ward 7	3 078	50	3 110	50
Total Population	20 723	49	21 634	51

Table 10: Population by Gender by Ward (Source: Census 2011)

2.3.7 POPULATION COMPOSITION BY AGE:

Age	2001			2011		
	Male	Female	Total	Male	Female	Total
Age: 0-9	3 597	3 580	7 177	4 654	4 522	9 176
Age: 10-14	1 975	2 265	4 240	2 144	2 103	4 248
Age: 15-19	1 741	2 173	3 914	2 046	2 103	4 248
Age: 20-24	1 346	2 003	3 349	1 763	1 760	3 523
Age: 25-39	4 393	3 857	8 250	4 504	4 342	8 846
Age: 40-54	3 275	3 332	6 607	3 223	3 660	6 883
Age: 55-69	1 383	2 185	3 568	1 846	2 343	4 189

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Age	2001			2011		
	Male	Female	Total	Male	Female	Total
Age: 70-84	286	843	1 129	339	254	593
Age: 85+	103	45	148	51	122	174

Census 2001 & 2011

Table 11: Population by Age

2.3.8 POPULATION BY AGE PER WARD:

	Emthanjeni	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7
0 - 14								
Male	6 799	890	1 450	784	967	734	969	1 006
Female	6 625	866	1 378	824	897	701	958	1 001
15 - 36								
Male	7 525	855	1 455	908	959	1 115	1 160	1 073
Female	7 304	935	1 404	960	909	1 029	1 080	987
37 - 65								
Male	5 512	603	906	685	617	980	858	862
Female	6 337	770	1 071	908	798	1 049	815	927
66 - 120								
Male	887	103	119	118	90	189	130	138
Female	1 367	151	212	231	115	254	208	195
Total	42 366	5 173	7 995	5 438	5 352	6 061	6 178	6 189

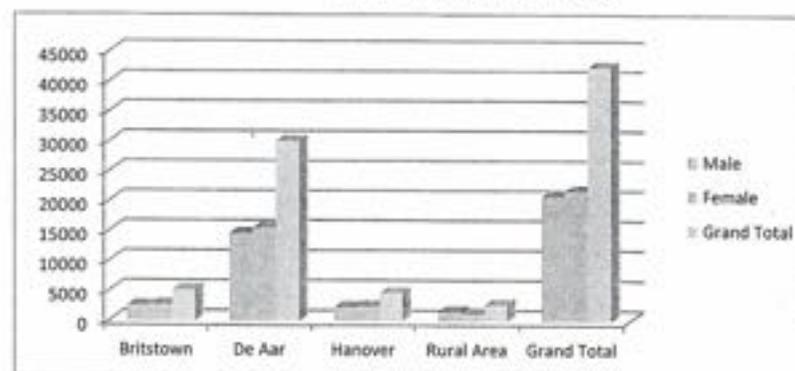
Table 12: Population by Age per ward (Source Census 2011)

2.3.9 HOUSEHOLDS - DYNAMICS

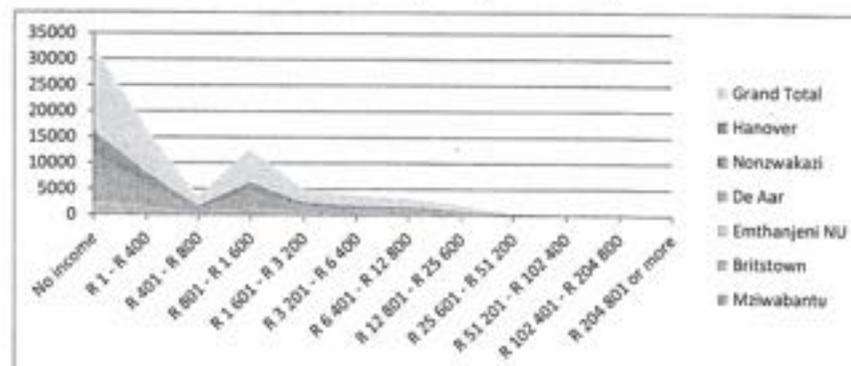
Households		Average household size		Female headed households %		Formal dwellings %		% Housing	
2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
8 706	10 456	3.9	4.1	37.6	39.4	90.9	95.4	58.0	60.3

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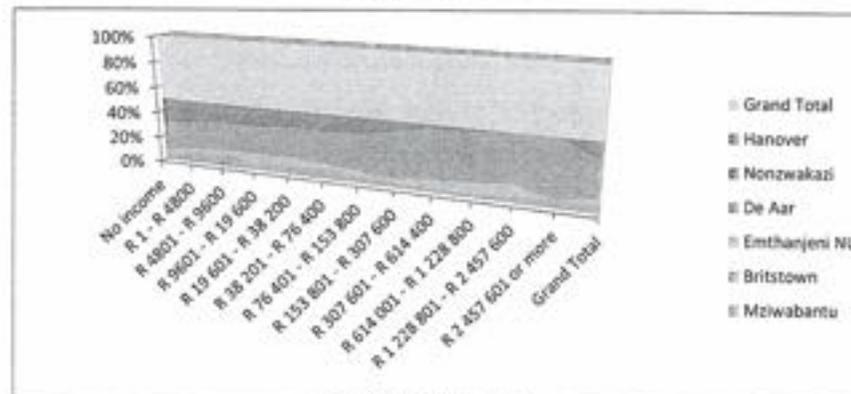
Table 13: Households (Source: Census 2011)



Graph 4: Monthly Income per town (Source: Census 2011)



Graph 5: Monthly Income per town



Graph 6: Annual Income per town

2.3.10 HOUSEHOLDS - TYPE OF MAIN DWELLING PER WARD FOR HOUSEHOLDS

	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7
House or brick/concrete block structure on a separate stand or yard or on a farm	1 009	1 416	1 282	1 183	1 510	1 620	1 480
Traditional dwelling/hut/structure made of traditional materials	2	2		5	8	5	53
Flat or apartment in a block of flats	20	1	4	7	90	16	6
Cluster house in complex		2		1	2	2	2
Townhouse (semi-detached house in a complex)	1		2		1		2
Semi-detached house	2			1	5	8	45
House/flat/room in backyard	6	21	150	7	14	7	15
Informal dwelling (shack; in backyard)	6	77	34	25	1	16	25
Informal dwelling (shack; not in backyard; e.g. in informal/squatter settlement or on a farm)	1	1	7	20	46	5	46
Room/flatlet on property or larger dwelling/servants quarters/granny flat			2	13		8	9
Caravan/tent			1			60	
Other	5	4		3	4	14	8
Unspecified							
Not applicable							
	1 052	1 524	1 482	1 265	1 681	1 761	1 691

Table 14: Dwellings per ward (Source: Census 2011)

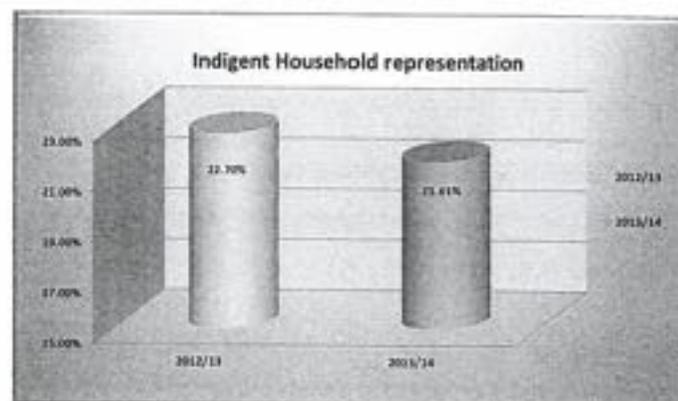
2.3.11 HOUSEHOLDS - SERVICES

Flush toilet connected to sewerage %		Weekly refuse removal %		Piped water inside dwelling %		Electricity for lighting %	
2001	2011	2001	2011	2001	2011	2001	2011
60.3	79.6	85.5	83.3	43.1	59.8	83.3	92.6

Table 15: Household Services (Source: Census 2011)

2.3.12 HOUSEHOLDS – INDIGENT HOUSEHOLDS

The total number of indigent households within the municipal area increased from 2 726 households as at 30 June 2014 to a total of 2 874 as at 30 April 2015.



Graph 7: Indigent Households (Source: Emthanjeni Annual Report 2013/14)

2.3.13 HOUSEHOLDS - ACCOUNTS

The total number of households accounts issued within the municipal area increased from 12 100 households in 2009/10 financial year to a total of 12 500 households in 2011/12 financial year. In the 2014/15 financial year this figure increased to 12 617 households. This indicates an increase in the total number of household accounts within the municipal area over the three years. The average household size in the Emthanjeni Municipal area is 4.1.

Households	2008/09	2009/10	2010/11	2011/12	2013/14
Number of households accounts in municipal area	11 650	12 100	12 400	12 500	12 617
Number of indigent households in municipal area	3 318	1 913	2 333	2 733	2 726

Table 16: Households Accounts (Source: Emthanjeni Annual Report)

2.4 LOCAL ECONOMIC DEVELOPMENT ENVIRONMENT

In reviewing and analysing the economic environment in Emthanjeni Municipality, it is apparent that the Municipality lacks comprehensive and accurate economic data. Emthanjeni Municipality is in the process of developing an Economic Development Strategy that will be aligned with the District Municipality's current study being undertaken.

The Emthanjeni Municipality Local Economic Development Strategy is developed with the aim of accelerating growth, job creation and empowerment. The Municipality has approved a Local Economic Development and Marketing Strategy at a meeting of the Executive Committee on 15 April 2010. Continuous update occurs through the Public Participation Committees processes. The

municipality has requested the services of the Department of Economic Affairs to assist and the LED Strategy would be finalised by end June 2014.

The current LED strategy was approved in 2006 which means it is not really responding to the economic challenges facing the municipality. These challenges range from lack of green economy, infrastructural projects and expanding of businesses. The review of the LED Strategy will take the form of both LED & SMME Strategy.

The municipality will furthermore have to review its Spatial Development Framework as to align it to the LED Strategy.

2.4.1 EMTHANJENI MUNICIPALITY'S ECONOMY

De Aar is the main town of Pixley ka Seme serving a total of 24 other towns. Emthanjeni has in recent time seen the influx of investment in Renewable energy projects and is a potential industrial growth point with ample industrial sites, reasonable prices and tariffs, affordable labour and the necessary infrastructure. De Aar is therefore the ideal place to establish industries, a fact which can be borne out by various major industries which have already established themselves here. The central location and excellent rail and road links have resulted in several chain stores opening branches.

The Emthanjeni area is increasingly becoming the centre for supplying the whole country with the famous "Karoo" mutton with its unique flavour and quality. Emthanjeni has several abattoirs in De Aar: one solely for sheep with a capacity of 1000 carcasses per day, supplying meat to the other provinces. The second abattoir has a capacity for 550 sheep carcasses and, in addition to beef, supplies meat far beyond our region, even as far afield as Durban. The third abattoir specialises in venison for export.

All the courier services operating nationally serve the towns comprising Emthanjeni municipal area. There is also a synoptic weather station in De Aar gathering climatic data and literally putting De Aar on the world map. The towns of Emthanjeni Municipality boast a pleasant country atmosphere, doing full justice to the motto of the Upper Karoo Region "where tranquility is only surpassed by the hospitality", and Emthanjeni Local Municipality being the "Karoo Destination of Choice".

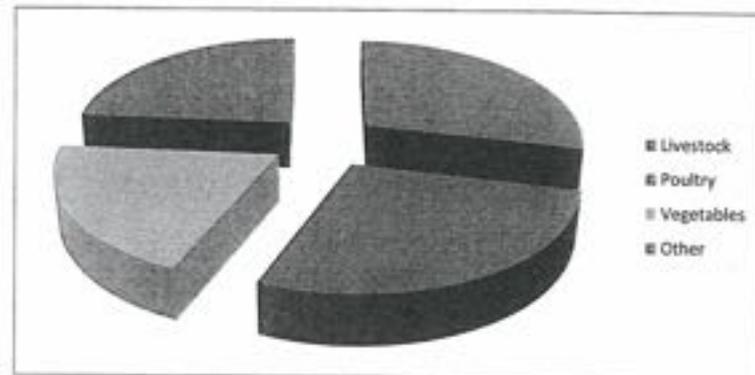
Sheep, wool and mutton are the main farming activities in Britstown while hunting of small game (springbuck) is also very popular. The Smartt Syndicate Irrigation Scheme situated 25 kilometres west of Britstown provides water to Lucerne and wheat farmers. There is a museum in the former Anglican Church next to the Municipal offices.

Hanover is also well endowed with qualified construction industry artisans. Like the other towns in this region, wool is exported to Port Elizabeth without being processed. It is noted with great concern the opportunities for local people in relation to the second economy not being optimised, and the role the municipality needs to play to empower SMME's and co-operatives. This should enable the second economy initiatives to become active contributors to the economy of Emthanjeni as well as the entire district.

Agriculture forms the backbone of Emthanjeni economy and accounts for the largest labour/ employment contributor to date. Despite the harsh climate and poor carrying capacity of the veldt, it still offers opportunities for growth and employment creation. The Manufacturing sector shows potential of growth through the introduction of Renewable energy projects in De Aar and surrounding areas. The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description
Services (Community)	Sector The services sector consists of the various government institutions, NGOs, CBO's and NPO's that resides within our area of jurisdiction. Banking: ABSA, FNB, STANDARD BANK and CAPITEC
Manufacturing	Stone crushers who specialize in the manufacturing of sand, bricks, cements and rocks. Renewable energy generation Rocla, Green Akker, Abattoir for meat processing
Retail	Purchasing of goods and services Checkers, Shoprite, Mr Price, Ackermans, Sheet Street, Fashion Express etc.
Agriculture	Game Farming Sheep, goat, pig and cattle farming
Transport	Rail Infrastructure Road Infrastructure
Tourism	To market Emthanjeni as a tourism destination Speed up restoration of existing attractions & development of new attractions

Table 17: Key Economic activities



Graph 8: Type of Economic Activities (Source Census 2011)

The Municipality is convinced that the Renewable Energy projects and New District Hospital and further developments planned for the area would grow the economy enormously. As a result of Transnet scaling down its activities as well as smaller businesses closing down from time to time, economic activity in the area is stagnating. The future economic attractions/planning for Emthanjeni area are:

- The new referral Hospital
- N12 new garage (Britstown)
- Possible upgrading of railway station
- Development of Industrial sites in all three towns

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- Survey more residential sites in all towns
- Town houses and chalets for new hospital
- Development N10 corridor (development of strategy)
- Water pipeline from Orange River over 15 years
- Hydroponics Plant
- Ostrich Farming

The municipality is also working towards providing more assistance to the emerging farmers who show keen interest in growing in the industry. The municipality is providing land for the emerging farmers to further their aspirations, but more is required to ensure that they actually meet their targets. The Smart Syndicate Dam could possibly provide a permanent water supply to the area in future, if it were possible to realise its potential.

2.4.2 PROFILE OF WORKFORCE

The rate of unemployment within the area of Emthanjeni Municipality is extremely high and according to the Stats SA the levels are as follows:

Labour market				Education (aged 20+)					
Unemployment Rate (Official)		Youth Unemployment Rate (Official) 15-34		No Schooling		Higher Education		Matric	
2001	2011	2001	2011	2001	2011	2001	2012	2001	2012
40.7	28.0	50.5	37.2	23.7	11.0	5.8	6.6	17.1	24.7

Table 18: Labour Market (Source: Census 2011)

	Emthanjeni	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7
Employed	9 866	1 055	1 402	800	10 34	2 124	1 763	1 689
Unemployed	3 833	596	821	382	850	236	439	508
Discouraged work-seeker	1 203	186	235	263	91	16	155	257
Other not economically active	11 561	1 288	2 351	2 000	1 287	1 749	1 533	1 352
Age less than 15 years	-	-	-	-	-	-	-	-
Not applicable	15 893	2 048	3 187	1 974	2 090	1 925	2 287	2 382
Total	42 356	5 173	7 996	5 419	5 352	6 050	6 177	6 188

Table 19: Employment status by Geography of person weighted (Source: Census 2011)

Ward	Black African	Coloured	Indian or Asian	White	Other
30703001: Ward 1					
Employed	72	941	20	9	12
Unemployed	27	565	3	-	1
Discouraged work-seeker	10	173	2	-	-

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Ward	Black African	Coloured	Indian or Asian	White	Other
Other not economically active	60	1 158	18	7	5
Age less than 15 years	-	-	-	-	-
Not applicable	112	1 912	19	2	4
30703002: Ward 2					
Employed	133	1 216	15	3	35
Unemployed	68	744	8	-	1
Discouraged work-seeker	6	227	1	1	-
Other not economically active	206	2 098	23	4	19
Age less than 15 years	-	-	-	-	-
Not applicable	223	2 937	9	1	17
30703003: Ward 3					
Employed	699	32	11	51	7
Unemployed	341	29	-	9	3
Discouraged work-seeker	248	9	1	4	-
Other not economically active	1 857	93	2	45	4
Age less than 15 years	-	-	-	-	-
Not applicable	1 856	84	-	32	1
30703004: Ward 4					
Employed	572	428	7	5	22
Unemployed	425	417	5	-	3
Discouraged work-seeker	50	41	-	-	-
Other not economically active	627	656	2	-	1
Age less than 15 years	-	-	-	-	-
Not applicable	1 032	1 040	5	5	9
30703005: Ward 5					

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Ward	Black African	Coloured	Indian or Asian	White	Other
Employed	504	657	15	926	22
Unemployed	80	118	1	36	1
Discouraged work-seeker	3	8	-	5	-
Other not economically active	337	787	7	615	3
Age less than 15 years	-	-	-	-	-
Not applicable	413	778	10	720	4
30703006: Ward 6					
Employed	771	764	11	197	20
Unemployed	272	156	-	12	-
Discouraged work-seeker	22	124	3	6	-
Other not economically active	690	703	7	323	10
Age less than 15 years	-	-	-	-	-
Not applicable	906	1 208	6	159	9
30703007: Ward 7					
Employed	432	1 066	10	166	16
Unemployed	106	383	-	17	1
Discouraged work-seeker	48	198	3	8	-
Other not economically active	321	950	2	78	-
Age less than 15 years	-	-	-	-	-
Not applicable	532	1 695	8	141	6

Table 20: Geography and Official employment status by Population group for person weighted (Source: Census 2011)

Overview of Potential Opportunities

The table below provide an analysis of the strengths and weaknesses of the economy of the Municipality.

SWOT ANALYSIS OF ECONOMY Emthanjeni Local Municipality	
Strengths	Weaknesses

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SWOT ANALYSIS OF ECONOMY Emthanjeni Local Municipality	
<ul style="list-style-type: none"> • Railway • Agriculture • Government departments • Small shops • Uniqueness of Karoo • Land • Good Infrastructure • Relatively safe/less crime • Healthcare • Retail sector 	<ul style="list-style-type: none"> • Underdevelopment • Lack of growth • Lack of water • Bad roads • Poverty • Unemployment • Lack of recreation/sport facilities for youth • Lack of/absence of transport to neighbouring towns • Lack of accommodation • Poor communication
<p>Opportunities</p> <ul style="list-style-type: none"> • More retail shops • Fast food shops • Entertainment centre/cinema • Build factories • Maximise station & railway line • Maximise Tourism-build hotel • Tertiary institutions/FET centres • Restoration/maintenance of old buildings • Annual festivals • Wellness centre/gym • Shopping centre (variety stores) 	<p>Threats</p> <ul style="list-style-type: none"> • Alcohol abuse • Corruption • Poverty • Unemployment • Lack of environmental management

Table 21: Emthanjeni Local Municipality SWOT analysis

The Emthanjeni Municipal Council is working towards a sustainable Local Growth and Development Strategy which would be aligned with the Provincial Growth and Development Strategy. The aim of Local Economic Development is to create employment opportunities for local residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all local residents.

The Council and the Local Economic Development Unit is constantly in discussion with members of the community and developers about new projects and developments. The new hospital is nearing completion and is providing opportunity for further development for developers. Assessment rate rebates are also offered for new developments. Housing has become a critical issue for the municipal area (especially De Aar). This housing stock would have to cater for the middle income group and upwards, based on the increase of people entering employment. The municipality also commenced with an Urban Renewal Strategy by concentrating on the improvement of townships and closing of buffer zones. This strategy necessarily contributes in improving the economic opportunities in these areas.

Areas where Council wants to contribute to increase the economic value of Emthanjeni Municipal area are as follows:

- Upgrading of existing buildings and ensuring that dilapidated private property is addressed.
- Cleaner public environment
- Additional parking
- Provision of public toilets

- Promotion and marketing
- Tourist attractions
- Attracting new businesses to Emthanjeni
- Transportation (air, rail and road)
- Promotion of BBBEE
- SMME Development
- War on Leaks Programme

Other future planning and projects which Emthanjeni also concentrate on to increase Economic Development are:

- Development of N10 Corridor, linked to the National Solar Corridor (Northern Cape)
- Upgrade of landing strip
- Hanover and Britstown sewerage sites.
- Revitalization of Rail (Wagon Manufacturing Plant, Warehouse Hub)
- Upgrading of Nature School (Poortjie – Municipal owned)
- Development of industrial sites (Hanover / Britstown/De Aar).
- Urban Renewal Programme (Renewal of Townships – Kgotsso Pula Nala Programme)
- Town House Development
- Lucerne Project
- Upgrading of Museums and Caravan Parks.
- Poultry Farm
- Paragliding (Event: Nov/Dec 2013)
- World Cup Paragliding Event, march 2014- international event
- Bicycle Event- 2014
- Water Purification Plant
- Iron, Ore and Manganese Smelter Plant
- Upgrading and maintenance of parks in Emthanjeni
- Accommodation and Conference facilities
- Amusement and Fun Park (Recreational)
- Ostrich Farm – Waterdal (Commenced)

As part of the Extreme Sports focus of the Northern Cape Province the Municipality has recently completed the Skate Park as part of the Maloof Cup Programme. The prospect of Fly De Aar Paragliding hosting a World Series pre-event within the De Aar area is still on the cards. This will be a major event on the calendar of the Municipality. The Municipality is committed to being a positive contributor to the success of the tourism sector.

As a result of Transnet scaling down its activities as well as smaller businesses closing down from time to time, economic activity in the area appeared to be stagnant. With the Transnet opening of the R 30 million wagon refurbishment facility in De Aar, this situation seems to change. The De Aar wagons depot will maintain various types of wagons for Transnet Freight Rail, functioning as a satellite workshop for the Transnet Rail Engineering Beaconsfield Depot in Kimberley.

The facility has already created jobs and improved rail engineering skills in the area, 47 people, and 22 of them from De Aar had already been employed. An estimated 300 direct and indirect jobs would be created through this facility.

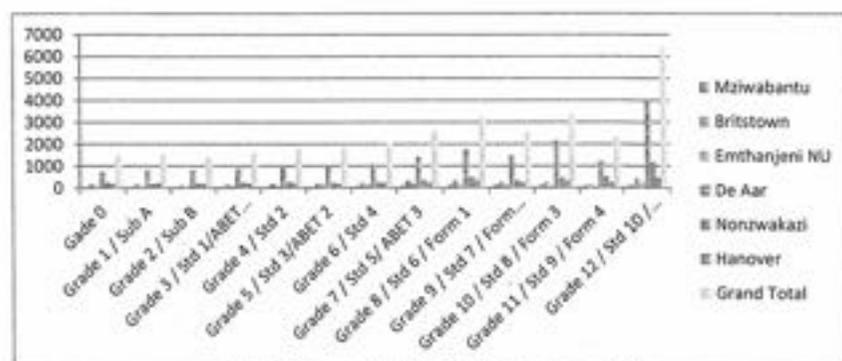
The Transnet Foundation will fully fund the De Aar Youth Precinct NGO for the first three years (2014-16). During this time, the Transnet Foundation will engage with other potential partners to invest in the precinct.

2.5 EDUCATION

In the Emthanjeni municipal area there are 16 schools of which 13 are no-fee schools. According to Census 2011 7.5% have completed primary school, 34.6% have some secondary education, 23.7% have completed matric and 6.5% have some form of higher education. Of those aged 20 years and older 10.2% have not form of schooling. It is clear from statistics that people have achieved higher educational standards in the past 10 years.

Education	Melwabantsi	Britstown	Rural Area	De Aar	Nonowakazi	Hanover	Grand Total
Grade 0	45	192	48	726	246	195	1 452
Grade 1	54	174	66	831	195	219	1 539
Grade 2	57	129	90	792	183	180	1 431
Grade 3	54	147	96	852	237	201	1 587
Grade 4	63	186	111	912	288	234	1 794
Grade 5	45	204	156	954	231	195	1 785
Grade 6	72	234	141	1 086	267	231	2 031
Grade 7	99	321	168	1 401	357	249	2 595
Grade 8	111	348	135	1 764	507	360	3 225
Grade 9	114	252	114	1 485	342	249	2 556
Grade 10	102	252	87	2 145	462	324	3 372
Grade 11	96	180	57	1 206	489	261	2 289
Grade 12	126	408	252	3 957	1 185	471	6 399
Grand Total	1 038	3 027	1 521	18 111	4 989	3 369	32 055

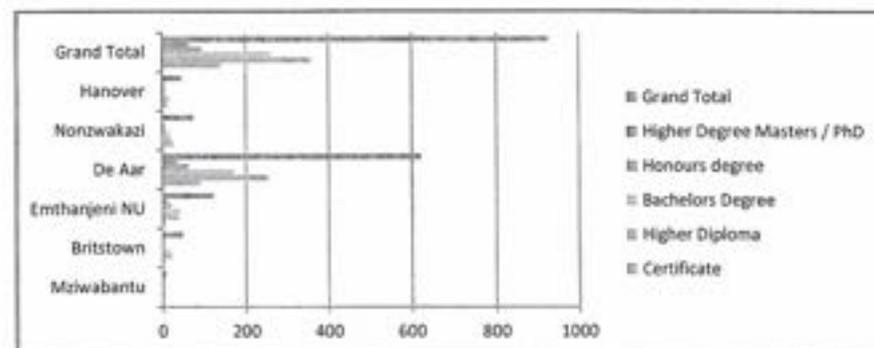
Table 22: Education Levels per Town (Source Census 2011)



Graph 9: Primary and Secondary Education (Source: Census 2011)

Tertiary Education	Mziwabantu	Britstown	Rural Areas	De Aar	Nonzwakazi	Hanover	Grand Total
Certificate	0	3	6	93	27	12	141
Higher Diploma	3	24	39	255	21	18	360
Bachelor's Degree	3	18	42	174	18	9	264
Honours degree	0	0	21	63	6	6	96
Higher Degree Masters / PhD	3	3	15	39	3	3	66
Grand Total	9	48	123	624	75	48	927

Table 28: Tertiary Education per Town (Source Census 2011)



Graph 10: Tertiary Education

2.6 PRIMARY HEALTH CARE

(NHI Implementation: Re-engineering of primary health care)

Ward based teams in all wards deliver an extended primary health care service in the community. All teams established work in collaboration with a professional nurse in the relevant clinic that act as team leader for this group and to ensure coordination and collaboration with the clinic.

School health services in Quintile 1 & Quintile 2 schools (two FN's appointed for school health who work in collaboration with clinic staff to cover the identified schools). Establish district specialist team to improve clinical service delivering and especially strengthen Mother-child health services in the district.

(An advanced midwife, family physician, pediatrician, PHC and pediatric nurse and anesthetist have been appointed). Mainly focus on the improvement of clinical management of patients and services. Facility improvement in all facilities; minor maintenance, extension of facilities through park homes / building of HCT sites and improvements as funding become available, provisioning of the necessary furniture and equipment.

Assessment and assistance of facilities are done to comply with the Core Standards for Health Facilities 9 in order to improve the quality of health care services and the ideal clinic concept. All facilities in Pixley ka Seme was assessed during October 2014.

Infrastructural projects: Projects listed are based on projects for the district; but will depend on funding. Connectivity-10 Facilities already have IT connectivity and will address all other facilities as funding become available.

In the municipal area there are 6 centres where preventative and curative services are provided to the community free of charge. Three of the centres are municipal properties and the other centres are staffed and operated by the province. Nurses take care of the screening and serious cases are referred to the doctor. The quality of services is determined by the subsidy received annually from the province as well as the availability of medication.

Each clinic is visited by a community doctor daily. At present there are several doctors available in De Aar and the Upper Karoo Area. Doctors rotate between the clinics and there is also a doctor on call 24 hours per day at the Central Karoo Hospital. Patients can be diagnosed by Professional Nurses and other seriously ill patients are attended to by the doctors. Specialists visit De Aar monthly. Patients are referred to the specialist by the doctors or Professional Nurses. Medication is freely available at the clinics which are ordered from the suppliers in Kimberley. Problems occurred in some cases where the suppliers in Kimberley could not supply the clinics with medicine.

The MTCT project, which is organised by the Department of Health, is still functioning. Briefly the project is about the Transmission of HIV from a HIV positive mother to the unborn child. The Day Hospital between Nonzwakazi and Malay camp is targeted as a Pilot Station" where pregnant mothers can visit the clinic to have their blood tested for HIV and receive special treatment and counselling on the birth of the baby. The baby will be tested again at the age of two years.

The following staffs is available in De Aar

- 7 Doctors
- 2 Dentists
- 2 Pharmacists
- 1 Dietician
- 1 Speech Therapist

- 1 Physiotherapist
- 1 Occupation Therapist

Each clinic is visited by a community doctor every day. At present there are three community doctors in De Aar. These doctors rotate between the clinics. There is also a doctor on call 24 hours per day at the Central Karoo Hospital. Patients who cannot be diagnosed by the Professional Nurses and seriously ill patients are attended to by the doctors. Specialists visit De Aar every 5 weeks. Patients are referred to the specialist clinic by the community doctors. These patients report to the clinics to receive their medication. Pixley ka Seme District Municipality was identified as one of the National Health Insurance (NHI) pilot sites.

2.6.1 STAFF SHORTAGE

At times only one professional nurse per clinic is on duty. The patient load for the professional nurse to attend to is 50 – 80 per day. Other problems being experienced include:

- Laboratory tests are sometimes duplicated / high cost involved
- Many duplicated tuberculosis notifications
- It is impossible to keep track of patients
- Auxiliary service officials are no longer able to do house calls as they are used as clerks
- Patients visit the clinics for trifling matters
- Free service encourages misuse of centres.

2.6.2 PREVENTATIVE SERVICES

- Immunization and healthy baby clinic
- Tuberculosis
- Family Planning
- Aids counselling and guidance
- Sexually transmitted diseases
- Ante-natal clinics

2.6.3 CURATIVE SERVICES

- Primary health care
- Hypertension treatment
- Diabetes mellitus
- Minor ailments
- Chronically ill patients
- Dispensary services provided by the Senior Professional Nurse

2.6.4 SPECIALIST SERVICES

Each month one of the professional nurses at the clinic is required to assist at the Specialist Clinic.

2.6.5 FOOD PREMISES

These services are now rendered by Pixley ka Seme District Municipality. Inspections and investigations are carried out weekly. All the premises that prepare foodstuffs received certificates of acceptability after they complied with the specifications and requirements. Specific attention is paid to the hygiene of kitchens and other workplaces where foodstuffs are prepared, and to the condition of the ablution facilities. Medical reports of food handlers are also controlled and training in health and hygiene is provided continuously. Inspectors also monitor the condition of the structure of the premises. Natural and artificial lighting and ventilation play a very important role in the building as well as the availability of hot and cold water at hand wash basins and sinks. Samples of food and used cooking oil are taken frequently and sent to the labs where the samples are tested. Inspections at pay-out points are also carried out to ensure that the informal businesses also provide safe and healthy foodstuffs to the community.

2.6.6 HYGIENE EVALUATION SYSTEM APPLIED AT ABATTOIRS

Meat inspections are carried out on a weekly basis at Eldorado Pig Abattoir. A service is also sometimes provided at private abattoirs – De Aar Abattoir and Moreson Abattoir.

SECTION 2

2.7 INSTITUTIONAL ANALYSIS

Emthanjeni Municipality was established in terms of Provincial Gazette Extraordinary No. 555 [Notice 30 of 2000] (as amended). The establishment brought together the Transitional Local Authorities of Britstown, De Aar and Hanover. Substantial work has been undertaken to structure and re-orientate the Municipality on an operational level so as to ensure its effectiveness for delivery on its developmental mandate as outlined in the Constitution and Emthanjeni Municipality's IDP.

2.7.1 EMTHANJENI MUNICIPALITY: POLITICAL STRUCTURE

The Section 12 notice published by the MEC for Cooperative, Governance, Human Settlement and Traditional Affairs (COGHSTA) determined that Emthanjeni Municipal Council, in terms of section 9(f) of the Municipal Structures Act 1998, would have a plenary executive system, combined with a ward participatory system.

The administrative seat of Emthanjeni Municipality is in De Aar and has satellite offices in Britstown and Hanover.

The Council consists of 14 Councillors of which 7 are Ward Councillors. There are 5 wards in De Aar and one each in Britstown and Hanover. The Municipality has a Mayor (non-executive) and a Speaker with the Speaker as the chairperson of the Council and the Mayor the chairperson of the Executive Committee. Council meetings are held quarterly; i.e. 4 per year. Special Council Meetings are held as the need arises. The Executive Committee meets monthly.

a) Ward Committees

Ward Committee members serve on the Ward Committee essentially to serve as a resource to the Councillor. A Terms of Reference was established for Ward Committees to understand the mission and vision of their Municipality. Ward committees are consultative community structures whose purpose is to broaden participation in the democratic processes of Council and to assist the Ward Councillor with organizing consultation, disseminating information and encouraging participation from residents

in the wards. The proper functioning of ward committees remains a challenge for the municipality and can be addressed through continuous training, coordination and supervision. The Municipality has further implemented the issue of financial support to ward committees.

b) Standing Committees

In terms of Section 79 & 80 of the Municipal Structures Act 1998 and Section 160 of the Constitution, standing committees have been established to assist the Council. After 2006 elections, standing committees were realigned to ensure a more effective manner in addressing the mandate of Council. The following Standing committees are functional:

- Rules Committee
- Technical Committee
- HR and Corporate Services Committee
- Finance Committee
- Municipal Public Accounts Committee (MPAC)
- Local Labour Forum (LLF)

EXCO Members chair all committees except Rules, MPAC and LLF and Committees meet bi-monthly to ensure effective processing of decisions.

2.7.2 EMTHANJENI MUNICIPALITY: ADMINISTRATIVE STRUCTURE

Emthanjeni Municipality implements its Integrated Development Plan through its administrative structure headed by the Municipal Manager with the following Directorates:

- Office of the Municipal Manager
- Directorate: Corporate Services
- Directorate: Infrastructure Services
- Directorate: Financial Services
- Directorate: Community Services



Graph 11: Top Management Structure

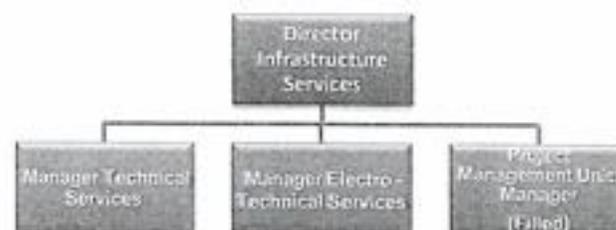
The municipality has an organogram with 363 posts including vacant funded posts:

Directorate: Corporate Services



Graph 12: Corporate Services

Directorate: Infrastructure Services



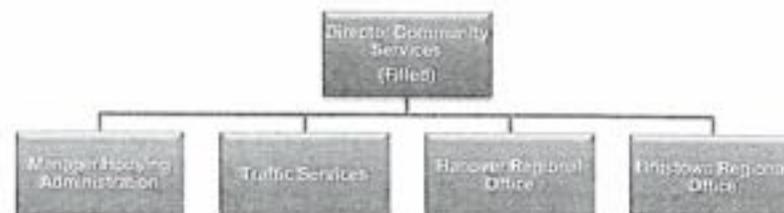
Graph 13: Infrastructure Services

Directorate: Financial Services



Graph 14: Financial Services

Directorate: Community Services



2.7.3 INTEGRATION AND COORDINATION: POLITICAL AND ADMINISTRATIVE STRUCTURE

The political and administrative structures work together to achieve the objectives of the municipality as set out in the IDP. The standing committees are linked to directorates as a strategy to ensure alignment. Some of the formal structures include the standing committees, Municipal Manager and Directors meetings and project working groups.

Municipal Manager and Directors Meetings

These meetings are convened on a weekly basis to discuss and make decisions on issues of strategic and operational importance, thereby contributing towards inter-directorate coordination. Senior Management has ensured that the organogram is realigned to ensure better performance and coordination of functions. Directorates are also implored to convene meetings to ensure that the flow of decisions do take place.

Project Working Groups

Although project steering committees are leading IDP project implementation, inter-departmental project steering committees could ensure integration in the planning and implementation phase. The IDP Steering Committee has this responsibility of ensuring that projects are monitored and reports are obtained on a regular basis.

2.7.4 POWERS AND FUNCTIONS

The powers and functions performed by Local Authorities in South Africa are defined primarily in Section 156 and 229 of the Constitution (Act 108 of 1996). The Local Government Municipal Structures Act (117 of 1998), read together with the Local Government Municipal Structures Amendment Act (33 of 2000), divides the powers and functions, as set out in the Constitution between District and local municipalities (Section 84). The Act together with the Amendment Act, Section 85(1), allows the MEC for COGHSTA to further adjust the division of certain of these functions between District and Local Municipalities, whilst Section 84(3) (a) allows only the Minister for Provincial and Local Government to authorize a category B municipality to perform the following functions

- air pollution	- building regulations
- child care facilities	- electricity and gas reticulation
- firefighting services	- local tourism
- municipal airports	- municipal planning
- cleansing	- municipal public transport
- storm water management systems	- control of public nuisances
- billboards & public display of advertisements	- trading regulations
- fencing of fences	- cemeteries, funeral parlors & crematoria
- local sports facilities	- licensing of dogs
- municipal abattoirs	- markets
- municipal roads	- municipal parks and recreation
- pounds	- noise pollution
- refuse removal	- public places
- street trading	

- municipal public works relevant to their constitutional or legal function	- refuse dumps and solid waste disposal
- water & sanitation services limited to portable water supply system & domestic waste water and sewage disposal systems	- street lighting
- control of undertakings that sell liquor to the public	- licensing and control of undertakings that sell food to the public
- traffic and parking	- facilities for the accommodation, care & burial of animals
- beaches and amusement facilities	- pontoons, ferries, jetties, piers and harbours
	- local amenities

Table 24: Powers and Functions of Municipalities: Section 156 of the Constitution

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part 8 functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part 8 functions:	
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes

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Municipal Function	Municipal Function Yes / No
Facilities for the accommodation, care and burial of animals	No
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 25: Municipal Functional Areas

The Environmental Health Services is moved to the District Municipality as from July 2008. The function is now fully performed by the District Municipality. The Municipality has recognized the need for Environmental Management to be an operational function of the Municipality.

2.7.5 MUNICIPAL POLICIES AND BY-LAWS

Section 11 of the MSA gives municipal Councils the executive and legislative authority to pass and implement by-laws and policies. The following are policies of the Municipality:

Policies developed/ revised	Date adopted
Recruitment & Selection Policy	29 November 2010
Whistle Blowing	29 November 2010
Nepotism Policy	29 November 2010
Induction	29 November 2010
Sexual Harassment	29 November 2010

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Policies developed/ revised	Date adopted
Chronic illness	29 November 2010
Substance Abuse	29 November 2010
Internet & E-Mail	29 November 2010
Uniforms & Protective Clothing	29 November 2010
Smoking	29 November 2010
Staff Statements to the Media	29 November 2010
Occupational Health & Safety	29 November 2010
Telecommunications	29 November 2010
Confidentiality	29 November 2010
Private Work	29 November 2010
Attendance and Punctuality	29 November 2010
Use of Official Vehicle	29 November 2010
Education, Training and Development	29 November 2010
Succession Planning Career Pathing	29 November 2010
Student Assistance	29 November 2010
Unpaid Leave	29 November 2010
Travel and Removal Expenses	29 November 2010
Work- Related Functions	29 November 2010
Legal Aid Policy for Councilors and Employees	29 November 2010
Housing Allowance	29 November 2010
Employment Equity	29 November 2010
Performance Management I	27 January 2014
Financial Procedures	5 May 2011
Budget Policy	31 March 2014
Removal of Garden refuse	6 September 2011
Provision of Gravel and Red Soil for private purposes	6 September 2011
Public Participation	5 November 2011
Use of Municipal Vehicles	5 November 2011
Use of Mayoral Vehicle	5 November 2011
Directive on Unauthorized, irregular or Fruitless and Wasteful expenditure	21 January 2012
Vehicle policy	21 January 2012
The Use of cell phone, telephone, internet and data card facilities	21 January 2012
Financial assistance for students (employees)	25 September 2012
Credit Control Policy	May 2014

Policies developed/ revised	Date adopted
Indigent Policy	May 2014
Tariff Policy	May 2014
Rates Policy	May 2014
Customer Care	May 2014
Investment & Cash Management	May 2014
Supply Chain Management	May 2014
Code of Conduct for Ward Committees	May 2014
Employee Dress Code Policy	May 2014

Table 26: Municipality Policies

2.7.6 HUMAN RESOURCE DEVELOPMENT

a) Integrated Human Resource Strategy

The Municipality has in place a set of human resource (HR) management and development processes – including performance management, personal development plans, workplace skills planning which guides staff training and development, as well as a talent management – that are intended to create a “fit for purpose” organisation that is service delivery oriented. The HR department also uses an annual employee survey which informs its planning processes.

The intended Integrated HR Strategy will be a strategic initiative aimed at attracting, appointing, training, developing, retaining and managing employees. The integrated components of such a strategy will include:

- Departmental Staffing strategies and staff planning
- Skills assessments/audits
- Personal Development Plans
- Competency Management
- Attraction and Retention
- Training and Development
- Leadership Development
- Mentoring and Coaching
- Career and Succession Planning
- Individual Performance Management
- Workplace Skills Plan

Talent Management will be primarily a line management responsibility. The Strategic HR department will provide the strategy and policy framework, guidelines, training/coaching, and advice to ensure line departments are empowered to implement the interventions in the integrated talent management programme.

Line managers will be responsible for implementation and monitoring/controlling application of the interventions including the measurement of return on investment. The Training and Development department will be responsible for facilitating application

in line with Training and Development policy and compliance with the requirements for reporting in line with the Workplace Skills Plan. Some of the interventions will only be successful if the Municipality invests in partnerships with COGTA, Province, SETA's, consultants/service providers and the private sector.

b) Work Place Skills Plan

The municipality submits a WSP on an annual basis. In the document training needs are identified as well as providing plans on how to address them. The following skills program will be implemented given the approval for the implementation:

1. Electrical Apprenticeship Programme (3) years - SETA funded;
2. The training of Qualified Plumbers (5) – completed;
3. Road Maintenance Training – completed;
4. LED Training;
5. ODETDP Training - SETA funded.

There are still other skills programs that form part of our developmental needs like:

1. Greater operator training;
2. Brick layer training;
3. Welding training;
4. Electrical learnership for the unemployed;
5. Masonry programme (still sourcing accredited service provider).

c) Policies

Policies are a fundamental framework in the municipality as it regulates certain activities within the municipality. Various policies were either developed or reviewed to meet the administrative challenges of the Municipality. The Council adopted approximately 22 new policies during the year under review of which most were HR related.

During the year under review several policies were reviewed e.g. HIV & Aids Policy, the Subsistence and Travelling Policy and the Usage of Telephone Policy. A new policy on Dress Code is currently in the process of being submitted to the LLF and Council for adoption.

d) Employment Equity Plan (EEP)

Council adopted an EEP which is valid for a term of five years (5). EEP reports are submitted to both Department of Labour and the Employment Equity Forum meeting in the province. During the 2015/16 financial year a new EEP will be submitted to council for approval.

e) Employee Assistance Programme (EAP)

The municipality was the first municipality in the District to embark on the implementation of such a programme based on the multitude of personnel challenges. Currently it is possible to detect the real problems and refer some of the staff members to Specialists and other service providers. Issues that need attention and are attended include Substance abuse, Absenteeism and abscondment.

2.7.7 DEPARTMENT OF CORPORATE SERVICES

a) Staff

The Corporate Service Department under the Director Corporate, Community and Development Services, has 30 officials who are responsible for all administrative work, agendas and minutes, personnel matters, archives, telephone systems, typing translation and messengers.

b) Municipal Amenities

There are also 10 employees working at the community halls of Emthanjeni Municipality. There are also 9 employees working at the three libraries in De Aar and 2 in Britstown and Hanover and 2 temporary workers employed under the Library Development Fund as an attempt to reduce the unemployment rate in our communities and improved community service.

c) Traffic and Law Enforcement

The Traffic Department has a Chief Traffic Officer, 10 Traffic Officers and 1 vacant post. There are 3 Peace Officers, 2 vacant posts with 2 administrative personnel and 2 general workers. Still under the same unit resorts the Vehicle Testing Station with 1 official, at the TVS Office 4 officials and admin support accounts for 6 officials at Driver's License Testing Centre and Registry Authority. Further staff includes Examination of vehicles with 1 official and 1 PIT assistant. The Motor Registration department was moved to the Traffic department for better alignment.

2.7.8 DEPARTMENT OF FINANCE

a) Background

The financial department was over the years strengthened to ensure that the department function well and to the desired objectives of the Municipality. All staff members are accommodated in the new organisational structure.

Emthanjeni Municipality currently utilizes the Abakus system for financial processes and procedures comprising the following systems: consolidated debtors, creditors, stores, ledger, assets (incomplete) and cash book. New released financial systems, i supply chain, assets and national treasury reporting modules were released. The modules are fully electronic and integrated into the Financial Management System completely.

The Standard Charts of Accounts (SCOA) will revolutionize the financial systems within Local Authorities when it is implemented.

b) Structure

The Department has four divisions headed by Accountants, namely Revenue Unit, Expenditure Unit, Supply Chain Management Unit and Budget and Treasury Office. All these divisional heads report directly to the Manager: Financial Services. The Manager Financial Services report directly to the Chief Financial Officer (CFO) on all the operations of the financial department.

c) Financial Viability

The Total Budget of the Municipality for 2015/16 amounts to R249 997 373 total revenue and R288 194 146 total expenditure and has a potential to be financially viable but is constrained by consumer priorities in terms of accounts payments. For that reason,

plans are already in place to gradually introduce pre-paid meters for all residential properties and, ultimately rolling it over to water. Before the roll out of pre-paid water meters, Council will consult with all communities to explain the benefits of the initiative for maximising revenue collection – especially through aligning bulk purchases and sales and minimising bad debts.

Implementing this initiative on full scale is currently hampered by funding constraints and the aim is therefore to approach provincial and national governments and other funding sources to fund the initiative.

The following brief summary provides some overview of the financial viability of the municipality:

- Local Economic Development Strategies need to address unemployment and employment losses as the effect currently on the budget include inter alia almost 3000 indigent households.
- The municipality allocates 100% of its capital budget to new assets and limited provision is made for renewal of existing assets.

The budget allocation to improve quality of living (basic service delivery) is:

Services	2014/15 R'000	2015/16 R'000	2016/17 R'000
Community & Social Services	10 559	10 913	11 569
Housing	2 069	2 181	2 203
Water provision	14 979	15 204	15 736
Waste water management	12 298	12 605	13 172
Electricity	64 771	66 686	69 354
Waste management	14 763	14 883	15 120

Table 27: Budget allocation to improve quality of life

The following are the major contributors to the total operating revenue budget:

Service	Percentage	Comments
Property rates	10%	
Electricity	23%	5 569 households (68.4%) out of 8 160 households make use of pre-paid electricity
		Municipality provides 50 kW free to all indigent households
Water	10%	The municipality managed to decrease electricity. The root causes for loss technical losses, unmetered services and theft.
		Municipality provides 6 kilolitres of water free to indigent households
		Municipality is implementing a sliding scale on actual kilolitres consumed & is applicable to all domestic consumers. A sliding scale is also applicable in cases where consumers are using pre-paid water meters

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Service	Percentage	Comments
		Water distribution losses are 35% caused mainly by technical losses and distribution processes
Sanitation	6%	Monthly levy calculated by multiplying tariff per kilolitre with predetermined percentage of water consumption as sanitation is basically using water as its main cost driver
Refuse removal	4%	Municipality charges house-holds per unit, but could not accurately indicate measures to monitor no of units removed per household to levy accordingly
Fines	3%	
Transfers	44% of which 51% is equitable share grant.	

Table 28: Major contributors to Operating Revenue Budget

The following are some of the major findings regarding financial affordability and sustainability:

- The municipality is finding it difficult to fund CAPEX from internal sources and is mainly dependant on government transfers; and
- The municipality is experiencing challenges in collection of outstanding debt due and increase the risk of cash flow.

The following is a summary of the Debt Recovery statistics:

Details of types of account raised and recovered	2012/13			2013/14			2014/15		
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed/collected in the year	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed/collected	To be billed in year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected
	R'000	%	R'000	%	R'000	%			
Property Rates	16 774	13 677	82.03	22 484	17 610	78.33	28 785	19 028	80
Electricity	88 591	37 165	42.00	45 964	43 856	95.50	53 624	50 933	95
Water	20 115	13 337	66.50	23 469	13 195	56.22	24 575	17 202	70
Sanitation	12 883	9 700	75.29	15 368	7 590	49.39	13 906	10 429	75
Refuse	8 278	6 497	78.49	8 795	3 699	42.06	8 347	6 776	80

Table 29: Debt recovery (Source: Annual Report 2013/14)

The following is a brief summary of some of the total operating expenditure budget:

- The average employee related costs constitute 30%;
- Councillor remuneration constitute 2%; and
- Bulk purchases for electricity and water constitute 24%.

The following is a brief summary of some of the Capital Expenditure budget:

- The bulk of the capital budget is spent on trading services (78%) which is basically infrastructure related;
- Internally generated funding constitutes 12% of the total capital budget.

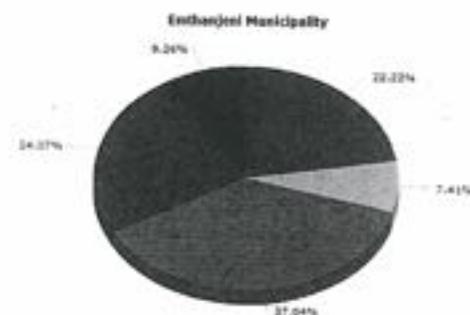
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During the 2013/14 audit conducted by the Auditor-General various aspects of non-compliance with regards to performance were highlighted in the management report issued at the end of the audit. The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (KPI's) of the SDBIP is measured:

Category	Colour	Explanation
KPI Not Yet Measured		KPI's with no targets or actuals in the selected period
KPI Not Met		0% > = Actual/Target < 75%
KPI Almost Met		75% > = Actual/Target < 100%
KPI Met		Actual/Target = 100%
KPI Well Met		100% > Actual/Target < 150%
KPI Extremely Well Met		Actual/Target > = 150%

Table 30: SDBIP Measurement Categories

The graphs below display the overall performance in terms of the Top Layer SDBIP per Strategic objectives for 2013/14:



Strategic Objective	Strategic Objective							
	Contribute to the creation of opportunities 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 particular focus on the poor	Development and transformation of the community with the aim of replicating the municipality's responsibility in meeting their objectives	Ensuring a financially sustainable and viable municipality	Provide representative governance through the sustainable utilisation of available resources in consultation with the members of the community	Provide the equitable creation and distribution of wealth in the financial, municipal and	Provide the	Provision of all basic services required to enhance quality of life
2012/13	10 000 000	4 000 000	4 000 000	4 000 000	-	-	-	4 000 000
2013/14	10 000 000	-	-	4 000 000	-	-	-	4 000 000
2014/15	10 000 000	2 000 000	2 000 000	4 000 000	2 000 000	2 000 000	2 000 000	4 000 000
2015/16	10 000 000	2 000 000	-	4 000 000	2 000 000	-	2 000 000	4 000 000
2016/17	10 000 000	2 000 000	-	4 000 000	2 000 000	-	2 000 000	4 000 000
Total	50	1	2	0	20	0	0	11

Graph 16: Overall performance in terms of Top layer SOBP/Strategic Objectives 2013/14 (Source Annual Report 2013/14)

d) Income & Expenditure

The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
2012/13	174 622	167 865	(6 757)	-4	164 640	201 604	(36 965)	-22
2013/14	194 172	202 529	8 358	4	183 695	247 465	(63 771)	-35
2014/15 estimated	0	0	0	0	0	0	0	0

Table 31: Performance against budgets (Annual Report 2013/14)

Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2012/13	9 190	29 403	15 883	0	1 318	55 794
2013/14	6 334	20 472	9 122	0	894	36 822
Difference	(2 856)	(8 931)	(6 761)	0	(423)	(18 971)
% growth year on year	-31	-30	-43	0	-32	-34

Table 32: Gross outstanding debtors per service (Annual Report 2013/14)

Level of Reliance on Grants & Subsidies

The municipality is reliant on grants to finance expenditure due to our limited revenue raising capacity. The following table indicates the municipality's reliance on grants as percentage for the last two financial years:

Financial year	Total grants and subsidies received	Total Own Revenue	Percentage
	R'000	R'000	%
2012/13	54 961	112 903	48.68
2013/14	58 557	139 024	42.12
2014/15	0	0	0
2015/16	97 251	147 200	38.90

Table 33: Reliance on grants (Annual Report 2013/14)

e) Auditor General Report 2012/13

Audited Outcomes

Year	2010/11	2011/12	2012/13	2013/14
Opinion received	Unqualified	Unqualified	Unqualified	Qualified

Table 34: Audit Outcomes (Annual Report 2013/14)

Audit findings: 2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/to be implemented
Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).	A SCM compliance checklist has been developed which needs to be completed for each request before processing thereof. The checklist will be reviewed to ensure compliance before order is issued.
Expenditure Management	
Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2) (e) of the MFMA.	Controls have been implemented to ensure the payment of creditors within 30 days, however, in certain instances, our cash flow is may be affected due to non-payment of accounts by our debtors, which may then hamper the timeframe within which we pay
Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.	A SCM compliance checklist has been developed which needs to be completed for each request before processing thereof. The checklist will be reviewed to ensure compliance before order is issued.
Conditional grants	
The municipality did not evaluate its performance in respect of programmes or functions funded by the Local Government Financial Management Grant allocation, as required by section 12(5) of the DoRA.	Technical guidance will be requested from the Provincial Treasury on this matter
Asset Management	

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Audit findings: 2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/to be implemented
An effective system of internal control for assets as not place, as required by section 63(2)(c) of the MFMA	Monthly reconciliation will be performed between the asset register and general ledger
Consequence Management	
Unauthorised, irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA	The report on unauthorised, irregular, fruitless and wasteful expenditure was considered by MPAC during the financial year; however the AGSA did not consider this. The checklist will be reviewed to ensure compliance before order is issued.
Internal control – Leadership	
The leadership did not take appropriate with regard to a lack of controls in the finance and supply chain management directorates, resulting in non-compliance with applicable legislation and inadequate budget control measures. This, in turn, resulted in irregular, fruitless and wasteful as well as unauthorised expenditure	A SCM compliance checklist has been developed which needs to be completed for each request before processing thereof. The checklist will be reviewed to ensure compliance before order is issued.
Personnel has not been allocated specific duties and responsibilities to facilitate the continuous monitoring of internal controls	A review of business processes will be undertaken to streamline controls and ensure proper monitoring of controls.
Leadership did not understand the importance of having some of the policies documented and approved of the progressive performance of the municipality	Policies will be reviewed to consider whether they are still appropriate within the current environment and any adjustment will be tabled to council for approval
Leadership did not continuously monitor the plan, and individuals responsible for particular sections of the plan were not held accountable.	Policies will be reviewed to consider whether they are still appropriate within the current environment and any adjustments will be tabled to council for approval. Policies indicated by the AGSA as lacking within the municipality will be developed and tabled for approval
Management has not made any significant strides in dealing with issues of IT governance. This is evidenced by slow progress in this area and fundamental concerns as reported by the ISA unit	The municipality is currently engaging in discussions with the IT department at the Provincial Treasury in order to develop a plan to address the shortcomings within the IT environment. The plan involves costs which need to be appropriately budgeted for and will be phased in over time.
Financial and Performance Management	
The municipality did not have individuals who sufficiently understand the financial reporting framework and performance and financial management requirements. This resulted in the municipality engaging a consultant to prepare the financial statements	Consultants were appointed to assist in the preparation of the financial statements. A plan has been implemented over the last two years to ensure that skills transfer takes place. Currently the staff is involved in the compilation of the APS, in that the relevant information is prepared by the staff and the consultant provides guidance on technical aspects relating to the GRAP standards. The consultant populates the APS template and trains staff on the final disclosure of the information provided by them.
Controls were designed to ensure that the transaction had occurred, were authorised and were completely and accurately processed	A review of the business processes will be undertaken to streamline controls and ensure proper monitoring of controls
Management has not made any significant strides in dealing with issues of IT governance. This is evidenced by slow progress in this area and fundamental concerns as reported by the ISA unit	The municipality is currently engaging in discussions with the IT department at the Provincial Treasury in order to develop a plan to address the shortcomings within the IT environment. The plan involves costs which need to be appropriately budgeted for and will be phased in over time.
Governance	

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Audit findings: 2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/to be implemented
The financial statements were to material corrections resulting from the audit, which are attributable to the lack of risk management performed, weaknesses in the design and implementation of internal control in respect of financial management, and financial reporting and weaknesses in the information systems.	This stems from certain control weaknesses, which will be addressed through the review of our business process which have been discussed above
As the internal audit services are a shared service, it would appear that financial constraint, coupled with enough resources is a driver of the lack of discharge of some of the duties.	The weaknesses referred to is as a result of the audit committee being newly appointed and having met as required. This will be addressed during the 2014/2015 financial year through meeting at least four times and therefore being better positioned to exercise oversight over the function.
The accounting officer did not prioritise the establishment of a fully functioning performance audit committee and therefore the functions were established, however it was not fully functional during the financial year. This also resulted in the committee not being able to fulfil all their responsibilities	As agreed with the AGSA, the establishment of a performance audit committee within our institution is not justified, due to the size of the organization. The audit committee currently appointed can perform this function. However, the committee should consider at least two report on performance information in order for the functioning to be considered appropriate

Table 35: AG Report 2013/14 (Annual Report 2013/14)

f) Financial Performance

In terms of the National Key Performance Indicators (as required by Local Government: Municipal Planning and Performance Management Regulations of 2001 and Section 43 of MSA), the following table indicates the municipality's performance:

KPA & Indicator	2012/13	2013/14	2014/15
Debt coverage (Total operating revenue-operating grants received): debt service payments due within the year	11.68	9.81	0
Service debtors to revenue – (Total outstanding service debtors: revenue received for services)	0.70	2.00	0
Cost coverage (Available cash + investments): Monthly fixed operating expenditure	1.41	0.59	0

Table 36: Financial performance (Source Annual Report 2013/14)

g) Debt Collection

The Municipality has a Credit Control Unit in place to collect all outstanding debt. All residents receive an account that indicates the due date for payments. After the due date all credit control actions start according to the Credit Control Policy to recover outstanding debt. Unfortunately the social economic condition (high unemployment rate and access usage on service) contributes to high outstanding debt. The following will have to be considered:

- Indigent households need to be determined and re-application process to update the register with accurate data.
- Payment ratio or the collection of income cannot be emphasized enough by Councillors and staff.
- Promised development that takes slow to kick-off impacts negatively on the payment percentages and payment levels of debtors.

h) Budget: 2014/15

The total revenue budget for 2014/2015 is R207 802 revenue and R230 546 million expenditure. The budget can be summarised as follows:

Revenue By Source	Budget Amount R'000	Expenditure by Source	Budget Amount R'000
Property rates	27 266	Employee Costs	66 454
Services	107 313	Repairs & maintenance	16 592
Interest received	715	General Expenditure	28 420
Interest on debtors	873	Provisions	472
Fines & penalties	6 624	Bulk purchases	53 094
Licences & permits	2 099	Interest expense – borrowing	2 556
Operating grants & subsidies	40 601	Grants and subsidies Capital	55 958
Capital grants & subsidies	56 650	Capital acquisition: own funding	8 341
Other income	19 131	Remuneration of Councillors	4 559
Rental of Facilities and Equipment	652	Bad Debts	11 429
Gains on Disposal of Assets	0	Contracted Services	9 626
Borrowings	3 546	Depreciation	9 248
		Grants and subsidies operating	16 022
Total	249 997	Total	288 194
Surplus(Deficit)			(38 197)

Table 27: Budget Summary

i) Current Challenges

The Department currently has the following challenges:

- Office space remains a huge challenge for the centralisation of the service so that it could interlink between the other divisions of the department;
- The upgrade of all computer equipment together with proper computer training of financial staff must be addressed in order to improve on systems development, systems reporting and, most of all, to serve the consumers better. The upgrade of the customer care together with the credit control section has been finalised and continuous renovations will be made;
- The implementation of SCOA as a whole;
- The replacement of pre-paid electricity meters in Britstown will continue and other parts of the municipality. This effort will reduce the possible electricity losses that are being experienced due to a lack of proper monitoring caused by the age of the meters. This will also enhance credit control efforts as electricity meters will be connected to the new Prepaid Electricity Financial Systems. The eradication of electricity by-pass meters is also a top priority;

- The By-passing of Prepaid Electricity Meters and the illegal consumption of electricity contributes to the high electricity line losses experienced by the municipality;
- The non-payment of services accounts by economic active consumers led to cash flow challenges experienced;
- The Capacity of current staff to implement and apply GRAP standards remains an enormous challenge;
- The implementation of the Amendment Municipal Property Rates Act is also very problematic.

2.7.9 BASIC SERVICE DELIVERY

a) Infrastructure Services: Electricity

Electricity is supplied according to the Electricity Act 41 of 1987 as amended, the Municipal Electricity By-Laws as amended from time to time, the Occupational Health and Safety Act 85 of 1993, additional regulations as approved by Council and the conditions laid down by Director Infrastructure and Housing Services.

Mtharjeni municipality purchases its electricity from Eskom, through 3 intake points, which are De Aar, Britstown and Hanover. Records reveal that:

- the highest ever MD reached by the De Aar intake point was 11 217.24 kVA in July 2008. The NMD is 10MVA. The NMD is planned to be increased to 15 MVA to make provision for an anticipated extra load from the new De Aar hospital. The NMD was increased to 11 500 kVA (January 2015);
- the highest ever MD reached by the Britstown intake point was 1 212.08 kVA in July 2008. The NMD is however 600kVA. The NMD is planned to be increased to 1 300kVA to make provision of extra load from new housing projects in the area. The NMD was increased to 1 400 kVA (January 2015);
- the highest ever MD reached by the Hanover intake point was 485.91 kVA in September 2009. The NMD is however 300 kVA. The increase to 600 kVA was completed in January 2015.

De Aar being the main intake point and the spine of the municipality electricity network has 30 MVA installed capacity feeding directly from Eskom. This does not include the medium to low voltage distribution transformers. De Aar network will be able to take an extra 3 MVA from supply on a 6.6 kV network, which is primarily De Aar West, Industrial and Waterdal areas.

All households are basically electrified in the De Aar intake area. Extension of network has been done in Britstown intake areas to accommodate new housing developments in area in the 2010/2011 financial year. The Tornadoville and Kwezi area are not supplied by the municipality but by Eskom. The municipality however has public lighting infrastructure in these areas.

The municipality, like many municipalities in South Africa who are licensed suppliers of electricity, has a maintenance backlog, which emanates from possible lack of funds, equipment and technical expertise. The status quo is posing a serious threat with regard to continuous supply of electricity. An application for funding was handed to the Department and the municipality is currently busy with the drafting of the Electricity Maintenance Plan.

There is a gradual increase on electricity losses in our system. A greater percentage of these losses are non-technical losses which could be avoided. There are a lot of bridged meters where consumers are receiving electricity free, but new meter seals LGM 110 type is purchased to place strict control on meters.

i) Staff

The Electro-Technical Services Division consists of 26 employees:

- Manager: Electro Technical Services (Vacant);
- Engineering Technician (1) vacant;
- Network Superintendent (1);
- Electricians (6);
- Special Workman (1) vacant;
- Streetlight Attendant (1);
- Meter Controller (1);
- Handyman (1);
- Senior workers (2);
- General workers (1);

The Electro-Technical Services Division staff consists of suitably qualified electricians, which is a legal requirement. The Hanover and Britstown units now suitable qualified electricians with relevant experience. The Division employed two Learner Engineering Technicians for a twelve months contract respectively to undergo in-service training as required by their respective Universities of Technology for National Diploma: Electrical Engineering. One of the two students has been awarded his Diploma in September 2011 and the other student will be awarded in March 2012. One of the employees of the municipality who also studied and had all required subject for the Diploma, was included in the training and submitted his report to his University of Technology and passed. This employee will also be awarded his National Diploma: Electrical Engineering.

ii) Vehicles/Equipment/Store

The Department has vehicles and essential equipment to maintain the existing network and carry out limited construction work. There is plan to budget for a bakkie to replace one of the two bakkies in the electricity department which have reached their economic life span. Minor construction work is undertaken internally but major construction and high tech work is sourced out.

The Department has its own store with equipment and material for daily use.

iii) Distribution Network

Supply

Electricity is purchased and supplied by Eskom at 22kV. Eskom supplies the De Aar Substation at 132kV from Hydra Substation (the largest substation in the Southern Hemisphere). The Eskom Substation is equipped with 1X20 MVA 132/22kV transformers with expansion facility for future. This point of Eskom supply is not a firm supply and thus poses a threat of extended loss of supply in the event the only feeder is lost. In the case of Britstown and Hanover, the supply is obtained from the 22kV rural networks.

a) 22kv strengthening;

- De Aar-Britstown 22kV line rebuilt: R1m remaining, mid 2013;
- Victoria West-Britstown; completed;
- Britstown- Volstruispoort 22kv line; completed;
- De Aar Hospital feeder at De Aar substation,

b) IPP projects Emthanjeni area / Pixley Ka Seme area with estimated project value (Eskom portion, excluding IPP generation plant). Estimated target date:

- JC Mullio (Feed in at De Aar Substation 10MVA): R2m, February 2014;
- Solar Capital (De Aar) 2x 75MVA: Eskom substation R20m, link line R60m, February 2014;
- Kalkbult Solar, Eskom substation: R14m, October 2013;
- Siemens/mainstream 36MVA: Eskom Substation R11m, April 2014.

-) Sector Head Office (Karoo Sector) roughly encompasses Pixley Ka Seme district borders.

- Sector Manager and staff, De Aar (Power Road Complex vs Colesberg). 30 new staff (and families) magnitude of project depends on choice between Colesberg and De Aar.

Primary Networks

The primary system voltage in De Aar is 22kV. A 22kV network supplies the main intake Substation (2 X 10 MVA) and to 2 X 5MVA in De Aar East with capacity for a third 1 X 5MVA Substation. The Medium Voltage reticulation network in Emthanjeni Municipality is divided into 3 distribution voltages.

- The 22kV in Britstown and Hanover;
- The 11kV in De Aar East, Barcelona, Caroluspoort and Nonwazazi;
- The 6.6kV in De Aar West, Industrial Area and Waterdal.

Electricity is also supplied to Transnet, Sewage Disposal Works, small holdings, a number of farms and two borehole fields (10 boreholes and 2 booster pump stations providing drinking water to De Aar).

There is a load control system which is mainly used as control circuit for public light as opposed to a traditional timer and day-light switch. This load control is only in the De Aar area and works well as streetlights and/or high masts burning during the day are not being experienced.

Transmission

- Hydra 765kv extension R453M, middle 2013;
- 765kv power lines from (Beta) Dealesville via (Gamma) to Cape Town (Kappa), passing at De Aar (Hydra);
- New Gamma 765kv substation near Hutchinson R 64m October 2013-03-06 Gariep strengthening project power transmission from Gariep dam to Newgate (Ruigtevallei 132kv) R30m, June 2013 to middle 2015;
- Kronos extension - Ganona strengthening (Copperton area): information unavailable.

The main medium voltage infrastructure

Description	De Aar	Britstown	Hanover
22/6.6kV Power Transformers	2 X 10 MVA	N/A	N/A
22/11kV Power Transformers	2 X 5MVA	N/A	N/A
Total length of overhead MV lines	57km	16km	8km
Total length of underground MV cables	68km	670m	330m
Number of distribution substation at 400V	66	N/A	N/A
Number of distribution transformers	132	16	13

Table 38: Medium Voltage Infrastructure (Source: Emthanjeni IDP 2012/2013)

Secondary Network

The Low Voltage (230/400) V network consists mainly of overhead lines and underground cables in certain of the more affluent residential areas. Meters are inspected as preventative maintenance measure and tested on request or where faulty readings are suspected.

Description	De Aar	Britstown	Hanover
Overhead lines	57km	13.33km	6.67km
Underground cable	79km	670m	330m
Service connections	153	28km	5km

Table 39: Secondary Network (Source: Emthanjeni IDP 2012/2013)

iv) Street and Area Lighting

De Aar has about 2 700 streetlights and 12 high mast lights. Britstown has about 320 streetlights and 2 high mast lights. Hanover has about 190 streetlights and 6 high mast lights. Some ad hoc streetlight extensions have taken place over recent years, however a substantial amount of capital is required to upgrade and extend street and area lighting networks.

Many outdated and ineffective streetlights luminaires exist throughout the municipality. There is an urgent need for replacement of all these luminaires with more energy efficient luminaires. There is one high mast in De Aar East which the municipality cannot replace the lamps as it cannot be lowered due to a fault in the mechanism. (The cost of a suitable crane to lower and repair the mast is more expensive than buying a new mast as it is only one unit. The costs are escalated by transport costs.)

v) Electrification

Almost all houses in De Aar and Britstown have access to electricity. The network has been extended in recent years to make provision for new connection on low income group housing projects, with the last being 38 houses in Britstown.

Tornadoville and Kwezi in Hanover are being supplied by Eskom. Eskom is therefore responsible to extend network as and when required. The municipality; however play a coordinating role in furnishing all the required information to Eskom to accommodate new connection especially those that emanates from a housing project.

vi) Electricity Purchases and Sales

	De Aar	Britstown	Hanover
Total Energy Purchased	49 874 335 kWh	4 732 549 kWh	2 333 254 kWh
Total Energy Sold	38 835 376 kWh	4 237 335 kWh	1 883 623 kWh
Total System Loss	10 157 917kWh	451 546kWh	237 240 kWh
% Line Losses	22.13%	10.46%	19.27%

- Total energy purchased from Eskom for all three towns is 56 940 158 kWh;
- Total energy sold by Emthanjeni in all three towns is 44 956 334 kWh;
- Total energy loss by Emthanjeni is 11 983 824 kWh;
- Total percentage line losses by Emthanjeni are 13%.

The total percentage line losses by Emthanjeni in 2008/2009 was 13.91% and in 2009/2010 19.52%. Total line losses are escalating every year as it reached 21, 24% in 2010/2011. This is an indication of a catastrophic situation that needs to be addressed urgently. Failure by Emthanjeni to address the escalation of line losses will result in the intervention of NERSA which may affect the Municipality's Electricity Distribution License negatively.

A greater percentage of these line losses are attributed to By-Passed meters. A good system of meter audit is needed urgently. A meter controller has been appointed and the municipality is busy with the replacement of seals (LGM type).

vii) Quality of Supply:

NRS 048

The 6.6kV network in the De Aar intake point is equipped with 2 X 10 MVA transformers. The Maximum Demand ever recorded on one transformer is just above 6MVA. The municipality has a firm supply on this network. The MV network (22/11/6.6) kV in De Aar is mostly ring configured which exception of few spur lines. A concern is that there is only one feeder feeding Nonzwakazi which in turn feeds Barcelona. Should anything happen to the Nonzwakazi feeder, it will result in both Nonzwakazi and Barcelona being without power until the feeder is brought to commission. There are however plans in place informed by our internally produced Electricity Master Plan to build a 5MVA Substation in a strategic location in Nonzwakazi to solve this and other problems. The application for Nonzwakazi upgrade was approved for 2015/16. Britstown and Hanover is also not ring configured.

NRS 047:

Consumer and other reported faults are attended within the required time frame. Consumers are currently required to pay a call-out fee for an electrician to be dispensed to attend that fault. This is in direct conflict with the NRS 047 and has been planned to be scrapped in the 2012/2013 budget.

The turnaround time for all written and telephonic enquiries is well within the confines of the NRS 047.

viii) Challenges

The electricity network in general is very old. It has reached its design capacity in terms of firm supply. There is a serious need of a SMVA Substation in the elevation of extra load that the system has been subjected to due to housing developments that took place in the recent past years.

Streetlight luminaires are old and inefficient and there is a plan to replace it commencing in Voortrekker Road. This road has 250W HPS fittings which are cut off and of poor reflector system. It is going to be replaced with 150W HPS luminaires with a good reflector system which will result in a 40% reduction of energy.

b) Infrastructure Services: Water

i) Policy and Statutes

- National Water Act 1998, no 36 of 1998;
- Water Services Act 1997, no 108 of 1997;
- Regulations relating to Compulsory National Standards and Measures to Conserve Water. (Water Services Act, No 108 of 1997);
- Water Services Plan for Emthanjeni Municipality, 2012/2013;
- Annual Water Audit and Report – 2011/2012 financial year;
- Regulations on Fluoridating Water Supplies (Regulations under the Health Act, No 63 of 1997);
- Strategic Framework for Water Services – September 2003;
- Water Services By-Laws, 2008.

ii) Water Sources

De Aar, Hanover and Britstown are dependent on groundwater from the following number of boreholes for each town:

- De Aar : 55 boreholes with a total monthly yield of 230 000 kl;
- Britstown : 16 boreholes with a total monthly yield of 26 000 kl;
- Hanover : 6 boreholes with a total monthly yield of 25 000 kl.

In the case of Hanover and Britstown the boreholes are located on the commonage. In De Aar the boreholes are scattered right around the town in all directions, with the furthest lying 35 km and located on private farms. The water is purchased from the landowners and purchase price ranges from 25c to 67c per kilolitre, depending on the existing contracts.

No water purification is done in any of the three towns.

iii) Water Network

- Reticulation – Currently there are 7 400 water connections as well as 147 km of water pipes in the reticulation network;
- Supply – At present there are 126 km of main water pipes, 68 boreholes, 6 pump stations, 5 reservoirs, 48 water level monitors and a telemetry borehole control system.

iv) Water Quality

To ensure that all domestic water supplies from municipal reservoirs and boreholes used for human consumption are of a high standard bacteriological testing and chemical analysis is done at regular intervals.

Water in De Aar, Britstown and Hanover is hard and the biggest problems are experienced with bathing, washing (water does not foam easily) and electrical appliances such as kettles and geysers. The high magnesium content of the water causes a bitter taste. Samples are taken on a regular basis and conduct on an annual basis a full SANS 241 water analysis of drinking water in De Aar, Britstown and Hanover. The objective of the analysis is to ensure that clean drinking water is provided to all consumers.

Current level of water and sewerage services for occupied premises – 2012:

	A) Sewerage			
	No of Occupied Premises			
	De Aar	Britstown	Hanover	Total
Flushing toilets	5 833	0	501	6 334
Vacuum tanks	33	712	280	1 025
Buckets	0	0	0	0
Dry sanitation	1	546	135	682
Total	5 867	1 258	916	8 041

Table 40: Level of sewerage services for occupied premises

	B) Water			
	No of Occupied Premises			
	De Aar	Britstown	Hanover	Total
In House	4 012	514	427	4 953
On site	1 907	533	583	3 023
Communal Standpipes	0	65 (informal)	0	65
Total	5 919	1 112	1 010	8 041

Table 41: Level of water services for occupied premises

v) Water Balance (losses) and Consumption

An annual water audit to determine water loss from boreholes to the end consumer is carried out in Emthanjeni Municipality. Water leakages, the major contributing factor to water losses, are repaired immediately and the public (consumer) is regularly

encouraged to report leakages. All water leakage repairs are recorded on a prescribed form. A Water Conservation and Demand Management Study were completed during 2004 and it contained various recommendations to reduce and manage water losses. (See attached executive summary - WSDP).

Water demand management is an ongoing process implemented to limit water losses and thus provide a cost effective service. A water audit was carried out for the 2010/2011 financial year and the water losses for the past three years are detailed below:

	2008/09		2009/10		2010/11		2011/12	
	KL	%	KL	%	KL	%	KL	%
Total abstraction	2 601 608	0	2 463 465	0	2 477 563	0	2 844 300	0
Total sales	2 097 709	0	1 982 352	0	1 993 181	0	2 365 159	0
Bulk losses	212 524	8.2	184 359	7.5	178 330	7.2	163 118	5.74
Distribution losses	291 375	11.2	296 754	12.0	306 053	12.35	316 023	11.11
Total losses	503 899	19.4	481 113	19.5	484 383	19.55	479 141	16.85

Table 2.: Water Losses (Source: Annual Report 2013/14)

These losses occurred from borehole to consumer and include all forms of loss i.e. financial, faulty meters, leakages, un-metered supply etc. The water losses remained stable for the past 3 years and the physical losses are currently under control. Water losses improved from 19.5% in 2010/2011 financial year to 16.8% in the 2011/2012 financial year. This shows an improvement of 2.7% on water losses.

Meters are read on a monthly basis. Those stands still dependant on stand pipes in the streets or un-metered water connections are charged a basis tariff.

vi) Resource Protection

Over-utilization of boreholes is currently prevented by keeping abstraction within the prescribed abstraction rates and monthly maximum abstraction capacity of the boreholes. New boreholes are currently being developed in Britstown and the project 95% complete. The development of new boreholes is planned for De Aar and the Implementation Readiness Study has already been completed. Construction will start during 2013/2014 financial year.

All boreholes have been provided with water meters which are read monthly and comparisons made with the abstraction capacity of the boreholes in order to prevent over-utilization of individual boreholes.

c) Infrastructure Services: Sanitation

i) Phasing out of the Bucket Sanitation

During the phasing out of the bucket sanitation in 2008 all buckets were replaced with full waterborne sanitation and dry sanitation (UDS) in some areas. The two areas where dry sanitation was provided are Britstown and a portion of Hanover.

ii) Current level of Sanitation

Sanitation	Buckets	UDS	Full water borne	Total
De Aar	0	0	5 821	5 821
Britstown	546	546	596	1 142
Hanover	0	135	819	954
Total	546 (6.9%)	135 (1.7%)	7 236 (91.4%)	7 917

Table 42: Current level of Sanitation (Source: Annual Report 2013/14)

The residents of Britstown and Hanover are at present not satisfied with the dry sanitation and in the case of Britstown have totally rejected the system and are currently again making use of buckets. In Hanover 69 houses currently have dry sanitation. The residents view the two different types of sanitation as double standards and Council is under pressure to rectify the situation. The dry sanitation also poses a health risk for the residents.

Due to the high cost involve upgrading the dry sanitation to full waterborne sewerage a business plan has been submitted to the .AIG Office in Kimberley for approval and funding on 17 November 2010, but to date no feedback has been received.

Cost involved:	Hanover	- R 17, 6m
	Britstown	- R42, 7m
	Total	- R60, 3m

The high cost is due to the fact that the sewerage works in Britstown has to be upgraded and a complete reticulation network provided and on site toilets installed. In the case of Hanover a sewerage pipeline of 300metres was installed during 2011/2012 financial year from Council's own funds and Council is currently busy to convert fifty dry sanitations to full waterborne sewerage. Making use of Council's own funds slows down the process considerable and external funds are required to speed-up the process.

j) Infrastructure Services: Roads and Storm water

i) Roads

Emthanjeni at present has 202 km of streets within the towns of De Aar, Britstown and Hanover, of which 131 km (65%) are gravel and 71 km (35%) are tarred. The gravel roads are graded on a quarterly basis.

The Municipality currently budget for the construction of 1km of new tarred streets and resealing of 1km of streets annually. External funding will be required to wipe out the backlog. Potholes are repaired on a regular basis.

ii) Storm water

Only the western part of De Aar has underground storm water drainage. The rest of De Aar, Hanover and Britstown do not have any storm water drainage. Storm water problems are being experienced in some areas during heavy down pours. Low-lying areas

in these towns have also experienced flooding in the past. A storm water master plan for De Aar was completed in 2009 and the construction of storm water channels to the value of R20million is completed.

Storm water drainage improvement is seen as critical for the municipality and it was agreed that it should be implemented with road construction.

iii) Current Condition of Roads

The gravel and tarred roads are in a poor condition and upgrading and resurfacing is urgently required. The tarred roads are especially a source of concern as very little resurfacing has been done during the past 20 years. As a result the road surfaces are crumbling. It is for this reason that Council committed the municipality to budget for the improvement of roads.

Private Sidings

Only De Aar has private sidings and they are in a reasonable condition at present. Due to the high cost involved, no preventative maintenance is carried out and faults are repaired only when a problem arises. The total length of the railway line is 1.54 km and serves 15 industrial sites. The private siding is current underutilized and is only being used by 1 industry.

Airfields: De Aar

De Aar has two airfields, one of which has a concrete runway. The municipal airfield has dirt runways and is registered with the South African Civil Aviation Authority and is inspected by them annually. A landing fee is charged according to the size of the aircraft.

The second airfield with the concrete runway is situated 12 km west of De Aar's central business district and is used by the Defence Force. The public however have limited use. The Airfields presents potential for the municipality.

Britstown and Hanover both towns have airfields with dirt runways which are not registered. These runways are used at own risk and the airfields are seldom used.

e) Infrastructure Services: Sanitation, Refuse Collection and Community Services

i) Policy and Statutes

- Foodstuffs, Cosmetics and Disinfectants Act and Regulations (No 54/1972);
- Health Act 1977 (No 63/1977);
- Tobacco Products Control Act (No 83/1993);
- Tobacco Products Control Amendment Act (No 12/1993);
- National Water Act (No 36/1998);
- Occupational Health and Safety Act (No 85/1993);
- Health Service Professions Act (No 56/1974);
- Agricultural Pests Act (No 36/1983);

- Hazardous Substance Act (No 15/1973);
- Animal Slaughter, Meat and Animal Products Hygiene Act (No 87/1967);
- Businesses Act (No 71/1991);
- Atmospheric Pollution Prevention Act (No 107/1998);
- National Environmental Management Act (No 107/1998);
- Environment Conservation Act (No 73/1989);
- Meat Safety Legislation (No 40/2000);
- Abattoir Hygiene Regulations (No 121/1992);
- Waste Management Act.

Positions	Towns	Number
Foreman	Britstown	1
	Hanover	1
Drivers	De Aar	3
	Britstown	2
Shift Workers	Hanover	2
	De Aar	4
General Workers	De Aar	39
	Britstown	6
	Hanover	6
Clerk	De Aar	1
Cleaner	De Aar	1
Cleaning Superintendent	De Aar	1
Operator – Front end Loader	De Aar	1
Operator – compactor	De Aar	1
	De Aar	2
Vacancies	De Aar	12
	Britstown	3
	Hanover	3
Casual Workers	Britstown	4

Table 43: Staff: Sanitation, Refuse Collection and Community Services

ii) Vehicles and Equipment

At present Council have several compactors, vacuum tankers, night soil removal trucks, tractors with trailers and a front-end loader for the provision of essential services.

iii) Cemeteries

The Council has 6 cemeteries and most burials take place on weekends as people work during the week. In some cemeteries graves are dug in advance and again filled with loose soil. In other cemeteries the graves are dug on request or the community digs the graves themselves to save costs. At all the cemeteries problems are experienced with people damaging gravestones or removing fences.

The Council is currently busy upgrading the cemeteries in Emthanjeni. The cemeteries are being cleaned and the fences repaired or replaced. The vandalizing of graves has been discussed with the SAPS and the SAPS have been requested to visit the cemeteries during weekends when most of the vandalism takes place. The public has also been urged to become involved and the problem is also regularly highlighted in the local newspaper again.

iv) Waste Management

Essential services are provided on a regular basis throughout the entire municipal area. Refuse removals take place once or twice per week and black refuse bags or tarpaulins are used to remove domestic refuse from premises. Businesses and schools are serviced twice per week in De Aar.

Various specialised refuse removals are done daily in respect of garden refuse and building rubble. The Council also carries out various cleaning projects during which residential areas are cleaned. Littering is prevalent and causes numerous problems. Refuse is dumped at the refuse tips. Forms have already been completed for the registration of the sites. Consulting Engineering firms have already upgraded and brought the tip sites in De Aar up to standard. Problems are experienced at the sites as people have removed the fencing and there is no management and control. A contractor has been appointed for the first phase, once funds have been received.

Further a local recycling concern is busy with recycling at the tip site. Recycled articles are removed on a daily basis from the site and light material is covered with soil.

New vehicles have been purchased for the removal of refuse in Britstown and Hanover. The same staffs are used to remove household refuse and night soil. The refuse is removed by refuse carriers once per week and dumped at the refuse tip. No recycling is done and cleaning up campaigns is also carried out in Britstown and Hanover. Adequate equipment is not available and manual labour has to be used or a front-end loader has to be dispatched to the towns.

There are still some residential areas within the municipal area making use of buckets. The buckets are removed once per week. The contents are discharged into oxidation ponds. Buckets are washed and disinfected daily.

Buckets are still used in the following townships

- De Aar = 22 (Waterdal and Churches)
- Hanover = 3
- Britstown = 546

Dry sanitation was also installed in Hanover and Britstown. In Britstown 69 houses have dry sanitation and 25 in Hanover. In other cases the only occupants of the houses were women. There were also houses only occupied by elderly people. The houses in Britstown are provided with a bag to collect the waste material. This bag is suspended in a frame. The bag is unfortunately

difficult to handle in some cases and someone has to climb down into the structure to remove the bag. It was then decided that the General Workers would handle all aspects of the service. Even then the community was still dissatisfied with the system and the night soil buckets are still in use. In some cases the community had to handle the waste and they did not want to be involved in the process. The site where the bags are dumped is in the vicinity of the oxidation ponds. The site will be fenced in the near future as part of the job creation projects.

The system in Hanover operates differently. No bags are used there. The waste material is raked back and removed in containers when dry. Fewer complaints and problems are experienced here and the reason may well be because the occupants do not have to handle the waste.

v) Sewerage Purification

De Aar has conventional purification works situated about 5km north of De Aar. An activated sludge process is used to purify about 3800 m³ of water daily. The purified water is used to irrigate tree plantations.

vi) Alien Vegetation and Weeds

Various alien plants and trees are to be found in the Emthanjeni Municipal area on private and municipal property.

Examples found in the area:

- Silver-leaf bitter apple (De Aar Sports Ground and De Aar East);
- Spiny Cockle Bar (Waterdal and Commonage);
- Jointed cactus;
- Oleanders (mostly private properties and parks);
- Prosopis trees (commonage, private and municipal properties, parks etc);
- Syringa trees.

These alien plants and weeds must be eradicated and combated for the following reasons:

- They use more water than indigenous plants and trees and this poses a danger to our groundwater;
- They displace natural vegetation and grazing and also result in a loss of biodiversity;
- They increase the danger of soil erosion and veld fires;

Currently the Department of Water Affairs is busy with an ongoing programme to eradicate Prosopis trees in the rural areas but it is also very important to combat propagation in our towns. Alien plants are regularly controlled on the advice of the Department of Agriculture and knowledgeable organisations. It is the Council's policy not to plant Syringa trees anymore and where they die to replace them with indigenous trees.

vii) Environmental Hazards

The whole of the Emthanjeni area, including 3 towns and rural areas, is dependent on groundwater for domestic and agricultural use and it is of the utmost importance that these subterranean sources are protected.

Possible Pollution Hazards**Sewage Purification Works – DE AAR**

The sewage effluent is currently within the prescribed limits of the permit. The permit also demands that the purified water be used for irrigation, which is not currently being done. The possibility that the nearby boreholes on Paardevlei could be polluted is very unlikely but preventative measures should be implemented to preclude any such possibility. The likelihood of polluting the nearby Brak River is not known as no studies have yet been undertaken.

Pollution of Groundwater – BRITSTOWN (MZIWABANTU)

Mziwabantu is dependent on one borehole for domestic use. This borehole is situated 50 metres from the nearest houses, which would necessitate the right choice of a future sewerage system. The houses nearby have a vacuum tank sewerage system and sewer blockages will have to be addressed immediately. Care will also have to be taken to ensure that the vacuum tank is emptied regularly and is not allowed to overflow. The sewage oxidation ponds in Britstown are situated approximately 1 km from the borehole and it is unknown whether they pose a pollution hazard for the borehole. The borehole water should be tested regularly for any sign of pollution.

Waste Disposal Site – DE AAR

The De Aar waste disposal site was permitted on 31 October 2008 in terms of Section 20(1) of the Environmental Conservation Act, 1989 (Act 73 of 1989). The site is not operated in terms of the permit conditions. The site operations should be upgraded (access control with permanent staff and record keeping of waste on site). The landfill site is situated next to the De Aar Country Club and near to the town's reservoirs.

A detailed report on the lifespan and proposed management of the refuse tip, has been prepared as part of the co-operation agreement between Emthanjeni and Karlstad, Sweden.

The Hanover and Britstown waste disposal sites are in process of being licensed in terms of Section 49 (1) of NEMWA. The sites should be licensed in terms of Section 45 of NEMWA following the NEMWA licensed process and performing the required special investigation, including an EIA. The sites should be upgraded (properly fence, guard house, ablution facilities and storm water control measures) and the sites operations should be upgraded (access controlled, waste compacted and covered on a regular basis).

Groundwater pollution – HANOVER

Notwithstanding the existence of septic tanks with French drains in Hanover, groundwater surveys have shown that the level of the groundwater table is shallow and that future sewerage systems would have to be chosen carefully to prevent pollution of groundwater. There are also stands in Hanover with private boreholes and windmills that have to be protected.

e) Infrastructure Services: Commonage

All three towns currently have commonage areas which are leased on a monthly basis, as well as land which has been made available to emerging farmers. All commonage land in De Aar is availed to emerging farmers. Management of the commonage and the shortage of land remain a challenge. The Municipality requires financial assistance to support emerging farmers. The

Municipality already adjusted the organogram to include a Commonage Officer, implementation would occur in the next financial year.

The size of the commonage areas is as follows:

TOWN	COMMONAGE
De Aar	2 907 ha
Hanover	8 308 ha
Britstown	9 736 ha
Total	20 951 ha

Table 46: Commonage area (Source Annual Report 2013/14)

Current challenges include overgrazing, land not available in the market, high prices of land and the vastness of the area. Other problems include fencing, repair of windmills and equipment and sourcing a market for the small farmers.

2.7.10 TOWN PLANNING AND BUILDING CONTROL**a) Project Management Unit (PMU)**

The function of the PMU is to manage all capital infrastructure projects as well as the town planning activities. The personnel of this unit consist of a manager, building inspector and data capture. Only the position of the manager is currently filled.

b) Policy and Statutes

- National Building Regulations and Building Standards Act, 103 of 1977;
- SABS Code 0400, application of Act 103 of 1977;
- Regulations Relating to Public Garages PG 871/1973;
- By-law relating to Liquefied Petroleum Gas PG 311/1980;
- Northern Cape Development and Planning Act No 6/1998;
- Building Control By-law 2008;
- Advertising Signs and Disfigurement of the Fronts or Frontages of streets By-law 2008;
- Aerial Systems By-law 2008.

c) Structural plans

- De Aar Town Planning Scheme May 1985;
- Framework Plan : Future Extension De Aar East 1986;
- De Aar Area : Urban Structural Plan;
- Nonzwakazi : Local Structural Plan, August 1994;
- Hanover, Tornadoville : Local Structural Plan;
- Emthanjeni Scheme Regulations – 2004.

d) Staff

The town planning and building control falls under the manager: PMU. There is only 1 position currently in this division, namely the Building Inspector. Despite being advertised on several occasions, no suitable candidates were found.

If the services of a qualified Town Planner are required, the services of the District Municipality are utilized which currently have 2 qualified town planners in their service. With the implementation of SPLUMA (Act NO 16 of 2013), there is currently a need for a permanent qualified Town Planner that can also execute the function of Land Development Officer (LDO).

e) Spatial Development Framework (SDF) and Land Use Management Scheme (LUMS)

With all land use applications received, the aim is to finalise within the prescribed time-frame. All applications are processed within 7 days and if there is no outstanding information, the Municipality takes care of the advertising itself.

The planning of 4 114 new erven mainly for low cost housing for De Aar, Britstown and Hanover is currently underway. The Town Planning and Survey process is about 90% complete.

f) The Implementation of SPLUMA

The implementation of the SPLUMA legislation is currently in progress and full implementation is required with effect from 1 July 2015. With a view of being ready for implementation on 1 July, the following activities have already taken place:

- i) Advertising of Draft By-Laws completed;
- ii) Council has resolved that a District Municipal Planning Tribunal (DMPT) be utilised;
- iii) The Municipal representatives for the DMPT have already been appointed by Council;
- iv) Delegations are currently being prepared;
- v) Budget proposal for the implementation of SPLUMA have been made and include the following:
 - advertising By-Laws in the Government Gazette;
 - Tribunal expenses;
 - Town planner/LDO;
 - New SDF;
 - Tariffs;
 - Bulk infrastructure contributions.

g) Building Control

All building plans received are currently being dealt with within the prescribed legal time frames. The average time for approval of building plans is 2 weeks at present.

As a result of shortage of staff in the Building Control Division, the following challenges are experienced:

- Building work is commenced with without approved building plans;
- The quality of construction work does not comply with the requirements of the National Building Regulations and Building Standards;
- Various deviations occur such as building line encroachment, illegal tuck shops and erf boundary encroachment.

The following building plans were approved in the previous financial years:

Type of Service	2012/13	2013/14
Building plans approved	76	102
Total area	6 733 sq m	9 444 sq m
Value (Building plan fee evaluation)	R15 008 752	R29 705 154
New Residential Houses	6	12
Extension to Houses	63	78
New business buildings	4	5
Extension of businesses	3	1

Table 43: Buildings plans approved

2.7.11 MECHANICAL WORKSHOP

a) Statutes

Road Transportation Act 74 of 1977

b) Vehicle Replacement

A new fleet of vehicles was purchased for De Aar, Britstown and Hanover. The vehicle fleet operation, maintenance and replacement strategy is enforced by the Infrastructure department.

The Municipality currently has a fleet consisting of 71 vehicles and implements. In the course of the 2009/2010 financial year 14 vehicles were acquired and in 2011 total amount of R9, 500,000 were availed for a new fleet.

The following vehicle acquisition programme for the next five years:

Financial Year	Description	Value R
2013/14	Front End Loader	1 400 000.00
	LDV's x 2	500 000.00
	Compressor	250 000.00
2014/15	Refuse Truck	1 200 000.00
	LDV	250 000.00
2015/16	Grader	1 200 000.00
	Suction Tanker	700 000.00
2016/17	Tipper	600 000.00
	LDV	250 000.00
2017/18	Tipper	600 000.00

Table 44: Vehicle Acquisition Programme

c) *Vehicles and Equipment: Maintenance*

The Workshop takes care of all repairs, services, certificates of fitness and roadworthy certificates, as well as fuel pumps.

f) *Staff*

The Workshop has 5 staff members:

Qualified Mechanics: 2

Artisan Assistants: 3

The costs of the Workshop are defrayed against the various divisions.

2.7.12 HOUSING DEVELOPMENT

The development of housing follows the Feasibility Process in which the rights to develop the proposed housing communities were acquired and the bulk infrastructure was confirmed. At this point it is accepted that township establishment has taken place and that the process of servicing the sites and construction and delivery of houses can take place.

The current housing backlog stands at 4 114 units and in view of the limited funds made available for housing it may be a considerable time before the backlog is eradicated. The Municipality was engaged in a process to obtain Level Two Accreditation, but has remained at level one. An important matter to mention is that land available is not necessarily serviced and the Municipality will require additional funds to service the sites.

It must be indicated that the Municipality experienced visible improvement of service since the introduction of the Housing Unit to the municipality. From the IDP it is obvious that housing backlogs and delivery remain a challenge and a priority for Emthanjeni Municipality. The development of the Housing Action Plan aims to ensure effective allocation of limited resources. It provides a formal and practical housing priority for implementation with a focus on the IDP and identifies the strategic implementation plan for the 4 114 housing need in Emthanjeni Municipal area.

The proposed financial commitment from the Provincial Department of Human Settlements is an estimate:

Town	Value	Details
De Aar	R2 386 000	Planned Erven for the 2015/16 financial year
Manover	R470 000	
	R594 000	
Britstown	R838 000	

Table 47: Proposed financial commitment from the Department of Human Settlements

2.7.13 EXPANDED PUBLIC WORKS PROGRAMME

The socio-economic status and conditions of Emthanjeni, with its high level of poverty, cannot be over-emphasized. For this reason, it is characterized by a high level of unskilled and unemployed number of residents. The Expanded Public Works Programme is exemplified as an all-embracing inter-governmental exercise which aims to mutually improve service delivery

through efforts by the three spheres of government, Non-governmental Organisations, Community Based Organisations, Government Departments and other development protagonists to address the above-mentioned issue. The latter mentioned stakeholders and role-players will develop and absorb the unemployed residents into productive and meaningful employment through training and empowerment activities.

The programme is divided into four sectors (the environment and culture, social infrastructure and non-state sector). The sectors consist of a number of government departments with one department nominated to lead each sector. The Emthanjeni Municipality is committed to being an Agent of Change within its area of jurisdiction. Since the launch of this programme, the Municipality has been engaged with the Department of Roads and Public Works in terms of operational and implementing the EPWP.

Another R1 000 000 was allocated to Emthanjeni Local Municipality from the EPWP Incentive Grant.

EPWP Report on Work Opportunities for 2013/14														
Project Name (funding)	Work Opportunities for Month 2013/14												Total to date	
	April	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar		
Britstown Bulk Water Supply (MIG)														
Revitalization (own)	5	55												55
Painting of lampposts (own)					2	2	2	2	2	2				2
Road Maintenance (own)					4	4	4	4	4	4	4			4
Tarring of Street 11 (EPWP)								37	37	37	37			37
Cleaning Project (own)	27	27			13	13	13	13	13	13	13	3		40
Eradication of UDS mainline (own)														
Painting of street names (own)					2	2	2	2	2	2	2	2		2
Reseal leosingel (own)	9	9						9	9	9	9			9
Kerbing Molewabantu (own)														
Tarring of Cradock Street (own)	7	7	7	7										7
ACIP PROJECT				12	12	12	12	12	12	12	10			12
Storm water project (MIG)	26	26	26	26	26	26	26	26						26
Total work opportunities	98	98	33	45	59	78	105	105	79	77				194
Total labour days	1 764	2 156	693	813	1 046	1 482	2 205	2 310	1 106	1 617				

Table 48: EPWP Report on Work Opportunities for 2013/14

Other Work Opportunities for 2013/14													
Project Name	Work Opportunities for Month 2013/14												
	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total to date
Cleaning of Cemeteries													
Skateboard Park													
digging of graves Carokuspoort						1	1	1	1	1	1	1	1
Afics operateur						1	1	1	1	1	1	1	1
Askate						16	16	16	16	16	16	16	16
Swimming pool						3	3	3	3	3			3
Kraglyn hospital													
Street 11 (incentive project)													
Britstown cemetery (MIG)												15	15
Cleaning of town Britstown (own)											30	30	30
Road maintenance Britstown (own)												20	20

Table 49: EPWP: Other Work Opportunities for 2013/14P

The municipality would further be applying for counter funding as the municipality already set aside funds (own capital) for the upgrading of municipal roads (labour intensive process to be followed). The Municipality has benefitted through the Incentive Scheme of the department for the 2011/2012 financial year through the DORA allocation. The Municipality will continue to find new and innovative ways to create jobs in the area. The Municipality welcomed the initiatives by NGO's and NPC's, through their different programmes. The Kgotso Pula Nala programme of the Northern Cape government is also welcomed and it will be project of revitalization of Nonzwakazi. The programme would be extended throughout the Municipality.

2.8. SOCIAL DEVELOPMENT

2.8.1. YOUTH DEVELOPMENT

This domain has not been central to the priorities of the municipality, but with the introduction of youth forums, this is starting to change. We have been able to ensure that a dedicated person is appointed to lead youth development in the municipality. What will transpire in the municipality is that a local youth council will be established to take forward the interest of young people.

The Youth Unit will be beefed with the central task of improving youth development. The Council has agreed to prioritize youth development. We have seen certain programmes being implemented (youth centre, drivers' licenses, leaner ships, internships, computer training, entrepreneurial support, general job creation, advocacy work). The YAC has been transferred to Emthanjeni

Municipality. The centre is providing the necessary services to the youth and we can only complement these services. We will continue to improve on the proportion that should or must be earmarked for the youth through the budget and IDP processes. We, however, require all the assistance that can be availed to the municipality to achieve its objectives.

2.8.2. CHILDREN

Children form a critical component of young people and remain high on the agenda of the council. Ways of engaging with the Department of Education and Social Development are being sourced.

The Office on the Rights of the Child was established in government to fulfil its commitment of promoting and protecting the rights of children. It is in this context that the Northern Cape provincial Government developed the Provincial Plan for children for the period 2014-2019.

This domain will become central to the priorities of the municipality with the introduction of youth forums. We have been able to ensure that a dedicated person is appointed to lead youth development in the municipality. What will transpire in the municipality is that a local youth council will be established to take forward the interest of young people.

The Youth Unit will be beefed with the central task of improving youth development. The Council has agreed to prioritize youth development. Certain programmes are being implemented (youth centre, drivers' licenses, leaner ships, internships, computer training, entrepreneurial support, general job creation, advocacy work).

2.8.3 HIV/AIDS INTEGRATED PROGRAMME

a) Guiding principles

- All workers with the disease shall be involved in all prevention, intervention and care strategies;
- No worker / employee nor their families and colleagues shall be discriminated against due to their HIV status;
- The status of female employees / women shall be confirmed, to prevent discrimination against them;
- Confidentiality and informed consent of all employees with respect to HIV testing and test results shall be protected;
- Services provided, i.e. Education, counselling and health care should consider the sensitivity of employee's culture, language and social circumstances;
- The municipality has a crucial responsibility to provide education, care and welfare to all employees;
- Capacity building will form the cornerstone to speed up HIV / Aids prevention and control measures.

b) A set of primary indicators and surveillance data

Emthanjeni needs a set of key indicators that can be used to track the overall response of the community to the epidemic. This means not only tracking the course of the epidemic over the next five years, but also tracking changes in attitudes, social values, health care practices, socio-economic conditions and behaviour that act as pre-disposing factors of the epidemic.

With a provincial HIV prevalence rate of 18.2% among women attending antenatal care (National Antenatal HIV Prevalence Survey, 2010) the Northern Cape had the second lowest HIV infection rate in South Africa. The HIV prevalence rates differ greatly between the five districts with Pixley Ka Seme standing on 12.6%.

The following are some criteria for monitoring the epidemic:

General trends of the epidemic

Prevalence of HIV amongst antenatal clinic attendees (using national sentinel surveillance procedure)

Youth

- Prevalence of HIV amongst antenatal clinic attendees below the age of 18 years (using national sentinel surveillance procedure);
- Teenage pregnancy incidence and rate.

Prevention

- Proportion of STD cases effectively managed using syndrome treatment in the community;
- Percentage of sexually active women using condoms;
- Proportion of children leaving primary school who are fully informed of the causes and methods of transmission of HIV.

Socio-economic indicators predisposing to HIV transmission

- Proportion of household living below the minimum poverty line;
- Unemployment rate.

Abuse of women

- The number of reported rape cases;
- The number of cases of workplace abuse related to employees contracting HIV.

Social values, human rights and acceptance in the community

- The number of VTC clients;
- The number of homeless children, as a proxy indicator of the capacity of society to care for AIDS orphans;
- The number of people "coming out" as people living with AIDS.

Proposed objective-level indicators to use for the IDP:

- Prevalence of HIV amongst antenatal clinic attendees (using national sentinel surveillance procedure);
- Prevalence of HIV amongst antenatal clinic attendees below the age of 18 years (using national sentinel surveillance procedure);
- Teenage pregnancy incidence and rate;
- What indicators for impact on families etc?.

c) Strategies

These strategies should be emphasised:

- An effective, scientifically proven and culturally appropriate information, education and communication (IEC) strategy;

- Escalating accessibility and acceptability to voluntary HIV testing and counselling to all employees as well as the community;
- Improve STD management and promote increased condom use to reduce STD and HIV transmission among all employees and the whole community, more condom distribution;
- To provide a support system for all who live with the disease.

The Strategic Plan is structured according to the following four areas:

- Prevention;
- Treatment, care and support;
- Human and legal rights;
- Monitoring, research and surveillance.

In addition, the youth will be broadly targeted as a priority population group, especially for prevention efforts.

Priority Area 1: Prevention

- Strategy 1: Promote safe and healthy sexual behaviour
- Strategy 2: Improve the management and control of STDs
- Strategy 3: Reduce mother-to-child transmission (MTCT)
- Strategy 4: Address issues relating to blood transfusion and HIV
- Strategy 5: Provide appropriate post-exposure services
- Strategy 6: Improve access to Voluntary HIV Counselling and Testing (VCT)
- Strategy 7: Increase condom distribution (more condom points)

Priority Area 2: Treatment, care and support

- Strategy 8: Provide treatment, care and support services in health-care facilities
- Strategy 9: Provide adequate treatment, care and support services in communities
- Strategy 10: Develop and expand the provision of care to children and orphans

Priority Area 3: Human and legal rights

- Strategy 11: Create a supportive and caring social environment
- Strategy 12: Develop an appropriate legal and policy environment

Indicator	Indicator Type	Target	Year	Total
Infant Mortality Rate	per 1 000 live births	35 per 1 000 live births	2009	17
			2010	16
			2011	16

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Indicator	Indicator Type	Target	Year	Total
Facility mortality under 1 year rate	%		2012	16
			2009	6.8
			2010	6.9
			2011	6.9
			2012	8.2
Still Births Rate	%	2%	2009	2.1
			2010	2.6
			2011	3.5
			2012	2.2
Immunisation coverage	%	90%	2009	95.9
			2010	88.4
			2011	94.1
			2012	99.2
Antenatal visits per antenatal client rate	No	4	2009	4.5
			2010	3.7
			2011	3.4
			2012	6.4
Number of facilities providing antenatal care	No	All fixed facilities (238)	2009	238
			2010	238
			2011	238
			2012	233
Maternal Mortality Ratio	per 100 000 live births	270 per 100 000 live births	2009	244
			2010	253
			2011	177
			2012	213
Maternal Mortality Ratio	per 10 000 total births		2009	26
			2010	18
			2011	25
			2012	26
Male condoms distribution rate	No	10	2009	6.2
			2010	9.1
			2011	8.7
			2012	7.2
	%	1%	2009	0.9
			2010	0.8

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Indicator	Indicator Type	Target	Year	Total
Incidence of underweight children under 5yrs			2011	0.9
			2012	0.9

Table 50: Progress review of the Health Sector in the Northern Cape

2.9 SAFETY AND SECURITY

2.9.1 IMPORTANT TRENDS, PROBLEMS AND CHARACTERISTICS

a) Problems

- Crime (especially house breaking);
- HIV/Aids, especially along N1 route;
- Alcohol abuse.

b) Challenges

- To get more communities involved in social / community affairs;
- To obtain funds to address problems;
- To involve business;
- To alleviate poverty through job creation and other empowerment programmes;
- To encourage greater integration between various departments, municipalities and organisations;
- To create a data base for needs strategies and timeframes;
- Lights are required at the Wentworth Street Bridge near Norzwakazi.

c) Crime Statistics

The provincial crime statistics for April- March 2003/2004 – 2010/2011 is available. The police stations in Emthanjeni Municipality does experience problems of crime especially contact crime (crimes against a person) and property related crimes. Most of the contact crimes are prevalent in and around taverns.

The National Crime Situation indicates that the 20 serious crime tendencies can be breakdown into the following:

- Contact crime (crimes against the person);
- Contact related crime;
- Property related crime;
- Other serious crime;
- Crime detected as a result of police action.

Crimes heavily dependent on police action for detection include:

- Illegal possession of firearms and ammunition;
- Drug-related crime;

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- Driving under the influence of alcohol or drugs;
- All theft not mentioned elsewhere;
- Commercial crime;
- Shoplifting.

Property crimes remain scattered and there are no particular hotspots for these types of crimes. Key action includes amongst others regular meetings with relevant role players to identify "hot spots" and crime tendencies / priorities within the sector.

d) Key departmental programmes of the SAPS:

- Administration;
- Visible policing;
- Detective service.

Note: Each programme has its own set of departmental objectives and key performance areas.

By-Laws do exist in the Municipality boundaries but not used to good effect specifically in De Aar. The communities still drink in public parks (Nonzwakazi) Street 3, Van Der Merwe Park opposite SASSA building, Rose Park (Voortrekker Street) as well as area called 'springs' (in De Aar town where there are 'braai' facilities). Currently there are no notices indicating "No drinking of liquor allowed" that will enable the SAPS to act accordingly.

CHAPTER 3

CHAPTER 3: OVERVIEW OF 2014/15 FINANCIAL YEAR

3.1 PROJECTS IDENTIFIED AND IMPLEMENTED: 2014/15

As can be viewed from the IDP Review process of 2014/15, a number of projects have been identified to enable the fulfilment of the strategic objectives of Council. This section serves to provide a short overview of the progress regarding the completion of these projects as it provides a base on whether the projects are completed, whether it would have to be carried over into the new financial year or whether it is incomplete.

The projects are outlined as per the strategic objectives:

- KPA 1: Basic Services and Infrastructure Development
- KPA 2: Institutional Development and Municipal Transformation
- KPA 3: Good Governance and Public Participation
- KPA 4: Financial Viability
- KPA 5: Local Economic Development
- KPA 6: Safety and Security
- KPA 7: Social Development

During the strategic session of Council and Senior Management held on 17-18 March 2015, a detailed review was done on these strategic objectives and most of the projects were reviewed. The full report on this review is attached.

3.2 KEY PERFORMANCE AREA: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

3.2.1 STRATEGIC OBJECTIVE (SO): PROVISION OF ACCESS TO ALL BASIC SERVICES RENDERED TO RESIDENTS WITHIN THE AVAILABLE RESOURCES

Coef Centre Name	Ward	Project Name	IDP & SOBP	Indicator	Target	Funding Source	2013/14	2014/15	Status
Infrastructure	All	Limit % water unaccounted for to 25.50%	SOBP 14	No of kiloliters purchased/purified	25.50%				In progress
Infrastructure	All	% of water maintenance budget spent	BSO 18 SOBP 13	90% of maintenance budget of water spent	90%				In progress
Infrastructure	All	95% water quality as per SANS 241 requirements	BSO 26 SOBP 15	% water quality level	95%				In progress
Infrastructure	All	Complete refurbishment of De Aar WWTW by end June	SOBP 16	Project completed	1				Project completed

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Cost Centre Name	Ward	Project Name	IDP & SOBP	Indicator	Target	Funding Source	2013/14	2014/15	Status
Sanitation	All	Maintenance of sanitation assets		% of maintenance budget of sanitation spent	95%				In progress
Infrastructure	All	90% of waste water maintenance budget spent	SOBP 17	% of approved waste water maintenance budget spent	90%				In progress
Waste water		Quality of waste water discharge measured by the % water quality level		% waste water quality level of waste water discharge	75%				In progress
Roads	All	Maintenance of roads & storm water maintenance budget spent	SOBP 19	90 % of roads & storm water maintenance budget spent	90%				In progress
Waste removal		Weekly waste removals as per schedule		% implementation of schedule	95%				In progress
Electricity	All	Limit % electricity unaccounted for to 22%	SOBP 21& 35	No of electricity unit purchased – no of electricity units sold unaccounted for	%				In progress
Parks	All	90% of recreational & swimming pool maintenance budget spent	SOBP 22	% of maintenance budget spent	90%				In progress
	1-7	Approval of building plans after receipt of all outstanding information		% within 1 month	95%				In progress
		Keeping of building and town planning register		No of reconciliations	4				In progress
Sanitation	6	Developing Sewerage disposal site and fencing of refuse disposal site	BSD3			MIG	5 000 000		WWTW completed
Sanitation		Sewerage Pumps	BSD4			Emthanjeni			

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Cost Centre Name	Ward	Project Name	IDP & SOBP	Indicator	Target	Funding Source	2013/14	2014/15	Status
		replacement – De Aar electrical maintenance							
Community Services	1-7	Acquiring of refuse bins for the entire community	BSD5			Emthanjeni External funds			On-going Linked to ward programme
Community Services	1-7	7 general workers to assist with rubbish control	BSD6			Emthanjeni			Check no of workers Completed
Electricity	1-7	General maintenance to transformers of the municipality	BSD7			Emthanjeni – Maintenance budget	330 000	350 000	Ongoing
Sanitation	6	Waterborne sewerage for Hanover, Phase 2	BSD8	Approved business plan		MIG (R 16,0m)	5 000 000	11 000 000	Project not funded
Sanitation	7	Water borne sewerage for Britstown, Phase 2	BSD9	Approved business plan		MIG, DWA (R9m)	5 000 000	10 000 000	Funds approved for network and toilets
Sanitation	6,7,1-5	Construction of additional ablution facilities in Central business district's	BSD10			MIG (R500 000) Britstown & Hanover completed	300 000		Completed
Infrastructure		Water pipeline from the Orange River to Britstown (Van Der Kloof Pipeline)	BSD11			DWA, MIG Funding Total = R26m	20 000 000		Project not funded due to high cost and co-funding requirements
Infrastructure	1-5	Rehabilitation of old reticulation network in De Aar and replace old steel gages in the CBD	BSD12			MIG, DWA Total = R2m			Project not funded. Detail cost estimate and business plan outstanding
Water		Water Purification Plant	BSD13			MIG, DWA – R8M	2 000 000		Project implemented in all 3 towns
Water	1-5	Development of additional boreholes, De Aar	BSD14	% completion		MIG, DWA Total =R42m	20 000 000	1 640 000	Alternative for pipeline BSD11. Project approved and funding allocated
Water	1-7	Replacement of old water meters	BSD15			DWA, ACP		1 058 000	Project implemented

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Cost Centre Name	Ward	Project Name	IPF & SDBP	Indicator	Target	Funding Source	2013/14	2014/15	Status
Community Services	3,7	Establishment of Community recycling Stations	85D16			Emthanjeni, DENC			Carry over to 2015/16
		Permit application for Britstown & Hanover landfill sites		Approved business plan	100%				Completed Await final documentation from DWSA
Infrastructure	1,7	Study about the capacity of existing Land fill sites and identification of new sites	85D17			Emthanjeni, MIG			
Sanitation	4	Upgrading of De Aar Water Purification works	85D18 SDBP			MIG, DWAT+R11, 8m	5 200 000	3 000 000	Project 75% completed, Completion date March 2015
Electrical		Completion of high voltage connection to new hospital		% completed					Project completed
Electrical		Upgrading of Electrical Network in Waterval	85D19			Emthanjeni			Not funded
Infrastructure Roads	A8	Construct new surfaced roads	SDBP 18	No of kilometers constructed	2.5 km				Annual funded through MIG, own funds, EPWP
Infrastructure Roads	A8	Resealing of existing tar roads	85D20A SDBP 20	No of kilometers resealed		MIG Emthanjeni	719 000	601 000	Annual funded
Infrastructure	4, 5, 6, 7	Upgrading of Swimming pools and maintenance (Central De Aar, Oosk)	85D21			Emthanjeni, DSAC, DSD, DWSA		500 000	
Parks	3,4,5,6, 7	Refurbishment & maintenance of Sports grounds	85D22			External funds, Emthanjeni	2 000 000	5 000 000	Carry over to 2015/16
Corporate	2,3,4,5, 6,7	Upgrading & maintenance of Community halls	85D23			External funds, Emthanjeni SA Heritage Council	400 000		
Building		Capital Additions and Repairs to municipal buildings/office	85D24	% of budget spend	100%	Emthanjeni	728 000	957 121	1 061 000

CHAPTER 3

Cost Centre Name	Ward	Project Name	IPF & SDBP	Indicator	Target	Funding Source	2013/14	2014/15	Status
Building		Repairs to municipal stores	85D25			Emthanjeni			In progress
LED: Tourism		Repairs to Museums in Emthanjeni Municipality	85D26			Emthanjeni			In progress
LED		Maintenance of Commemage	85D27			Emthanjeni	160 000	160 000	In progress
Parks		Parks and garden equipment	85D28			Emthanjeni			In progress
Infrastructure		Erection of municipal cafeteria	85D29			Emthanjeni (T=R300,000)			
Infrastructure		Repairs to other buildings of the municipality (De Aar weather station, Schreiner house)	85D30			Emthanjeni	300 000		
Infrastructure		Professional Services for the Infrastructure offices	85D31			Emthanjeni	120 000	130 000	In progress
Infrastructure		General Operational items for the infrastructure department	85D32			Emthanjeni			Ongoing
Vehicles		Implementation of vehicle policy		Monthly vehicle inspection reports	12				In progress
Vehicles		Implementation of vehicle tracking system		Tracking system					In progress
Housing/Community Services	5-7	Building of Houses in Emthanjeni (backlog) [4114]	85D33			COGHSTA (R288m)	9 000 000	15 000 000	Planning & reasoning completed
Housing		Housing subsidies for rural labourers in Emthanjeni municipal area [350]	85D34			COGHSTA, DALRRD			Identification completed Ongoing/ no funds allocated
Housing		De Aar 61	85D35				3 669 825		Completed
Housing		Hanover 450 (services)	85D36				14 400 000		Completed
Housing		Britstown 150 (planning)	85D37				300,000.00		
Housing		De Aar 500 (planning)	85D38				1 000 000		
Roads		Upgrading of divisional roads	85D39			PKSDM			

CHAPTER 3

Cost Centre Name	Ward	Project Name	IDP & SDBP	Indicator	Target	Funding Source	2013/14	2014/15	Status
		In the municipal area							
Roads	1-7	Paving of streets in Emthanjeni Municipality – annually	BSD40			Emthanjeni, DPW, EPWP/R&Bm	2 800 000	3 000 000	3 000 000
Electricity		Provision of sufficient street lights for dark areas		No of street lights	50				Project not funded
Electricity	1-7	Street lighting in the Emthanjeni area (backlog exist)	BSD41			Emthanjeni, MIG(R&B, Om)			1 000 000
Electricity		High mast lighting behind St John's Primary School, Street	BSD42			Emthanjeni MIG(R&B,5m)	300 000		Project not funded
Infrastructure	4	Rehabilitation of existing sports facility in Nonzwakazi	BSD43			LOTTO		2 000 000	Project not funded
Infrastructure	5	Rehabilitation of existing sports facility at Central Sports ground – De Aar	BSD44			LOTTO	4 000 000	1 000 000	Tender process. Funding received insufficient
Storm water	3,4	Construction of storm water channel between Nonzwakazi and Barcelona (linked to BSD43)	BSD45			MIG (linked to BSD43)	1 500 000	1 500 000	Project implemented (part of project BSD 47)
Roads	6	Tar of access road between N1 and N10	BSD46			EPWP		2 000 000	Project not funded
Infrastructure	1-5	Storm water drainage upgrade	BSD47			MIST+R13,1 m	1 917 000	16 640 000	Project implemented
Community Services	1-7	Britstown new cemetery	BSD48	% spent of approved capital budget		DENC, Emthanjeni	300 000	300 000	Project implemented
Community Services	1-7	Completion of fencing or upgrading at all cemeteries	BSD49			Emthanjeni, DENC			New project Kereville cemetery
Community Services	1-7	Study into the capacity of existing cemeteries and the possibility of extensions (EIA)	BSD50	Report with recommendations to council		DENC, Emthanjeni/T+R1,2m	1 000 000	1 200 000	Project not funded

CHAPTER 3

Cost Centre Name	Ward	Project Name	IDP & SDBP	Indicator	Target	Funding Source	2013/14	2014/15	Status
Infrastructure		Upgrading and development of De Aar landing strip – realisation of Airport	BSD51			DEDI, DBSA, DTI, MIG (W&B R11,35m)			Project not funded
LED		Arts and Crafts Village Tourism hub	BSD52			Emthanjeni, DSAC, Private, DEDT (R2,5m)			2 500 000
LED/ Infrastructure	5	Development of middle income housing – Ransig area	BSD53			Private			New project – Study on Housing Needs
Infrastructure / Corporate Services		Construction of new Traffic Office building and Capital Expenditure	BSD54			Emthanjeni	370 000	392 200	Completed
Infrastructure	1	Construction of Community hall for Ward 1	BSD55			MIG, DPW(T+R2m)			Project not funded
Infrastructure / Development	1-7	Ward Development Programme	BSD56			Emthanjeni/T+R8,4m	2 100 000	2 100 000	
Infrastructure : Roads	1-5	Tarring of roads to schools in Nonzwakazi and De Aar East	BSD57			EPWP (ward dev fund)	1 500 000		Project 90% completed (part of project BSD 58)
Infrastructure : Electricity	7	Britstown High mast lighting	BSD58			MIG			1 000 000
Roads	1-7	Tarring Roads: Britstown: Kiet, Biko & Lang Street Hanover: Plato De Aar: Appel, Sade, Lenebekkie, Arend, Kemp, Street 1, Street 2, Street 31, Tokio Street	BSD59			MIST+R30m	8 227 000	11 258 000	Project 75% completed. Planned completion June 2016
Water	7	New Water Reservoir(T+R8, Om)	BSD60			MIG	2 000 000		Business plan completed, not funded
Streets	5	Upgrading Louw Street(next to new Hospital)	BSD61			EPWP		1 963 000	Project 75% completed
Energy/ Development	1-7	Renewable Energy Projects (Mainstream Power, Solar capital, Mulilo wind)	BSD62			Private, ESKOM, Dept. Energy			Ongoing

CHAPTER 3

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2013/14	2014/15	Status
		Concentrating solar, other.							
Storm water	1,2,3,4, 6,7	Storm water remedial actions – phase 2(R51,4m)	BS063			MIG			Business plan submitted to MIG
Electricity	1-7	Increase notified mail sum Removal(NMO) Bulk electricity Supply by 4.2 MVA	BS064			Emthanjeni Local Municipality	1 000 000	1 000 000	
Electricity	1-7	Prepaid Electricity Meters	BS065			Emthanjeni, MIG T=R3,3m	848 000	848 000	848 000
LTD/ Community Services	1-7	Environmental Awareness Campaign in the entire municipality	BS066			Emthanjeni, DENC	50 000		External project. Youth in Waste
Environment at Health	1-7	Regulating Noise pollution and enforcement of By Laws	BS067			Emthanjeni, SAPS			Ongoing
Community Services	1-7	Upgrading and improvement of municipal parks	BS068			Emthanjeni	50 000		Ongoing 28 & 65 to be combined
Environment at Health	All	Review Integrated Waste Management Plan & submit to Council and June	BS069& SDBIP 3	Integrated Waste Management Plan submitted to council end June	1	DOH			Submit to council end June
Community Services	1-7	Primary Health	BS070			DOH			To be removed
Development /Community Services	1-7	Upgrading & maintenance of parks, open space and walkways within the Emthanjeni Municipality/Freedom Parks	BS071			DENC T=R3,5m			No funding allocated. Need Business Plan
Operation Kgotso Pula Nala Programme	4	Streets 4.5 + 6	BS072				2 500 000		Project 58% completed
PoleyaKaSeme District Office (Dept. Education)	1	Upgrade water supplies	BS073				500 000		

CHAPTER 3

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2013/14	2014/15	Status
PoleyaKaSeme District Office (Dept. Education)	1	Conversion of vacant hotel into offices Phase 2-Car parking, Paving, Landscaping, Storeroom	BS074			R2,5m	2 500 000		
Infrastructure	5	Vehicle for Infrastructure Services				External loan		6 000 000	
Infrastructure	5	Upgrading of De Aar waste water Treatment Works Phase 2		Completion certificate	100%	DWA (ACIP) R 28.5 mil		2 000 000	Business plan in process
Infrastructure	6	Main sewer line and pump station Hanover 470		Completion certificate	100%	MIG R 2,74m	2 237 750	502 250	Business plan submitted to MIG
Infrastructure	6	Paving of sidewalks Hanover				DPW (EPWP)		500 000	Business plan in process
Infrastructure	1,4,6,7	New streets Phase 2		% completed	100%	MIG			Business plan in process
	4	Tarring street 12, Nonowakal		% completed	100%	DPW (EPWP)		1 000 000	Funding allocated
	4,6	tarring		% completed	100%	DPW (EPWP)		500 000	Applied for funding

Table 52: Strategic Objective 1 – 2014/15

3.3 KEY PERFORMANCE AREA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

3.3.1 STRATEGIC OBJECTIVE (STO): DEVELOPMENT AND TRANSFORMATION OF THE INSTITUTION WITH THE AIM OF CAPACITING THE MUNICIPALITY IN MEETING THEIR OBJECTIVES

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2013/2014	2014/2015	Status
Corporate Services	All	0.7% of operating budget spent on training as per approved skills development plan (Actual total training expenditure/total operational budget)(x100)	SDBIP 1	% of the total municipal budget spent	0.7%				In progress
		Creation of an institution with sustainable capacity		% vacancy level as % of approved organogram	14%				In progress

CHAPTER 3

Cost Centre Name	Ward	Project Name	IDP & SOBP	Indicator	Target	Funding Source	2013/2014	2014/2015	Status
Corporate Services	6	Establishment of post office in Hanover	MTD1			GCTE, Post Office			No progress
Corporate Services	All	Review Human Resource Plan & submit to Council end June	SOBP 2 & MTD2	Human Resource Plan submitted to Council end June	1	Emthanjeni			In progress
		Completion of abscondment & absenteeism policies		Number of policies	1				In progress
		Health and Safety Audit		% completed					
Corporate Services	All	Establish a client service desk by end June	SOBP 3	Service desk established by end June	100%				In progress
Corporate Services	All	No of people from employment equity target groups employed (appointed) in 3 highest levels of management in compliance with Employment Equity Plan	SOBP 6	No of people employed appointed	1				In progress
Corporate Services		Prorogation of By Laws – review adopted by laws	MTD3	Number of by laws		Emthanjeni, COGHSTA			Ongoing
		Implement a system to monitor council resolutions		% completed					In progress
LED / Tourism		Implement the branding strategy of Emthanjeni		Number of phases	2				
		Compile maintenance needs analysis for all municipal buildings and offices		Number of analysis completed					Ongoing
Corporate Finance		General Valuation	MTD4			Emthanjeni, COGHSTA	650 000	200,000	
Community Services	17	General work to municipal libraries, Library Dev Fund, Transformation, awareness,	MTD5			Emthanjeni, DSAC	679 000	757 000	Completed

CHAPTER 3

Cost Centre Name	Ward	Project Name	IDP & SOBP	Indicator	Target	Funding Source	2013/2014	2014/2015	Status
		usage promotion							
Corporate Services	17	Equipment for Community halls	MTD6			Emthanjeni	29 051	29 051	Ongoing
Development /Corporate services		Establishment and implementation of Employee assistance Programme	MTD7			Emthanjeni	1 400 000		
Corporate Services		Maintenance of Municipal Website	MTD8			Emthanjeni			
Corporate Services		Publishing of quarterly newsletters	MTD9			Emthanjeni			
Infrastructure Corporate		Construction of employee recreation facility	MTD10			Emthanjeni			No progress
Corporate/ Infrastructure	1-7	Resurfacing of Streets/Building s/Places	MTD11			DSAC, Emthanjeni			
Corporate services	5	Replacement of Equipment & Machinery				Emthanjeni		1 729 000	

Table 52: Strategic Objective 2 – 2014/15

3.4 KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

3.4.1 STRATEGIC OBJECTIVE (STO): PROMOTE REPRESENTATIVE GOVERNANCE THROUGH THE SUSTAINABLE UTILIZATION OF AVAILABLE RESOURCES IN CONSULTATION WITH THE RESIDENTS OF EMTHANJENI MUNICIPALITY

Cost Centre Name	Ward	Project Name	IDP & SOBP	Indicator	Target	Funding Source	2013/2014	2014/2015	Status
MM	All	Develop a Risk based audit plan % submit to audit committee end June for approval	SOBP 11	RBAP submitted to audit committee end June	1				Completed
MM	All	Implement RBAP for 2014/15. (Audits completed for period/ planned audits for period) x 100	SOBP 12	Audits completed for period/ planned audits for period) x 100	70%				Ongoing
		Annual completion of a service delivery		Annual approved Service	100%				Completed

CHAPTER 3

Cost Centre Name	Ward	Project Name	IDP & SOBIP	Indicator	Target	Funding Source	2013/2014	2014/2015	Status
		and budget implementation plan in line with municipal functions and approved budget		delivery budget implementation plan					
		Monitoring of municipal performance with regard to service delivery		No of performance reports evaluated annually	4				Ongoing
MM		Conduct a citizen satisfaction surveys to determine citizen satisfaction		Survey conducted annually	100%				
		Implement initiatives in the anti-corruption strategy as approved		No of initiatives implemented	1				Carry over
		Implementation of public participation policy		No of initiatives implemented	1				
		Implement public education campaigns on municipal services and natural resources		No of educational campaigns implemented	1				Part of environmental campaign
Development	1-7	Educating the communities about vandalism and abuse	GGPP1			Emthanjeni, OTSL			Part of Community Safety Plan
Office of the Mayor/ Electricity	1-7	Revive Lights for the entire municipality	GGPP2			Emthanjeni			Ongoing
Development		IDP review process and IDP Representative forum processes	GGPP3			Emthanjeni, MSIG	300 000	25 440	Ongoing
Office of the Mayor/ Speaker	1-7	Operations/ Support to Ward committees	GGPP4			Emthanjeni, MSIG	105 000	116 000	Ongoing
Office of Mayor/ Speaker	1-7	Quarterly Council Meets the People/ Isimbobo	GGPP5			Emthanjeni			Quarterly
Office of the Mayor/ Speaker	1-7	Annual Mayoral Games	GGPP6			Emthanjeni			Ongoing

Table 52: Strategic Objective 3 - 2014/15

CHAPTER 3

3.5 KEY PERFORMANCE AREA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

3.5.1 STRATEGIC OBJECTIVE (STO): MAINTAINING A FINANCIALLY SUSTAINABLE AND VIABLE MUNICIPALITY

Cost Centre Name	Ward	Project Name	IDP & SOBIP	Indicator	Target	Funding Source	2013/2014	2014/2015	Status
Financial Services	All	Submit annual financial statements by end August to Auditor General	SOBIP 24	Statements submitted to AG end August	1				Completed
Financial Services		Monthly financial reporting to Council		No of reports	100%				Ongoing
Financial Services	All	Financial viability measured its available cash to cover fixed operating expenditure	SOBIP 25	Available cash + investments / Monthly fixed operating expenditure	0,5				Ongoing
Financial Services	All	Financial viability measured its municipality's ability to meet its service debt obligations	SOBIP 26	Debt coverage (Total operating revenue - operating grants received/ debt service payments due within the year	30				Ongoing
Financial Services	All	Financial viability measured its outstanding service debtors	SOBIP 27	Total outstanding service debtors/ revenue received for services	20,50%				Ongoing
Financial Services	All	No of formal residential properties receive piped water that is connected to municipal infrastructure	SOBIP 30	No of residential properties billed for water or have pre-paid meters	8 000				Ongoing
Financial Services	All	No of formal residential properties connected to municipal electrical infrastructure	SOBIP 31	No of residential properties billed for electricity or have pre-paid meters	8 000				Ongoing
Financial Services	All	No of formal residential properties connected to municipal waste	SOBIP 32	No of residential properties billed for sewerage	8 000				Ongoing

CHAPTER 3

Cost Centre Name	Ward	Project Name	IDP & SOBIP	Indicator	Target	Funding Source	2011/2014	2014/2015	Status
		water sanitation/ sewerage network, irrespective of no of toilets							
Financial services	All	No of formal residential properties for which refuse is removed once/week	SOBIP 33	No of residential properties which are billed for refuse removal	8 000				Ongoing
Financial services	All	Provide free basic electricity, water, sanitation & refuse removal to qualifying indigent households earning less than R 1350	SOBIP 34	No of households receiving free basic services	2 400				Ongoing
Financial services		Provision of free basic water its equitable share requirements		No of HH receiving free basic water	7 500				Ongoing
Financial services		Quantum of free basic water per household its equitable share requirements		Quantum of free basic water provided per household	6 KL				Ongoing
Financial services		Provision of free basic sanitation its equitable share requirements		No of HH receiving free basic sanitation	2 500				Ongoing
Financial services		Provision of free basic sanitation its equitable share requirements		Quantum of free basic sanitation provided per HH	R 143.50				Ongoing
Financial services		Provision of free basic electricity its equitable share requirements		NO of HH receiving free basic electricity	2 500				Ongoing
Financial services		Provision of free basic electricity its equitable share requirements		Quantum of free basic electricity per HH	50kwh				Ongoing
Financial services		Provision of free basic refuse removal its equitable share requirements		No of HH receiving basic free refuse removal	2 500				Ongoing

CHAPTER 3

Cost Centre Name	Ward	Project Name	IDP & SOBIP	Indicator	Target	Funding Source	2011/2014	2014/2015	Status
Financial services		Provision of free basic refuse removal its equitable share requirements		Quantum of free basic refuse removal per month per HH	R 89.47				Ongoing
Financial services		Completion of Revenue enhancement Strategy		% completion	100%				Completed
Financial Services	All	Achievement of a payment percentage of above 80%	SOBIP 28	Gross Debtors closing balance + billed revenue – Gross debtors opening balance + bad debt x 100	> 80%				Ongoing
Financial Services	All	Submit adjustments budget for approval to Council by end February, draft budget end March & final budget end May	SOBIP 29	Adjustment budget end Febr, draft budget end March & final budget end May	3				Completed
Financial services		Annual review of SCM policy in line with legal requirements		% completed	100%				Completed
Financial services		Submit the top layer SOBIP to Mayor within 14 days after approval of the budget		Top layer SOBIP submitted to mayor	1				Completed
Financial services		Submit Mid-Year Performance Report its Sec 71 of MFMA to Mayor.		Mid-year report submitted to Council	1				Completed
Financial services		Submit draft main budget to Council for approval by end March		Main budget submitted to Council	1				Completed
Financial services		Submit the Sec 71 of the MFMA reports to Council		No of Sec 71 reports submitted to Council	12				In progress
Corporate Services/Finance		General Valuation	FVFM1			Emthunjeni, COGHSTA	200 000	200 000	

CHAPTER 3

Cost Centre Name	Ward	Project Name	IPP & SOBP	Indicator	Target	Funding Source	2013/2014	2014/2015	Status
Financial services		Convenience of Financial reforms system	FVFM2			Emthanjeni	970 000	1 060 000	In progress
Financial services		Replacement of office computers - equipment	FVFM3 SOBP			Emthanjeni	989 000	660 903	In progress
Financial services		Upgrading of Financial Management System	FVFM4			Emthanjeni	800 000	1 000 000	Ongoing
Financial services		Upgrading of Data Connection (3G and Storage)	FVFM5			Emthanjeni	500 000	550 000	Ongoing
Financial services		Office Space for Finance Staff	FVFM6			Emthanjeni	600 000	300 000	Not done yet
Financial services		Capacitating of Staff	FVFM7			Emthanjeni	900 000	1 200 000	Ongoing
Financial services		Replacement of Equipment and Machinery	FVFM8			Emthanjeni	1 984 000	1 417 523	391 678
Financial services		Repairing, painting, overall conditions of offices for the MTEF period	FVFM9			Emthanjeni	1 200 000		Ongoing
Financial services	All	Achieve an unqualified audit opinion	FVFM10B SOBP 23	Audit opinion received	1	Emthanjeni	2 000 000		Qualified opinion

Table 54: Strategic Objective 3 – 2014/15

3.6 KEY PERFORMANCE AREA: LOCAL ECONOMIC DEVELOPMENT

3.6.1 STRATEGIC OBJECTIVE (STO): PROMOTE THE EQUITABLE CREATION AND DISTRIBUTION OF WEALTH IN EMTHANJE MUNICIPAL AREA

Cost Centre Name	Ward	Project Name	IPP & SOBP	Indicator	Target	Funding Source	2013/2014	2014/15	Status
Corporate services	All	Jobs created through municipality's LED, including capital projects	SOBP 4	No of jobs opportunities created	550	EPWPCWP Ward projects	95 000	95 000	
		Skills development for local economic development		No of workshops	2	In conjunction with Transnet			1 workshop /town
Development	5	Development of Shopping Mall and Filling Fuel Station in De Aar	LED1			Private Total R 30m			In progress Land transferred

CHAPTER 3

Cost Centre Name	Ward	Project Name	IPP & SOBP	Indicator	Target	Funding Source	2013/2014	2014/15	Status
Development	7	Construction of Filling Fuel Station – Britstown	LED2			Private			Project removed
Development	1	Revival of Cherry Farm project – Hydroponic plant	LED3			Emthanjeni, DALRRD			Continuous Project will expand
Development	6,7	Craft centres along the N1 and N12 routes (Britstown & Hanover)	LED4			Emthanjeni, Arts and Culture Council			Completed
Development / Infrastructure		Integrated Dry Cleaning project	LED5			External funds T=R1,2m			Completed
Development / Infrastructure		Otrich Abattoir plant	LED6			External funds T=R2,5m			No progress
Development / Infrastructure	1	Luseni Project (commonage land)	LED7			External funds, Emthanjeni T=R1m			Project suspended
Development / Infrastructure	5	Community brick making project - paving	LED8			Emthanjeni, external funds, DTI T=R500,000			No progress
Development		Leather tannery & wool washing (community)	LED9			Agriculture, DTI T=R1,3m			No progress
Development		Kaki Bush project	LED10			Agriculture, UFS, DEAT			No progress
Development		Integrated Cleaning Enterprise	LED11			DTI T=R1,5m			No progress
Development	4	Poultry project (Bellary farm)	LED12			DALRRD, NEF T=R1,3m			No progress
Development - Tourism		Commission study on tourism possibilities – N10 Corridor	LED13			DEDT, Emthanjeni			Still to be done
Development		Establishment of Emthanjeni Development Agency	LED14			SEDA, NCEDA, DTI		1 200 000	No progress
Development		Economic Strategy review and mentorship programme	LED15			DEDT, Emthanjeni, DTI	254 400		Carry over
Development	4	Toilet Paper project (private entity – cooperative)	LED16			Emthanjeni, DTI (project launched) – funding required	700 000		No progress

CHAPTER 3

Cost Centre Name	Ward	Project Name	TOP & SDBP	Indicator	Target	Funding Source	2013/2014	2014/15	Status
Development	5	Rail Revitalization Project with Transnet (Housing, SMME) – (link LED 30)	LED17			DTSL, Private Emthangeni, Transnet			Continuous
Development / Infrastructure		Conference and Accommodation facility/opportunity	LED18			DEDT, Private/Trsm			No progress
Tourism		Tourism Strategy with LED Strategy, implementation of branding (link LED22)	LED19			Emthangeni, DEDT	426 400		No progress
Development		Construction of new building materials plant.	LED20			Private			Completed
Development / Infrastructure		Urban Renewal Programme: Nonzwakazi/ Neighborhood development	LED21			External funds, National Treasury			No progress
Development /Corporate Services		Promotion and Marketing of the municipality (link LED19) (Tourism Strategy)	LED22			Emthangeni, DEDT Total R26m			No progress
Development		Event Management business venture (business plan)	LED23			SEDA, DTI			No progress
Development	6	Happy Nappy Project/ Project Established)	LED25			DSD			In progress
Development		Paragliding World Event (as per business plan)	LED26			NCTA, External funds, Emthangeni, Fly De Aar			In progress
Development	1-7	Iron Ore Manganese Smelter	LED27			ESKOM, DE, Private			Project to be removed
Development	1-7	Commission study on Emthangeni Economic Growth Patterns	LED28			Emthangeni, DEDT, DTI, NEF	600 000		No progress
Development : Tourism	1-7	Branding Roll out programme	LED29			Emthangeni, DEDT, DTI	275 600		
Development	1-7	De Aar – Warehouse Hub linked to Railway (link LED17)	LED30			DTSL, Transnet, Private, DTI			Completed

CHAPTER 3

Cost Centre Name	Ward	Project Name	TOP & SDBP	Indicator	Target	Funding Source	2013/2014	2014/15	Status
						(Total cost: R263m)			
Development	1-7	Youth Centre Hub	LED 31			DRDLR			Completed
Development	1-7	Support to Emerging Farmers	LED 32			DRDLR	107 192	107 192	Continuous
Development	1-7	Energy Tool Kits	LED 33			DRDLR			No progress
Tourism/Heritage	5	Renovation/ Upgrade of St Paul Church – Tourism Information Centre and Museum	LED34			DSAC, Emthangeni, Heritage Council SA, NC Arts/Culture Council	100 000		

Table 55: Strategic Objective 4 – 2014/15

3.7 KEY PERFORMANCE AREA: SAFETY AND SECURITY

3.7.1 STRATEGIC OBJECTIVE (STO): CONTRIBUTE TO THE CREATION OF COMMUNITIES WHERE RESIDENTS AND VISITORS CAN WORK, LIVE AND PLAY WITHOUT THREAT TO THEMSELVES OR THEIR PROPERTIES

Cost Centre Name	Ward	Project Name	TOP & SDBP	Indicator	Target	Funding Source	2013/2014	2014/2015 At end Jan	Status
Community Services	All	Develop Fire-Arm Management Policy & submit to Council by end June	SDBP 10	Fire Arm Management Policy submitted to Council by end June	1				
Community services		Optimal collection of fines issued for the financial year		% of fines collected	70%		18%	9%	Ongoing
Community services		Law enforcement initiative to decrease incidents affecting traffic safety		No of road blocks	24		28	11	Ongoing
Community services		Participate in Annual National Arrive Alive Programme		No of joint operation	2		0	1	Is a Provincial Initiative

CHAPTER 3

Cost Centre Name	Ward	Project Name	IP & SOBP	Indicator	Target	Funding Source	2013/2014	2014/2015 At end Jan	Status
Community services		Speed law enforcement – Direct stop & prosecution		No of enforcement sessions	48 changed to 16		58	10	Ongoing
Community services		Implement AARTD		No of MOL's signed					In progress
Community services		Road safety awareness campaigns held in all wards		No of campaigns	7		4	4	Ongoing
Community services		Increase capacity of traffic services to optimize revenue collection		No of staff appointed	2				Completed Ongoing
Community services	All	Review Community Safety Plan & submit to Council by end June	SOBP 7	Community Safety Plan submitted to Council end June	1				Completed
Community Services	All	Review Disaster Management Plan & submit to District Municipality end March	SAS1A SOBP 8	Disaster Management Plan submitted to District Municipality end March	1	Emthangeni T=8300,000	300 000		Completed
Traffic Services, Roads	1-7	Establishment of routes for cycling and pedestrians	SAS2			Emthangeni, DTS(T=8700,000)		700 000	Carry over
Traffic Services		Development of Integrated Transport Plan	SAS3			DRPW T=8300,000	200 000		Carry over
Corporate/ Traffic Services	5	Diverse Parking meter system project(Agency Service)	SAS4			DSD, Intelko Trading			
Infrastructure / Traffic	1-7	Construction of Speed humps in the entire municipality (Ward Dev. Fund) – Rename to Speed Calming Initiatives	SAS			Emthangeni, EPWP			Continuous
Community services		Reaction time to emergencies to fire brigade service act		N within 16 minutes	100%				Project to be removed
Traffic Services		Upgrading of Fire Station	SAS6			Emthangeni, PESOM, COGHSTA, Private			Costing completed no funds allocated

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Cost Centre Name	Ward	Project Name	IP & SOBP	Indicator	Target	Funding Source	2013/2014	2014/2015 At end Jan	Status
Community services		Upgrade of Fire Station apparatus							Completed
Traffic Services	5	Additional Robot for De Aar	SAS7			Emthangeni		55 000	
Traffic Services		Vehicles for traffic services	SAS8			Emthangeni			
Infrastructure - Development		SANDF Project(Project suspended)	SAS9			SANDF			Project to be removed
Traffic Services, Roads	4,5	Transnet subway point and safety rails	SAS10			Emthangeni, Transnet T=8300,000		300 000	Completed Railings new project
Community/ Infrastructure	1-7	Address areas with poor lighting (Crime Hotspots)	SAS11			Emthangeni, SAPS, Transnet, DTSL	160 000		Ongoing

Table 56: Strategic Objective 5 – 2014/15

3.8 KEY PERFORMANCE AREA: SOCIAL DEVELOPMENT

3.8.1 STRATEGIC OBJECTIVE (STO): CONTRIBUTE TO THE DEVELOPMENT AND PROTECTION OF THE RIGHTS AND NEEDS OF ALL RESIDENTS WITH A PARTICULAR FOCUS ON THE POOR

Cost Centre Name	Ward	Project Name	IP & SOBP	Indicator	Target	Funding Source	2013/2014	2014/2015	Status
Corporate Services	All	Review Rural Development Strategy & submit to Council end June	SOBPS	Rural Development Strategy submitted to Council end June	1				No progress
Community services		Decrease substance abuse & crime through public awareness campaigns		No of campaigns	1				Continuous
Mayor		Implement gender development programmes		No of programs					Continuous
Mayor		Commemoration of Youth Day							
OFTM/ Youth	1-7	Skills Development programme for young/ emerging contractors	SDG7			NYDA, LGSETA R250,000			

Cost Centre Name	Ward	Project Name	IDP & IDRP	Indicator	Target	Funding Source	2013/2014	2014/2015	Status
OFTM/Youth	1-7	Skills development programme for young people sewing, designing	SD18			ELM, DCL, SETA's, KHULA, NEF R300,000			
Office of the Mayor (OFTM)	1-7	Development of amusement stations for young people	SD20			Emthanjeni, NYDA T=82,5m			
OFTM-Youth		Upgrade Youth Advisory Centre	SD21			Emthanjeni, NYDA R200,000			

Table 57: Strategic Objective 6 – 2014/15

CHAPTER 4: STRATEGIC AGENDA

4.1 INTRODUCTION

Strategic Planning is central to the long-term sustainable management of any municipality. Hence, the municipality developed a 5-year strategic plan, i.e. for the period 1 July 2012 to 30 June 2017 as part of an integrated governance system of planning and delivery. In this regard, the plan includes directives to achieve the municipal vision, to promote the national and provincial developmental agenda, to expand and enhance municipal infrastructure, and to ensure that all residents have access to essential (basic) services. This plan (and process) serves as a framework for service delivery and must inform the following:

- The annual budget of the municipality;
- The budgets and investment programmes of all sector departments (national and provincial) which implement projects or provide services within the municipal area;
- The business plan(s) of the municipality;
- Land-use management guidelines;
- Economic promotion measures;
- The municipality's organisational structure and management systems; and;
- The municipality's monitoring and performance management system.

The following high-level strategic directives were developed as part of the current five-year local government planning and implementation time-frame, i.e. 2012 to 2017.

The point of departure is to formulate a vision for the municipality and to formulate and prioritise key strategic objectives in line with the national strategic objectives. Following from the strategic objectives, key performance indicators with projects are identified that will ensure that the vision is reached.

The following outlines the process of Emthanjeni as identified and formulated during the original drafting of the IDP and the review processes, including the review of 2014/15:

4.2 VISION

During the Strategic Session on 17-18 March 2015, the vision was reviewed from:

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

To

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

4.3 MISSION

- "To provide a quality service at all times
- Value our resources both human and financial

- Develop an active citizenry
- Create a conducive environment for economic growth"

4.4 VALUES

The Emthanjani Municipality is anchored in the following fundamental values:

- **Service Excellence:** We are never satisfied with yesterday's way of doing things and are always looking for new ways to do our work better, faster, smarter and we do it best always;
- **Transparency:** We will communicate realness in our dealings with colleagues and clients at all times;
- **Integrity:** We will communicate realness in our dealings with colleagues and clients and shall be upstanding at all times;
- **Corruption Free:** Our organization will be viewed by those, both within and without, as honest and upstanding and thus deal with all forms of corruption;
- **Caring:** We will always be sincere and be truthful to ourselves and our clients. We will live for each other as a team;
- **Respect:** We will show respect, trust and loyalty to our colleagues and clients by dealing with them in an open and honest manner;
- **Accountability:** We will be accountable for all our actions, good or bad and deal with the consequences thereof;
- **Civic Empowerment:** We will always seek to create an environment where our community may learn, grow and be fulfilled and reach their full potential;
- **Honesty:** We shall at all times ensure that we handle all matters like they are, without creating unrealistic expectations and at all times communicating the truth;
- **Equality:** We shall at all times, eliminate discrimination and strengthen good relations between the various parties within our environment and promote and protect human rights;
- **Loyalty:** We shall be devoted with faithfulness to all our stakeholders and in particular the vision for the development of our organization;
- **Discipline:** We shall at all time focus ourselves on the main goal and are willing to achieve that goal at the expense of our own comfort.

4.5 STRATEGIC OBJECTIVES

The following objectives and strategies (with sub-strategies) to address identified challenges, have been articulated by the municipality as an outcome of the community engagement process. The IDP strategic objectives are listed under each strategy, which are also linked to service area outcomes, departmental and district objectives. It informs the IDP implementation plan (IMAP) that finalise the predetermined objectives (PDO) and align it with the municipal budget and performance system.

The following table outlines the extent of alignment with other levels of government to achieve the national strategic objectives and key performance indicators:

4.5.1 ALIGNMENT OF EMTHANJANI LOCAL MUNICIPALITY STRATEGIC OBJECTIVES

Millennium Development Goals	Vision 2030	Medium Term Strategic Framework	National Outcomes	Provincial Strategic Objectives	Keyes Ka Sima District Strategic Objectives	Emthanjani Strategic Objectives
Eradicate extreme poverty and hunger	An economy that will create more jobs	Speed up economic growth and transform the economy to create decent work and sustainable livelihoods	Decent employment through inclusive economic growth	Ensure creation of decent jobs and sustainable livelihoods	To facilitate the creation of as many as possible sustainable jobs ensuring food security and improving the living conditions of communities by implementing projects in the community	Promote the equitable creation and distribution of wealth in Emthanjani Municipal area
	Improving infrastructure	Massive programme to build economic and social infrastructure	Effective, competitive and responsive economic infrastructure network	Enhancing infrastructure for economic growth and social development		
	Transition to a low carbon economy					
Ensure environmental sustainability	An inclusive and integrated rural economy	Comprehensive rural development strategy linked to land and agrarian reform and food security	Vibrant equitable and sustainable communities and food security			Provision of access to all basic services rendered to residents within the available resources
	Reversing the spatial effects of apartheid			Promoting growth, diversification and transformation of the provincial economy	Meet the 2014 housing target through an accelerated human settlement programme.	
Achieve universal primary education	Improving the quality of education, training and innovation	Strengthen the skills and human resource base	Improve the quality of basic education	Developing requisite levels of human and social capital	The District Municipality should restructure their policies to include the opportunity for learnerships to form part of their operations	Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objectives
			A skilled and capable workforce to support inclusive growth			

Millennium Development Goals	Vision 2030	Medium Term Strategic Framework	National Outcomes	Provincial Strategic Objectives	Policy to Some District Strategic Objectives	Emthatheni Strategic Objectives
Reduce child mortality	Quality health care for all	Improve the health profile of society	Improve health and life expectancy	To reduce child mortality by two-thirds by 2014		
Improve maternal health						
Combat HIV/AIDS, malaria, and other diseases	Social protection	Intensify the fight against crime and corruption	All people in South Africa protected and feel safe	Reduce new transmission of HIV and STI's by 50% by 2014		Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties
	Building safer communities					
Promote gender equity and empower women Develop a global partnership for development	Transforming society and uniting the country	Pursue regional development, African advancement and enhanced international cooperation	A better South Africa, a better Africa and World	Improving the efficiency and effectiveness of governance and other development institutions	Improve the small business support strategy to emerging businesses in the area for improved social cohesion.	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

Table 58: The Alignment of the Emthatheni 2016 Strategic Objectives with the Key National, Provincial and District strategies

The Municipality has agreed on seven (7) Strategic Objectives (STO) that are to be achieved:

IDP Strategic Objective 1	Provision of access to all basic services rendered to residents within the available resources.
Outcome	Delivery of basic services at an exceptional standard Enhanced service delivery
POO's	Good quality water available to citizens and income generated through provision of this service Free basic water provided as per RSA Constitution Fully functional sewerage system Assuring good quality roads Storm water management improved Houses meet the standard as determined by National Government Community safety improved through adequate street lighting To provide waste management services
National KPA	Basic service delivery and infrastructure development
District Strategic Objective	To improve and maintain the quality of roads and promote effective and save transport for all
IDP Strategic Objective 2	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.

Outcome	To embark on turnaround strategy To support the turnaround strategy of the municipality's administration A Comprehensive skills plan that is congruent with growing needs of the municipality Skills gaps identified and plan developed and submitted to SETAs to fund training plan Performance management system in place with performance contracts for all directors and senior staff in the municipality
POO's	Improvement in administrative management of the municipality Funding secured from SETAs and training delivered Improved utilization of staff Effective monitoring and evaluation
National KPA	Institutional development and municipal transformation
District Strategic Objective	To deliver sound administration and financial services, to ensure good governance and viability
IDP Strategic Objective 3	Promote the equitable creation and distribution of wealth in Emthatheni Municipal area.
Outcomes	LED strategy developed with clear plans for job creation.
POO's	LED strategy implemented leading to economic growth Enhance job creation To improve the municipal procurement processes and related programmes to promote local economic development.
National KPA	Local Economic Development
District Strategic Objective	To pursue economic growth opportunities that will create decent work
IDP Strategic Objective 4	Maintaining a financially sustainable and viable Municipality
Outcomes	A strategy is developed to ensure the long term financial viability and health of the municipality Clean Audit Report System is in place to track spending according to budget allocation System in place that works and is able to deal with non-delivery of staff
POO's	All grants due are paid The municipality in the next 5 years is able to increase its current revenue base Increase accountability and fiscal discipline Increased accountability and more effective service delivery To work towards achieving an unqualified audit
National KPA	Municipal Financial Viability and Management
District Strategic Objective	To deliver sound administrative and financial services, to ensure good governance and viability
IDP Strategic Objective 5	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthatheni Municipality.
Outcome	Staff are trained and live the principles of Batho Pele Strategy and plan developed for effective information sharing and communication with the public Ward committee members are trained about their role and responsibility Councilors are trained on their role and responsibility. Councilors set up mechanisms within the ward for ongoing consultation with the community. Improvement of audit outcome in terms of compliance and governance matters. Compliance system implemented and monitored
POO's	To improve the functioning of the ward committee system To improve communication to all municipal stakeholders To strengthen the public participation processes To manage the municipal risk environment with internal audit processes To improve the management of performance in the municipality

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	To maintain a healthy, safe and secure environment for all citizens in the municipal area To maintain and monitor the compliance management system To ensure compliance with good governance principles as prescribed by legislation and best practice
National KPA	Good Governance and public participation
District Strategic Objective	To ensure good governance and viability
IDP Strategic Objective 6	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties
Outcome	A safe and healthy environment for all
PDO's	To create an environment that is safe and healthy for all who live in the province
National KPA	To create a safe and healthy for all who live in South Africa
District Strategic Objective	To ensure a safe and healthy environment for all
IDP Strategic Objective 7	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor
Outcome	Support provided to improve the development and protection for all who live in the Province
PDO's	The development and protection for all who live in the Province
National KPA	To ensure the development and protection for all who live in South Africa
District Strategic Objective	To ensure the development and protection of the rights for all in the District

Table 59: Strategic objectives of the municipality

4.6 KEY PERFORMANCE INDICATORS

The issues identified by the communities were translated into following Key Performance Areas (KPA), as per the seven (7) strategic Objectives:

KPA	Key Performance Areas	STO	Strategic Objectives	PR	Priority
KPA1	Basic Service Delivery	STO1	Provision of access to all basic services rendered to residents within the available resources	PR1	Housing Development
				PR2	Sanitation
				PR3	Water Infrastructure
				PR4	Energy
				PR5	Roads and storm water
				PR6	Waste management
				PR7	Commonage
				PR8	Cemeteries
				PR9	Public amenities
				PR10	Environmental management
KPA2	Municipal Transformation and Institutional Development	STO2	Development and transformation of the institution with the aim of capacitating	PR11	Institutional development
				PR12	Occupational health and safety

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KPA	Key Performance Areas	STO	Strategic Objectives	PR	Priority
			the municipality in meeting their objectives	PR13	Employee wellness programme
				PR14	Implementation and monitoring of policies
				PR15	Corporate Services (HR)
KPA3	Local Economic Development	STO3	Promote the equitable creation and distribution of wealth in Emthanjeni municipal area	PR16	SMME development
				PR17	Planning
				PR18	Tourism development
				PR19	Land use management
				PR20	Financial Management services
KPA4	Municipal Financial Viability and Management	STO4	Maintaining a financially sustainable and viable Municipality	PR21	Clean Audit 2015
				PR22	Asset Management
				PR23	Implementation of Property Rates Act
				PR24	Implementation of financial reforms
KPA5	Good Governance and Public Participation	STO5	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality	PR25	Community participation
				PR26	IDP/Budget processes
				PR27	Proper functioning of ward committees
				PR28	Support to Council committees
				PR29	Communication
KPA6	Safety and Security	STO6	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	PR30	Traffic Road safety
				PR31	Road safety control
				PR32	Fire and rescue
				PR33	Disaster management
				PR34	Community safety
KPA7	Social Development	STO7	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	PR35	Health
				PR36	Education
				PR37	Sports and recreation
				PR38	Youth development
				PR39	Women Empowerment
				PR40	Children
				PR41	Disability
				PR42	Older persons
				PR43	Poverty Alleviation

Table 60: Municipal Context of Priority Issues

4.7 PROJECTS IDENTIFIED TO FULFILL STRATEGIC OBJECTIVES AND KEY PERFORMANCE INDICATORS

The **Key Performance Areas** focuses on addressing the following priority issues which are not in order of priority.

4.7.1 STRATEGIC OBJECTIVE 1:

Key Performance Area: 1: Basic Service Delivery KPI: Provision of access to all basic services rendered to residents within the available resources			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To regulate and control land development and a building regulatory services within the legal mandate and approved policies	Approval of building plans after receipt of all outstanding information	% within 1 month	95%
To regulate and control land development and a building regulatory services within the legal mandate and approved policies	Keeping of building and town planning register	No of reconciliations	4
To provide housing opportunities within available resources	Provide services for new housing sites	No of sites	200
To provide housing opportunities within available resources	Provision of Low income houses (Top structure)	No of top structures	200
To provide housing opportunities within available resources	Planning of new housing sites	No of sites	1 000
To provide all communities quality water, manage demand and maintain existing infrastructure	Implementation of the WCWDM project funded by DWA	% of approved funding spent	100%
To provide all communities quality water, manage demand and maintain existing infrastructure	Water assets is maintained	% of maintenance budget of water spent	95%
To provide all communities quality water, manage demand and maintain existing infrastructure	Planning of new boreholes for De Aar	DWA approval and agreements with farmers	1
To provide all communities quality water, manage demand and maintain existing infrastructure	Develop new boreholes for De Aar	% completion	100%
To provide all communities quality water, manage demand and maintain existing infrastructure	Limit unaccounted water	% of water unaccounted for	19.50%
To provide all communities with a sanitation service and maintain existing infrastructure	Upgrading of De Aar WWTW	% of grant funding spent	100%
To provide all communities with a sanitation service and maintain existing infrastructure	Upgrade UDS sanitation system to full waterborne in Hanover	Approved business plan	1
To provide all communities with a sanitation service and maintain existing infrastructure	Upgrade UDS sanitation system to full waterborne in Britstown	Approved business plan	1
To provide all communities with a sanitation service and maintain existing infrastructure	Sanitation assets is maintained	% of maintenance budget of sanitation spent	95%
To provide all communities with a sanitation service and maintain existing infrastructure	Quality of waste water discharge measured by the % water quality level	% water quality level of waste water discharge	75%
To upgrade and maintain road infrastructure	Provision of new tar roads	No of kilometers	1km
To upgrade and maintain road infrastructure	Maintenance of all roads	% of maintenance of roads spent	90%
To upgrade and maintain road infrastructure	Resealing of existing tar roads	No of kilometers	1,5km

Key Performance Area: 1: Basic Service Delivery KPI: Provision of access to all basic services rendered to residents within the available resources			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To provide a solid waste service and maintain existing infrastructure	Weekly waste removals as per schedules	% implementation of schedules	95%
To provide a solid waste service and maintain existing infrastructure	Permit application for Britstown and Hanover Landfill sites	Approved business plan for funding	100%
To upgrade and maintain storm water infrastructure	New Storm water projects	No of kilometers	TBD
To upgrade and maintain storm water infrastructure	Storm water assets is maintained	% of maintenance budget of storm water spent	95%
To upgrade and maintain storm water infrastructure	Application for Phase 2, Storm water project	Council approved business plan	1
To provide a quality electricity supply, manage demand and maintain existing infrastructure	Management of electrical provisioning system	% of electricity unaccounted for	20%
To provide a quality electricity supply, manage demand and maintain existing infrastructure	Completion of high voltage connection to new hospital	% completed	100%
To provide street and area lighting	Provision of sufficient street lights for dark areas	No of streetlights	50
To deliver a service in respect of cemeteries	New cemetery in Britstown	% spent of approved capital budget	100%
To deliver a service in respect of cemeteries	Investigate new cemetery for De Aar	Report with recommendations to Council	1
To maintain and administer parks and recreational facilities, sporting facilities and swimming pools	Maintenance of park, recreational facilities, swimming pools	% of monthly maintenance budget spent	95%
To maintain all community halls and facilities	Maintenance of community halls	Monthly inspection reports	12
To maintain the fleet of the municipality	Implementation of vehicle tracking system	Tracking system	1
To maintain the fleet of the municipality	Implementation of vehicle policy	Monthly vehicle inspection reports	12
To assess work processes	Assess the work processes and recommend equipment to be sourced per department	Work processes assessed	1
To maintain the fleet of the municipality	Develop a fleet Management / equipment management system across all departments	Development of a fleet management system	1
To develop a maintenance unit	Develop a maintenance unit within the municipality	Maintenance unit in municipality	1
To develop a maintenance schedule for all equipment	Development of a maintenance schedule for all equipment	Maintenance schedule for all equipment	1
To develop an awareness programme of asset management	Develop and implement an awareness programme of asset management	Awareness programme of asset management	1
To determine cost on community services to informal settlements	Conduct an assessment on the cost to provide community services to informal settlements	Cost to provide community services to informal settlements	1

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Table 61: Strategic Objective 1

4.7.2 STRATEGIC OBJECTIVE 2

Key Performance Area 2 – Institutional development and municipal transformation STO: Institutional Development and Municipal Transformation			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Skills development	% of the total municipal budget spent	7%
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Creation of an institution with sustainable capacity	% Vacancy level as % of approved organogram (National norm 10-15%)	14%
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Compilation of a comprehensive Human Resource Plan	% completed	100%
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Completion of the abscondment and absenteeism policies	Number of policies	1
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Health and safety audit for the organization	% completed	100%
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Establish a client service desk	% completed	100%
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Review existing adopted by-laws	Number of by-laws	3
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Implement a system to monitor Council resolutions	% completed	100%
To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation	Implement the branding strategy of Emthanjeni	Number of phases	2
To upgrade and maintain municipal buildings and offices	Compile a maintenance needs analysis for all municipal buildings and offices (libraries, halls, youth advisory centres offices, traffic department)	Number of analysis completed	1
To upgrade and maintain municipal buildings and offices	Implement prioritized maintenance for municipal buildings and offices as identified in the maintenance needs analysis	% of budget spend	100%
To review organizational structure	Conduct a wholesale review organisational structure	Organizational structure reviewed	1
To review organizational structure	Reassign current staff into other positions where possible	Current staff reassigned	TBD
To review organizational structure	Prioritise and budget for vacant posts	Vacant posts prioritized	TBD

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Key Performance Area 2 – Institutional development and municipal transformation STO: Institutional Development and Municipal Transformation			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To enhance organizational productivity	Mobilise the outcomes through LUF	LUF outcomes mobilized	TBD
To ensure capacity building	Develop training programmes for supervisory management	Training programme	TBD
To capacitate supervisors on management tools	Develop a municipal reporting tool for supervisors	Supervisor reporting tool	1
To capacitate staff	Develop an induction manual / strategy	Induction manual	1
	Embark on an induction programme		1

Table 62: Strategic Objective 2

4.7.3 STRATEGIC OBJECTIVE 3

Key Performance Area 3 STO: Local Economic Development – Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Jobs created through municipality's local economic development initiatives including capital projects	Number of jobs created of contracts assigned to SMME's (temporary)	550
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Implement initiatives within the LED strategy	Number of initiatives implemented	2
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Assist entrepreneurs to become co-operatives	Number of entrepreneurs	2
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Supply chain workshops held for SMME's	Number of workshops	2
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Improved skills development for local economic development	Number of workshops organised	2
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Submit business plan for Tourism	% completed	100%
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Implement ward projects	Number of projects	7
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Develop a strategy to transform Emthanjeni into a Renewable Energy Hub	Renewable energy strategy	1
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Review the Investment and Incentive Policy to attract more developers	Investment strategy	1

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Key Performance Area 3			
S70: Local Economic Development - Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Establish a Renewable Energy Forum	Renewable Energy Forum	1
To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area	Develop an LED and Tourism Strategy	LED and Tourism Strategy	1

Table 63: Strategic Objective 3

4.7.4 STRATEGIC OBJECTIVE 4

Key Performance Area 4 - Financial Viability and Management			
S70: Financial Viability and Management			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To render a strategic financial management service to ELM.	Improve the Audit opinion from qualified to unqualified by end 2015/2016	% target reached.	100%
To render a strategic financial management service to ELM.	Timely submission of AFS	% target reached	100%
To render a strategic financial management service to ELM.	Monthly financial reporting to Council.	No of reports	12
To render a strategic financial management services to Emthanjeni Municipality	Financial viability measured in terms of the available cash to cover fixed operating expenditure	Cost coverage ((Available cash- investments)/ Monthly fixed operating expenditure	1.1
To render a strategic financial management services to Emthanjeni Municipality	Financial viability measured in terms of the municipality's ability to meet its service debt obligations	Debt coverage ((Total operating revenue- operating grants received)/debt service payments due within the year)	2
To render a strategic financial management services to Emthanjeni Municipality	Financial viability measured in terms of the outstanding service debtors	Service debtors to revenue - (Total outstanding service debtors/ revenue received for services)	67%
To render a strategic financial management services to Emthanjeni Municipality	Provision of free basic water in terms of the equitable share requirements	No of HH receiving free basic water	7 500
To render a strategic financial management services to Emthanjeni Municipality	Quantum of free basic water per household in terms of the equitable share requirements	Quantum of free basic water provided per household	6kl
To render a strategic financial management services to Emthanjeni Municipality	Provision of free basic sanitation in terms of the equitable share requirements	No of HH receiving free basic sanitation	2 500
To render a strategic financial management services to Emthanjeni Municipality	Provision of free basic sanitation in terms of the equitable share requirements	Quantum of free basic sanitation provided per household	143.50

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Key Performance Area 4 - Financial Viability and Management			
S70: Financial Viability and Management			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To render a strategic financial management services to Emthanjeni Municipality	Provision of free basic electricity in terms of the equitable share requirements	No of HH receiving free basic electricity	2 500
To render a strategic financial management services to Emthanjeni Municipality	Provision of free basic electricity in terms of the equitable share requirements	Quantum of free basic electricity per household	50kwh
To render a strategic financial management services to Emthanjeni Municipality	Provision of free basic refuse removal in terms of the equitable share requirements	No of HH receiving free basic refuse removal	2 500
To render a strategic financial management services to Emthanjeni Municipality	Provision of free basic refuse removal in terms of the equitable share requirements	Quantum of free basic refuse removal per month per household	R89.47
To strengthen and implement financial and asset management within Emthanjeni Municipality	Completion of a Revenue Enhancement Strategy	% Completion	100%
To strengthen and implement financial and asset management within Emthanjeni Municipality	Implementation of revenue enhancement strategy	No of initiatives for strategy implemented	1
To strengthen and implement financial and asset management within Emthanjeni Municipality	Achievement of a payment percentage of above 80%	Payment %	>80%
To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality	Complete General Valuation Roll	% Completed	100%
To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality	Complete Supplementary Valuation Roll	% Completed	100%
To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective	Annual review of SCM policy in line with legal requirements	% completed	100%
To implement financial reforms as required per MFMA	Preparation and submission of credible annual main and adjustments budgets	Approved main & adjustments budgets	100%
	Review the Rates and Tax Policy to include the solar sector	Rates and Tax Policy reviewed	1
	Reduce the evaluation timeframe to 60 days from 90 days	Evaluation timeframes reduced	1
	Streamline the processes of Supply Chain Management to be in line with the law	SCM streamlined with law	1
	Budget for the equipment to be purchased as part of work innovation	Equipment budgeted for work innovation	1
	Integrate innovation equipment into asset register	Asset register to include innovation equipment	1
	Upgrade the financial system of the municipality	Financial systems upgraded	1
	Close of all journals and accounts by the 15 th of each month	Journals and accounts closed by 15 th of month	12

Table 44: Strategic Objective 4

4.7.5 STRATEGIC OBJECTIVE 5

Key Performance Area: 5 STO: Good Governance and Public Participation: Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emphanjeni Municipality.			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To continuously review accountable and transparent governance processes as per Risk Based Audit Plan	Risk based audit plan approved annually	Plan approved	100%
To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)	Implementation of RBAP	% implemented	70%
To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance	Annual compilation of a service delivery and budget implementation plan in line municipal functions and approved budget	Annual approved Service delivery budget implementation plan	100%
To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance	Monitoring of municipal performance with regard to service delivery	No of performance reports evaluated annually	4
To manage the municipality within the local government regulatory framework and provide guidance and support to the council	Conduct a citizen satisfaction surveys to determine citizen satisfaction	Survey conducted annually	100%
To manage the municipality within the local government regulatory framework and provide guidance and support to the council	Implement initiatives in the anti-corruption strategy as approved	No of initiatives implemented	1
To manage the municipality within the local government regulatory framework and provide guidance and support to the council	Implementation of the public participation policy	No of initiatives implemented	1
To manage the municipality within the local government regulatory framework and provide guidance and support to the council	Implement public education campaigns on municipal services and natural resources	No of education campaigns implemented	1
	Establish and refresh all Supply Chain Management Committees in order to comply with the law	100% established	100%
	Conduct an assessment to test the feasibility to have a lift within the main building and other buildings	Assessments completed	1

Table 45: Strategic Objective 5

4.7.6 STRATEGIC OBJECTIVE 6

Key Performance Area: 6 STO: Safety and Security – Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To provide traffic services in terms of the legislation, awareness and training to the community, law	Optimal collection of fines issued for the financial year	% of fines collected	70%

Key Performance Area: 5 STO: Safety and Security – Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
enforcement, road safety participation and fire protection services within the municipal area			
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	Law Enforcement initiative to decrease incidents affecting traffic safety	# of road blocks	24
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	Participate in annual National Arrive Alive Programme	Number of joint operations	2
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	Speed law enforcement (direct prosecution)	# of enforcement sessions	48
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	Implement R2	Number of MOU's signed	
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	Road safety awareness campaigns held in all wards	Number of campaigns	7
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	Increase capacity of traffic services to optimize revenue collection	Number of staff appointed	2
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	Establish community safety plans in conjunction with the Department of Community Safety and the District to address safety challenges within the communities	Number of plans	7
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	Annually review and submission of the Disaster Management Plan for assessment by the District	% completed	100%
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	Inspect and assess infrastructure and role players to ensure disaster operational readiness and submit assessment report	Number of reports	1
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	Compile contingency plans for all municipal buildings	Number of plans	2
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	Reaction time to emergencies i.t.o fire brigade services act (< 16 minutes) average response time	% Within 15 minutes	100%

Table 46: Strategic Objective 6

4.7.4 STRATEGIC OBJECTIVE 7

Key Performance Area 7			
S7O: Social Development – Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor.			
Pre-determined Objective	Activity/Strategy	Unit Measurement	Target
To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	Decrease substance abuse and crime through public awareness campaigns regarding substance abuse and crime	Number of campaigns	1
To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	Implement gender development programmes	Number of programs	1
To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	Commemoration of Youth Day	Youth day	1
To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	Implement youth development programs	Number of programs	3
To improve and facilitate rural development in the municipal area	Establish commonage committee	% established	100%
To improve and facilitate rural development in the municipal area	Compile a rural development strategy	% completed	100%
To facilitate library awareness and promote education	Awareness programmes through exhibitions	Number of campaigns	10

Table 67: Strategic Objective 7

4.8 COMMUNITY AND STAKEHOLDERS PRIORITY ISSUES

The following list of priority issues were identified communities and stakeholders through the participation process and represent a general trend of service delivery needs in most of the wards that were consulted. The issues were therefore translated into key performance areas; hence the municipal priority issues were developed.

During the 2015/2016 financial year, the following projects were identified and prioritized by the various wards. This overview is included as to enable an evaluation of progress on these projects/issues

Ward	Area	Projects	Priorities
1	Louisvale, Montana, Kareeville, Sunrise	Storm water drainage (Louisvale)	Economic Development
		Beautification of entrances (Louisvale)	Housing Delivery
		Greening of the area	Electricity improvements
		Revitalization of houses, eg Seder Street	Youth Development
		Upgrading of cemetery	Availability of Agricultural land
		Development of additional parks	
		Youth Development (skills/opportunities)	

Ward	Area	Projects	Priorities
		Upgrading of electricity network, eg repair 5 MVA transformer Sub-B	
		Housing development for mix/gap middle-high income streams	
		Good governance	
		Illegal dumping of refuse in ward	
		Upgrading & extension of clinic	
2	Leeuwenshof, Residential, New Bright, Happy Valley, Extension 20, Klein Kareeville, Extension 7	Building of refuse containers	Economic Development
		Irregular refuse removal	Housing Delivery
		Issue of rates and taxes (too high)	Improve Infrastructure
		Building of speed humps & tarring of Caroline street	Basic Service Delivery
		Speed humps & tarring of Rand street	Job Opportunities
		Lightning for Mctavish, Werworth street and Arend Street	
		Refuse removal Klein Kareeville	
		Paving and slurry for Rand street	
		Job creation	
		Facility for artisans	
		BCE eg small contractors	
		Construction of danger signs on c/o Arend Strand Apostolic Church	
		Upgrading of parks, eg Merino Park	
Upgrading of cemetery			
3	Nonzwakazi, Portion of Waterdal	Upgrading or Tarring of Street 2 & Tarring of Street 1	Economic Development
		Revitalization of houses and toilets	Housing Delivery
		Upgrading & fencing of the cemetery	Improve Infrastructure
		Upgrading of infrastructure	Skills Development
		Dumping sites problematic (street 1)	Job opportunities
		Overall improvement of dumping sites	
		Youth unemployment	
		Sport & recreation facilities	
		Additional facilities to be developed for current park	
		Refuse removal	
Maintenance & improvement of the municipal buildings & sport ground			
Transformer for Nonzwakazi			
4	Barcelona, Malay Camp, Portion of Nonzwakazi, Macarena and farms	Improve street lightning	Economic development
		High mast lightning near the Day Clinic	Housing Delivery
		Upgrading of road in front of Multi-Purpose Centre	Improve Infrastructure

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Ward	Area	Projects	Priorities		
		Refuse containers	Job opportunities		
		Sport Facilities	Youth development		
		Paving			
		Gravel road (exit road from Macarena to Barcelona)			
		Leaking taps (Malay Camp)			
		Duplication with the numbering of houses			
		Loose roof plates, eg revitalization of roofs & houses			
		Transformer problematic			
		Cracked halls			
		Skills development			
		Parks for kids/ recreation facilities			
		5	Town area & part of Waterdal	Refurbishment: Schreiner House	Economic development
				Street lights	Housing Delivery
Stands overgrown with weeds	Improve Infrastructure				
Alien plants	Unemployment				
Truck Stop	SMME				
6	Kwazi, Nompumelelo, Joe Slovo Park, Tonnadoville, Hanover (town)	Increase of clinic visits e.g. 2x a week	Economic development & employment creation		
		Fully operational Post Office for Hanover	Housing Delivery		
		Satellite Traffic Office for Learners License	Sanitation e.g. replacement of the bucket system		
		Establishment of LED Forum for Hanover	Improve infrastructure		
		Kerbing & channeling for new streets and old streets	Availability of agricultural land		
		Speed humps (Joe Slovo Street)			
		Plated street names			
		Paving of Streets: completion of Neptune Street			
		Swimming pool			
		Upgrading of sports ground (basket, netball & tennis court)			
		Signage of halls, sport ground, parks & Municipal Office			
		Upgrading & repairs of RDP houses (Revitalization)			
		Upgrading & fencing of hall			
		Fencing (park in town)			
		Storm Water			
		Provision for watering of trees			
		Fencing of landfill sites			
Provision of a park between Cape stands & Tonnadoville					

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Ward	Area	Projects	Priorities
7	Jansenville, Mzwabantu, Britstown (town) and Proteaville	Additional grave yard	
		Recreational facilities	
		Youth Development	
		Replacement of USD toilets	
		Housing	
		Job creation e.g. permanent employment	Economic development
		Upgrading of the museum	Housing Delivery
		Development of sport facilities	Provision of Infrastructure
		Cleaning of parks	Unemployment
		Upgrading of roads	SMME development
		Ablution facilities	
		Youth Development	
		Truck-stop & One-stop Centre	
		Service Delivery	
		Future plans:	
		<ul style="list-style-type: none"> • Upgrading of storm water • Maintenance and upgrading of halls • Housing • Tourism Development 	
		Revitalization of houses & toilets	
		Revitalization of parks & golf club houses	
		Street lights, eg high mass lighting	
Sidewalks for main streets			

Table 68: Community Needs

A series of workshops were held with the Steering Committee and Representative Forum to ascertain the relevance of the needs listed. The needs were aligned with the IDP projects and new issues and projects were added to the current lists of needs and projects.

Major areas identified by the communities that require attentions include;

- Improvement of Infrastructure,
- Skills development,
- Economic growth,
- Provision of housing,
- Job opportunities,
- Sustainable services,
- Youth development and
- Housing.

4.9. SECTOR PLANS

Introduction

The integration phase is the phase of ensuring internal strategy consistency with regards to:

- Strategic vision and objectives;
- Financial and institutional resources contexts;
- Policy or legal requirements.

All integrated plans and/or operational strategies that Emthanjeni Municipality has compiled or is in the process of compiling are listed below:

Water Services Development Plan

The Document was finalized in 2007 and adopted by the Council. It is reviewed on an annual basis.

Capital Investment Programme

Capital Investment Policy is included with the Budget of the municipality.

Performance Management System

The PMS serves as yardstick to measure indicators of Municipal Manager, Directors and senior managers in order to perform on those indicators as stipulated in performance agreements. For 2014/2015 the council adopted an approach to cascade PMS one level down in order to encourage those managers to take their responsibilities serious and improve service delivery. The council had adopted PMS Policy Framework to guide the abovementioned process for implementation.

Attached is the PMS Project Plan for 2014/105 to outline activities which need to be undertaken in guiding the process.

Attached is copy of draft PMS municipal scorecard which is operationalized to assist the process of SOBIP and those performance Agreements.

Macro Organizational Structure

The organogram was adjusted with the understanding of adhering to national shifts in priorities for Local Government. The reviews are considered within the year.

Integrated Spatial Development Framework

Emthanjeni Municipality developed a Spatial Development Framework. The framework was adopted by Council in February 2007 and will serve as a guide for spatial development within the Municipality. The Spatial Development Framework would be reviewed

in the 2014 / 2015 financial year. We have requested the assistance of Department of Agriculture, Land Reform and Rural Development to prioritize our municipality when funding municipalities.

Integrated Institutional Plan

Part of the Institutional Programme is capacity building amongst officials and Councillors. It is acknowledged that the dynamic environment of local government poses new challenges on a daily basis to the officials and Councillors of the Municipality. The Municipality has appointed an official who is responsible for skills development and the skills development programmes.

HIV/Aids Strategy and Policy

The Municipality does have an adopted HIV / Aids Policy for Councillors and officials. The integrated HIV / Aids Programme were reviewed during the 2011/2012 financial year.

Disaster Management Plan

The Municipality must consider developing a new plan to ensure compliance and readiness in the event of disaster. COGHSTA has committed their support with the development of the plan.

Environmental Management Plan

The Plan was adopted by Council implementation remains a challenge for the Municipality.

Integrated Waste Management Plan

Council adopted the plan; implementation remains the responsibility of the Municipality.

Local Economic and Marketing Strategy

The Municipality has approved a Local Economic Development and Marketing Strategy at a meeting of the Executive Committee on 15 April 2010. Continues updating occurs through the Public participation Committees processes. The strategy needs to be reviewed.

Integrated Transport Plan

The District was awaiting assistance from the Department of Transport Safety and Liaison to help local municipalities with the drafting of the plans. This has not yet transpired. The Municipality will have to consider drafting the plan.

Municipal Human Settlements Sector Plan

The Municipality does have a Municipal Human Settlements Sector Plan and has developed a housing accreditation business plan. The Emthanjeni Local Municipality would ensure that project readiness is in place in terms of bulk, EIA etc.

Tourism Strategy

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The Council has adopted a 10 year Tourism Plan (2010-2020). The Strategy needs to be reviewed to reflect on present challenges face our municipality of develop a plan for implementation of projects as identified in the strategy and maybe update out project list.

5 Year Financial Plan

The Capital Programme of the Municipality is included as an annexure. All Budget policies are adopted annually. It includes the Budget Policy, Customer Care, Indigent, Supply Chain Management, Cash and Investment, Credit Control and Debt Collection, Rates and Tariffs.

4.10 INTERGOVERNMENTAL SECTOR PLANS

The IDP contains previous information from various sector departments (National and provincial) residing in the Municipal Area. Those projects are inputs of previous year as reflected in the table below. This is essential for departments to forward their projects as part of integrated planning and implementation of programmes and projects, all those programmes and projects are already implemented.

Sector Plans from various intergovernmental Departments

Department	Ward/Area	Project	Target Date (where available)
Department Social Development	Britstown Mziwabantu	Lukhanyo SK, Food provision households in need	Inception 2013/2014 operational
	De Aar/ CBD	Ulonwabo DIC, Material assistance rendering a selection of community development services	Inception 2013/2014 operational
	Britstown Mziwabantu	Desert House of Fire Food Garden, own food production and income generated	Inception 2013/2014 operational
	Hanover	Happy Nappy, income generating	Inception 2007 operational
	De Aar / CBD	Emthanjeni Car Wash, income generating	Inception 2013/2014 operational
	De Aar / CBD	Emthanjeni Diverse Parking System, income generating	Inception 2006 operational
	De Aar	Tina Cowley Reading Centre, reading centre	Inception 2011/2012 Outsourced
	Hanover	Hanover Food garden, own food production and income generation	Inception 2011/2012
Cooperative, Governance, Human Settlements and Traditional Affairs	Hanover	Soup Kitchen	Inception 2013/2014
	De Aar	De Aar 9, Top Structure	02/2012
	De Aar	De Aar 16, Top Structure	02/2012
	Hanover / Ward 6	Hanover 45, Top Structure	04/2012
Department of Health	De Aar Town	Building of new De Aar Hospital	

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Department	Ward/Area	Project	Target Date (where available)
	De Aar Town Clinic	Normal maintenance. On list for possible upgrading if funding become available	
	Green Point	Normal maintenance	
	Britstown	Only normal maintenance, possible erection of guard house	
	Hanover	Normal maintenance	
	Montana Area	Park home for Montana clinic for additional consulting rooms; process incomplete; matter taken up with the Provincial and National Department of Health. Waiting for feedback on possible completion.	
	All Wards	HIV Counseling and testing Male medical circumcision(MMC) Outreach activities also to farming areas	
	All areas	Functional community participation structures <ul style="list-style-type: none"> District AIDS / Health Council functional – continue Clinic committees and hospital boards appointed and trained; ensure functionality in 2015-2016 and retrain where necessary 	
Pixley ka Seme District Municipality	Region	HIV / AIDS Unit Establishment of District AIDS Council of which all departments and stakeholders who is having HIV/AIDS Programmes should report to.	
SASSA		Food parcels to needy learners Social grants to school going age children School Uniform	
Department of Agriculture, Land Reform and Rural Development	De Aar	Emthanjeni Hydroponics: Packing Facility Certification of the facility	2015/2016
	Hanover	Goat Cheese Factory Feasibility Study	2015/2016
Department of Roads and Public Works	Emthanjeni Municipal Area	Operation Kgotsi, Pula Nala Project, Nonzwakazi	2014/2015
	Emthanjeni Municipal Area	Flood Damages Project: 23 beneficiaries employed	2015/2016
	Emthanjeni Municipal Area	Repairing of potholes project: 10 beneficiaries to be employed	2015/2016
Department of Economic Development and Tourism	De Aar	Skate Park Development	2015/2016
Department of Education	Delta P.S.	New Large Admin Block	2013/2014
	Phakamisaani H.S.	New Large Admin Block	2013/2014

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Department	Ward/Area	Project	Target Date (where available)
	Monwabisi H.S.	Construction of Computer Lab	2013/2014
	Alpha PS	Admin, ablution, 20 classrooms, HOD's, Storerooms, Media, Computer Lab, Computer Classroom, Hall	
	Kareeville PS	2 single ECD classroom required	2013/2014
	Hanover Hostel	Hostel refurbishment	2013/2014
	St John's P.S.	Full service school	2013/2014
	Orion HS	2 New Classrooms	2013/2014
	De Aar HS	New Fencing	2013/2014
	Alpha PS	New Fencing	2013/2014
	Theron HS	New Fencing	2013/2014
	Phakamisani HS	New Fencing	2013/2014
	Paley ka Seme District Offices	Conversion of vacant hostel into offices Phase 2: Car Parking, Paving, Landscaping, Storeroom	2014/2015
	Paley ka Seme District Offices	Upgrade sanitation system	2013/2014
	Hanover Hostel	Repairs & Renovations	2013/2014
	St Johns PS	Full Service School	2014/2015
NGO/CBO's	Ethembeni Trauma Centre	Non State Sector – Phase II programme	Industrial Development Trust
SEDA	ELM Paley Ka Seme District Municipality	Support rendering institution to SMME's	Continuous

Table 69: Sector Plans

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CHAPTER 5: MUNICIPAL ACTION PLAN FOR 2015/16 FINANCIAL YEAR

5.1 INTRODUCTION

This section consists out of the following two sections:

Section 1: Projects 2015/16 Financial Year

This section describes the various projects that will have to be implemented in the 2015/16 Financial Year and is divided into three sub-sections, namely

- Projects of a statutory/strategic nature and/or policy design/review
- Projects carried over from the previous financial year as some projects are either multi-year projects or could not be completed in the 2014/14 financial year and is carried over into the new financial year
- New projects

Section 2: Financial Viability of the Municipality

The municipality can only implement projects successfully and therefore achieve its strategic objectives given the extent of the financial viability of the municipality. This section gives a brief overview of the anticipated financial viability in the 2015/16 financial year.

Section 1: Projects 2015/16 Financial Year

The following projects have been identified for the 2015/16 financial year for implementation as per National Key Performance Area/Strategic Objective:

5.1.1 KEY PERFORMANCE AREA: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic objective (sto): Provision of access to all basic services rendered to residents within the available resources

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Infrastructure	All	Limit % water unaccounted for to 19,50%	No of kiloliters purchased/purified	19,50%	Operational	X
Infrastructure	All	% of water maintenance budget spent	90% of maintenance budget of water spent	90%	Operational	X
Infrastructure	All	95% water quality as per SANS 241 requirements	% water quality level	95%	Operational	X
Sanitation	All	Maintenance of sanitation assets	% of maintenance budget of sanitation spent	95%	Operational	X

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Infrastructure	All	90% of waste water maintenance budget spent	% of approved waste water maintenance budget spent	90%	Operational	X
Waste water		Quality of waste water discharge measured by the % water quality level	% waste water quality level of waste water discharge	75%	Operational	X
Roads	All	Maintenance of roads & storm water maintenance budget spent	90% of roads & storm water maintenance budget spent	90%	Operational	X
Waste removal		Weekly waste removals as per schedule	% implementation of schedule	95%	Operational	X
Electricity	All	Limit % electricity unaccounted for to 22%	No of electricity unit purchased – no of electricity units sold unaccounted for	%	Operational	X
Parks	All	90% of recreational & swimming pool maintenance budget spent	% of maintenance budget spent	90%	Operational	X
	1-7	Approval of building plans after receipt of all outstanding information	% within 1 month	95%	Operational	X
		Keeping of building and town planning register	No of reconciliations	4	Operational	X
Sanitation		Sewerage Pumps replacement – De Aar electrical maintenance	Replace sewerage pumps	1	Emthanjeni	X
Community Services	1-7	Acquiring of refuse bins for the entire community	Complete acquiring of refuse bins		Emthanjeni External funds	X
Community Services	1-7	7 general workers to assist with rubbish control	Employ general workers with rubbish control	7	Emthanjeni	X
Electricity	1-7	General maintenance to transformers of the municipality	Maintenance on transformers	100%	Emthanjeni – Maintenance budget	350 000

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Sanitation	6	Waterborne sewerage for Hanover, Phase 2	Approved business plan	1	MIG (R 16,0m)	11 000 000
Sanitation	7	Water borne sewerage for Britstown, Phase 2	Approved business plan	1	MIG, DWA (R36m)	10 000 000
Infrastructure		Water pipeline from the Orange River to Britstown (Van Der Kloof Pipeline)	Complete water pipeline from Orange river to Britstown	1	DWA, MIG Funding Total = R36m	
Infrastructure	1-5	Rehabilitation of old reticulation network in De Aar and replace old steel pipes in the CBD	Rehabilitate reticulation network in De Aar	1	MIG, DWA Total = R2m	
Water	1-5	Development of additional boreholes, De Aar	% completion	100%	MIG, DWA Total = R42m	16 640 000
Community Services	1-7	Establishment of Community recycling Stations	Establish community recycling stations	100%	Emthanjeni, DENC	
Infrastructure	1-7	Study about the capacity of existing Land fill sites and identification of new sites	Complete study re capacity of land fill sites	1	Emthanjeni, MIG	
Electrical		Upgrading of Electrical Network in Waterdal	Upgrade electrical network in Waterdal	1	Emthanjeni	
Infrastructure Roads	All	Construct new surfaced roads	No of kilometers constructed	2,5 km	MIG, EPWP, Emthanjeni	
Infrastructure Roads	All	Resealing of existing tar roads	No of kilometers resealed		MIG Emthanjeni	601 000
Infrastructure	4, 5, 6, 7	Upgrading of Swimming pools and maintenance (Central De Aar, Oasis)	Upgrade swimming pool	100%	Emthanjeni, DSAC, DSD, DWA	500 000
Parks	3,4,5,6, 7	Refurbishment & maintenance of Sports grounds	Refurbish sport grounds	100%	External funds, Emthanjeni	5 000 000
Corporate	2,3,4,5, 6,7	Upgrading & maintenance of Community halls	Upgrade community halls	100%	External funds, Emthanjeni SA Heritage Council	
Building		Capital Additions and Repairs to	% of budget spend	100%	Emthanjeni	957 121

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
		municipal buildings/offices				
Building		Repairs to municipal stores	Repair municipal stores	100%	Emthanjeni	
LED: Tourism		Repairs to Museums in Emthanjeni Municipality	Repairs to museums	100%	Emthanjeni	
LED		Maintenance of Commonage	Maintenance of commonage	100%	Emthanjeni	160 000
Parks		Parks and garden equipment	Obtain parks and garden equipment	100%	Emthanjeni	
Infrastructure		Erection of municipal cafeteria	Erection of municipal cafeteria	1	Emthanjeni(T=R30 0,000)	
Infrastructure		Repairs to other buildings of the municipality (De Aar weather station, Schreiner house)	Repair to municipal buildings	100%	Emthanjeni	
Infrastructure		Professional Services for the Infrastructure offices			Emthanjeni	130 000
Infrastructure		General Operational items for the infrastructure department			Emthanjeni	
Vehicles		Implementation of vehicle policy	Monthly vehicle inspection reports	12	Operational	
Vehicles		Implementation of vehicle tracking system	Tracking system	1	Operational	
Housing/Community Services	1-7	Building of Houses in Emthanjeni (backlog) [4114]	Complete building of houses	100%	COGHSTA (R288m)	15 000 000
Housing		Housing subsidies for rural labourers in Emthanjeni municipal area [350]	Complete housing subsidies for rural labourers	100%	COGHSTA, DALRRD	
Housing		Britstown 150 (planning)	Complete 150 houses in Britstown	1		
Housing		De Aar 500 (planning)	Complete planning for houses in De Aar	1	Operational	

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Roads		Upgrading of divisional roads in the municipal area	Upgrade divisional roads	Km	PKSDM	
Roads	1-7	Paving of streets in Emthanjeni Municipality – annually	Complete paving of streets	100%	Emthanjeni, DPW, EPWP/R,8m	3 000 000
Electricity		Provision of sufficient street lights for dark areas	No of street lights	50	Operational	
Electricity	1-7	Street Lighting in the Emthanjeni area (backlog exist)	No of street lights		Emthanjeni, MG (R1,0m)	
Electricity		High mast lighting behind St John's Primary School, Street	High mast lighting behind St John Primary school	1	Emthanjeni(MG)(R 0,5m)	300 000
Infrastructure	4	Rehabilitation of existing sports facility in Nonzwakazi	Complete rehabilitation of sport facility in Nonzwakazi	1	LOTTO	2 000 000
Infrastructure	5	Rehabilitation of existing sports facility at Central Sports ground – De Aar	Complete rehabilitation of sport facility in De Aar	1	LOTTO	1 000 000
Roads	6	Tar of access road between N1 and N10	Tar access road between N 1 and N10	1%	EPWP	2 000 000
Community Services	1-7	Kareeville cemetery			Emthanjeni, DENC	
Community Services	1-7	Study into the capacity of existing cemeteries and the possibility of extensions (EIA)	Report with recommendations to council	1	DENC, Emthanjeni-R1,2 m	1 200 000
Infrastructure		Upgrading and development of De Aar landing strip- realization of Airport	Upgrade and develop De Aar landing strip	1	DEDT, DBSA, DTI, MG (total R11,35m)	
LED		Arts and Crafts Village Tourism hub	Complete Arts & Crafts Village Tourism Hub	1	Emthanjeni, DSAC, Private, DEDT (R2,5m)	
LED/Infrastructure	5	Study in Housing Needs area	Complete study in Housing needs	1	Private	

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Infrastructure	1	Construction of Community hall for Ward 1	Construct community hall	1	MIG, DPW(T=R2m)	
Infrastructure/ Development	1-7	Ward Development Programme			Emthanjeni T=R8,4m	2 100 000
Infrastructure: Electricity	7	Britstown High mast lighting	Installed high mast lighting in Britstown	1	MIG	
Roads	1-7	Tarring Roads: Britstown: Riet, Biko & Lang Street Hanover: Plato De Aar: Appel, Sede, Leeubekkie, Arend, Kemp, Street 1, Street 2, Street 31, Tokio Street	Km of roads tarred	...Km	MIG T=R30m	11 258 000
Water	7	New Water Reservoir(T=R8,0 m)	New water reservoir completed	1	MIG	
Energy/ Development	1-7	Renewable Energy Projects (Mainstream Power, Solar capital, Mulilo) Wind, Concentrating solar, other.			Private, ESKOM, Dept. Energy	
Storm water	1,2,3,4, 6,7	Storm water remedial actions – phase 2(R53,4m)	Storm water remedial actions completed	100%	MIG	
Electricity	1-7	Increase notified maximum Removal(NMD) Bulk electricity Supply by 4,2 MVA	Increase of NMD bulk electricity supply	3	Emthanjeni Local Municipality	1 000 000
Electricity	1-7	Prepaid Electricity Meters	No of prepaid electricity meters		Emthanjeni, MIG T=R3,3m	848 000
LED/Community Services	1-7	Environmental Awareness Campaign in the entire municipality	No of environmental awareness campaigns		Emthanjeni, DENC	
Environmental Health	1-7	Regulating Noise pollution and enforcement of By Laws		100%	Emthanjeni, SAPS	
Community Services	1-7	Upgrading and improvement of municipal parks	Upgrade & improvement of municipal parks	100%	Emthanjeni	

CHAPTER 5

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Development/ Community Services	1-7	Upgrading & maintenance of parks, open space and walk-ways within the Emthanjeni Municipality/ Freedom Parks.	Upgrade & maintenance of parks, open space and walkways	100%	DENC T=R2,5m	
Infrastructure	5	Vehicle for Infrastructure Services	Number of vehicles		External loan	6 000 000
Infrastructure	5	Upgrading of De Aar waste water Treatment Works Phase 2	Completion certificate	100%	DWA (ACIP) R 28.5 mil	2 000 000
Infrastructure	6	Main sewer line and pump station Hanover 470	Completion certificate	100%	MIG R 2,74m	502 250
Infrastructure	6	Paving of sidewalks Hanover		100%	DPW (EPWP)	500 000
Infrastructure	1,4,6,7	New streets Phase 2	% completed	100%	MIG	
	4	Tarring street 12, Nonzwakazi	% completed	100%	DPW (EPWP)	1 000 000
	4,6	Tarring	% completed	100%	DPW (EPWP)	500 000

Table 70: Strategic Objective 1: Projects 2015/16

5.1.2 KEY PERFORMANCE AREA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Strategic Objective (STO): Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/2016
Corporate Services	All	0,7% of operating budget spent on training as per approved skills development plan (Actual total training expenditure/total operational budget)x100]	% of the total municipal budget spent	0,7%		
		Creation of an institution with sustainable capacity	% vacancy level as % of approved organogram	14%		

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/2016
Corporate Services	6	Establishment of post office in Hanover			GCIS, Post Office	
Corporate Services	All	Review Human Resource Plan & submit to Council end June	Human Resource Plan submitted to Council end June	1	Emthanjeni	
		Completion of abscondment & absenteeism policies	Number of policies	1		
		Health and Safety Audit	% completed			
Corporate Services	All	Establish a client service desk by end June	Service desk established by end June	100%		
Corporate Services	All	No of people from employment equity target groups employed (appointed) in 3 highest levels of management in compliance with Employment Equity Plan	No of people employed (appointed)	1		
Corporate Services		Promulgation of By Laws – review adopted by laws	Number of by laws		Emthanjeni, COGHSTA	
		Implement a system to monitor council resolutions	% completed			
LED / Tourism		Implement the branding strategy of Emthanjeni	Number of phases	2		
		Compile maintenance needs analysis for all municipal buildings and offices	Number of analysis completed			
Corporate Finance		General Valuation	Complete general valuation	1	Emthanjeni, COGHSTA	200 000
Community Services	1-7	General work to municipal libraries, Library Dev Fund, Transformation, awareness, usage promotion	Complete general work to libraries	100%	Emthanjeni, DSAC	757 000

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/2016
Corporate Services	1-7	Equipment for Community halls	Obtain equipment for community halls	100%	Emthanjeni	29 051
Development/ Corporate services		Establishment and implementation of Employee assistance Programme	Establish and implement Employee Assistance Programme	1	Emthanjeni	
Corporate Services		Maintenance of Municipal Website	Maintenance of municipal website	100%	Emthanjeni	
Corporate Services		Publishing of quarterly newsletters	Quarterly newsletters published	4	Emthanjeni	
Infrastructure Corporate		Construction of employee recreation facility	Construct recreation facility for employees	1	Emthanjeni	
Corporate/ Infrastructure	1-7	Renaming of Streets/Buildings/ Places	Rename streets, buildings, places	100%	DSAC, Emthanjeni	
Corporate services	5	Replacement of Equipment & Machinery	Replace equipment & machinery	100%	Emthanjeni	1 729 000

Table 71: Strategic Objective 2: Project 2015/16

5.1.3 KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective (STO): Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/2016
MM	All	Risk based audit plan submit to audit committee end June for approval	RBAP submitted to audit committee end June	1		
MM	All	Implement RBAP for 2014/15. (Audits completed for period/ planned audits for period) x 100	Audits completed for period/ planned audits for period) x 100	70%		
		Annual compilation of a service delivery and budget implementation plan in line with municipal functions and approved budget	Annual approved Service delivery budget implementation plan	100%		

CHAPTER 5

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/2016
		Monitoring of municipal performance with regard to service delivery	No of performance reports evaluated annually	4		
MM		Conduct a citizen satisfaction surveys to determine citizen satisfaction	Survey conducted annually	100%		
		Implement initiatives in the anti-corruption strategy as approved.	No of initiatives implemented	1		
		Implementation of public participation policy	No of initiatives implemented	1		
		Implement public education campaigns on municipal services and natural resources	No of educational campaigns implemented	1		
Development	1-7	Educating the communities about vandalism and abuse			Emthanjeni, DTSI	
Office of Mayor / Electricity	1-7	Festive Lights for the entire municipality			Emthanjeni	
Development		IDP review process and IDP Representative forum processes			Emthanjeni, MSIG	25 440
Office of the Mayor/ Speaker	1-7	Operations/Support to Ward committees			Emthanjeni, MSIG	116 000
Office of Mayor/ Speaker	1-7	Quarterly Council Meets the People/izimbizo			Emthanjeni	
Office of the Mayor/ Speaker	1-7	Annual Mayoral Games			Emthanjeni	

Table 72: Strategic Objective 3: Projects 2015/16

5.1.4 KEY PERFORMANCE AREA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Strategic Objective (STO): Maintaining a financially sustainable and viable municipality

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/2016
Financial Services	All	Submit annual financial statements by end August to Auditor General	Statements submitted to AG end August	1		
Financial services		Monthly financial reporting to Council	No of reports	100%		
Financial services	All	Financial viability measured to available cash to cover fixed operating expenditure	Available cash + investments / Monthly fixed operating expenditure	0,5		
Financial Services	All	Financial viability measured to municipality's ability to meet its service debt obligations	Debt coverage (Total operating revenue – operating grants received/ debt service payments due within the year	30		
Financial services	All	Financial viability measured to outstanding service debtors	Total outstanding service debtors/ revenue received for services	20-50%		
Financial services	All	No of formal residential properties receive piped water that is connected to municipal infrastructure	No of residential properties billed for water or have pre-paid meters	8 000		
Financial services	All	No of formal residential properties connected to municipal electrical infrastructure	No of residential properties billed for electricity or have pre-paid meters	8 000		
Financial services	All	No of formal residential properties connected to municipal waste water sanitation/ sewerage network, irrespective of no of toilets	No of residential properties billed for sewerage	8 000		
Financial services	All	No of formal residential properties for which refuse is	No of residential properties which are billed for refuse removal	8 000		

CHAPTER 5

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/2016
		removed once/week				
Financial services	All	Provide free basic electricity, water, sanitation & refuse removal to qualifying indigent households earning less than R 3350	No of households receiving free basic services	2 400		
Financial services		Provision of free basic water to equitable share requirements	No of HH receiving free basic water	7 500		
Financial services		Quantum of free basic water per household to equitable share requirements	Quantum of free basic water provided per household	6 kl		
Financial services		Provision of free basic sanitation to equitable share requirements	No of HH receiving free basic sanitation	2 500		
Financial services		Provision of free basic sanitation to equitable share requirements	Quantum of free basic sanitation provided per HH	R161.24		
Financial services		Provision of free basic electricity to equitable share requirements	NO of HH receiving free basic electricity	2 500		
Financial services		Provision of free basic electricity to equitable share requirements	Quantum of free basic electricity per H	50kwh		
Financial services		Provision of free basic refuse removal to equitable share requirements	No of HH receiving basic free refuse removal	2 500		
Financial services		Provision of free basic refuse removal to equitable share requirements	Quantum of free basic refuse removal per month per HH	R100.55		
Financial Services	All	Achievement of a payment percentage of above 80%	Gross Debtors closing balance + billed revenue – Gross debtors opening balance + bad debt x 100	80%		

CHAPTER 5

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/2016
Financial Services	All	Submit adjustments budget for approval to Council by end February, draft budget end March & final budget end May	Adjustment budget end Febr, draft budget end March & final budget end May	3		
Financial services		Annual review of SCM policy in line with legal requirements	% completed	100%		
Financial services		Submit the top layer SDBIP to Mayor within 14 days after approval of the budget	Top layer SDBIP submitted to mayor	1		
Financial services		Submit Mid-Year Performance Report to Sec 72 of MFMA to Mayor.	Mid-year report submitted to Council	1		
Financial services		Submit draft main budget to Council for approval by end March	Main budget submitted to Council	1		
Financial services		Submit the Sec 71 of the MFMA reports to Council	No of Sec 71 reports submitted to Council	12		
Corporate Services/ Finance		General Valuation			Emthanjeni, COGHSTA	200 000
Financial services		Conversion of Financial reforms system			Emthanjeni	1 060 000
Financial services		Replacement of office computers equipment			Emthanjeni	660 903
Financial services		Upgrading of Financial Management System			Emthanjeni	1 000 000
Financial services		Upgrading of Data Connection (3G and Storage)			Emthanjeni	550 000
Financial services		Office Space for Finance Staff			Emthanjeni	300 000
Financial services		Capacitating of Staff			Emthanjeni	1 200 000

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/2016
Financial services		Replacement of Equipment and Machinery			Emthanjeni	1 417 523
Financial services		Repairing, painting, overall conditions of offices for the MTEF period			Emthanjeni	
Financial services	All	Achieve an unqualified audit opinion	Audit opinion received	1	Emthanjeni	

Table 79: Strategic Objective 4: Projects 2015/16

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5.1.5 KEY PERFORMANCE AREA: LOCAL ECONOMIC DEVELOPMENT

Strategic Objective (STO): Promote the equitable creation and distribution of wealth in Emthanjeni Municipal Area

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
Corporate Services		Local Economic Development Strategy	Strategy drafted for Local Economic Development	1		
Corporate services	All	Jobs created through municipality's LED, including capital projects	No of jobs opportunities created	550	EPWP CWP Ward projects	95 000
Corporate Services		Skills development for local economic development	No of workshops	2	In conjunction with Transnet	
Development	5	Development of Shopping Mall and Filling Fuel Station In De Aar			Private Total R30m	
Development	1	Revival of Cherry Farm project – Hydroponic plant			Emthanjeni, DALRRD	
Development/ Infrastructure		Ostrich Abattoir plant			External funds T=R2,5m	
Development/ Infrastructure	5	Community brick making project - paving			Emthanjeni, external funds, DTI T=R500,000	
Development		Leather tannery & wool washing (community)			Agriculture, DTI T=R1,5m	
Development		Kaki Bush project			Agriculture, UFS, DEAT	
Development		Integrated Cleaning Enterprise			DTI T=R1,5m	
Development	4	Poultry project (Bellary farm)			DALRRD, NEF T=R1,2m	
Development: Tourism		Commission study on tourism possibilities – N10 Corridor			DEDT, Emthanjeni	
Development		Establishment of Emthanjeni Development Agency			SEDA, NCEDA, DTI	1 200 000
Development		Economic Strategy review and mentorship programme			DEDT, Emthanjeni, DTI	254 400

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
Development	4	Toilet Paper project (private entity – cooperative)			Emthanjeni, DTI (project launched) – funding required	700 000
Development	5	Rail Revitalization Project with Transnet (Housing, SMME)			DTSI, Private Emthanjeni, Transnet	
Development/ Infrastructure		Conference and Accommodation facility (opportunities)			DEDT, Private=R5m	
Tourism		Tourism Strategy with LED Strategy, implementation of branding			Emthanjeni, DEDT	426 400
Development/ Infrastructure		Urban Renewal Programme: Norwaki/ Neighborhood development			External funds, National Treasury	
Development/ Corporate Services		Promotion and Marketing of the municipality. (Tourism Strategy)			Emthanjeni, DEDT Total R26m	
Development		Event Management business venture (Business plan)			SEDA, DTI	
Development	6	Happy Nappy Project (Project Established)			DSD	
Development		Paragliding World Event (as per business plan)			NCTA, External funds, Emthanjeni, Fly De Aar	
Development	1-7	Commission study on Emthanjeni Economic Growth Patterns			Emthanjeni, DEDT, DTI, NEF	600 000
Development: Tourism	1-7	Branding Roll out programme			Emthanjeni, DEDT, DTI	275 600
Development	1-7	Support to Emerging Farmers			ORDLR	107 192
Development	1-7	Energy Tool Kits			ORDLR	
Tourism/ Heritage	5	Renovation/Upgrade of St Paul Church – Tourism Information Centre and Museum			OSAC, Emthanjeni, Heritage Council-SA, NC Arts/Culture Council	100 000

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Table 76: Strategic Objective 5: Projects 2015/16

5.1.6 KEY PERFORMANCE AREA: SAFETY AND SECURITY

Strategic Objective (STO): Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
Community Services	All	Develop Fire-Arm Management Policy & submit to Council by end June	Fire Arm Management Policy submitted to Council by end June	1		
Community services		Optimal collection of fines issued for the financial year	% of fines collected	70%		
Community services		Law enforcement initiative to decrease incidents affecting traffic safety	No of road blocks	24		
Community services		Participate in Annual National Arrive Alive Programme	No of joint operation	2		
Community services		Speed law enforcement – Direct stop & prosecution	No of enforcement sessions	16		
Community services		Implement AARTO	No of MOU's signed			
Community services		Road safety awareness campaigns held in all wards	No of campaigns	7		4
Community services		Increase capacity of traffic services to optimize revenue collection	No of staff appointed	2		
Traffic Services, Roads	1-7	Establishment of routes for cycling and pedestrians	No of routes established		Emthanjeni, DTSI	700 000
Traffic Services		Development of Integrated Transport Plan	Development of Integrated Transport Plan	1	DRPW	200 000
Corporate/Traffic Services	5	Diverse Parking meter system project (agency Service)	Parking meter system implemented	1	DSD, Intleko Trading	
Infrastructure/ Traffic	1-7	Speed Calming initiatives	No of speed calming initiatives		Emthanjeni, EPWP	

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
Traffic Services		Upgrading of Fire Station	Fire Station upgraded	1	Emthanjeni, PKSDM, COG+STA, Private	
Traffic Services	5	Additional Robot for De Aar	No of additional robots	1	Emthanjeni	55 000
Traffic Services		Vehicles for traffic services	No of vehicles		Emthanjeni	
Traffic Services, Roads	4,5	Transnet subway paint and safety rails	Safety rails in subway	1	Emthanjeni, Transnet	300 000
Community/ Infrastructure	1-7	Address areas with poor lighting (Crime Hotspots)	No of areas with better lighting		Emthanjeni, SAPS, Transnet, OTSL	

Table 75: Strategic Objective 6: Projects 2015/16

5.1.7 KEY PERFORMANCE AREA: SOCIAL DEVELOPMENT

Strategic Objective (STO): Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
Corporate Services	All	Review Rural Development Strategy & submit to Council end June	Rural Development Strategy submitted to Council end June	1		
Community services		Decrease substance abuse & crime through public awareness campaigns	No of campaigns	1		
Mayor		Implement gender development programmes	No of programs	1		
Mayor		Commemoration of Youth Day	Youth Day commemorated	1		
OFTM/Youth	1-7	Skills Development programme for young/emerging contractors	No of skills development programmes		NYDA, LGSETA	250 000
OFTM/Youth	1-7	Skills development programme for young people sewing, designing	No of skills development programmes		ELM, DOL, SETA's, KHULA, NEF	300 000
Office of the Mayor (OFTM)	1-7	Development of amusement stations for young people	Amusement centre for youth established	1	Emthanjeni, NYDA	1 500 000

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
OFTM: Youth		Upgrade Youth Advisory Centre	Youth advisory Centre upgraded	1	Emthanjeni, NYDA	200 000

Table 76: Strategic Objective 7: Projects 2015/16

5.2 LIST OF FUNDED PROJECTS

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Sanitation	7	Water borne sewerage for Britstown, Phase	Approved business plan	1	MIG, DWA (R9m)	33 167 000
Electrical		Upgrading of Electrical Network in Waterdal, Nontwakazi and De Aar	Upgrade electrical network in Waterdal	1	Emthanjeni	5 500 000
Infrastructure Roads	All	Construct new surfaced roads	No of kilometers constructed	2.5 km	MIG, EPWP, Emthanjeni	8 500 000
Infrastructure Roads	All	Resealing of existing tar roads	No of kilometers resealed		MIG Emthanjeni	4 800 000
Water	7	Regional bulk infrastructure: Water supply	New water reservoir completed	1	MIG	10 000 000
Storm water	1,2,3,4,6,7	Storm water remedial actions – phase 2(R53,4m)	Storm water remedial actions completed	100%	MIG	265 350
Electricity	1-7	Prepaid Electricity Meters	No of prepaid electricity meters		Emthanjeni, MIG T=R3,3m	180 000
		SMART prepaid meters - water				3 545 900
Infrastructure	5	Vehicle for Infrastructure Services	Number of vehicles		External loan	6 000 000
Infrastructure	5	Upgrading of De Aar waste water Treatment Works Phase 2	Completion certificate	100%	DWA (ACIP) R 28.5 mil	300 000
Infrastructure	6	Main sewer line and pump station Hanover 470	Completion certificate	100%	MIG R 2.74m	2 237 750
Financial services		Replacement of office computers equipment	% of budget spent	100%	Emthanjeni	657 000
Financial services		SCoHA	Implementation of SCoHA	100%	Emthanjeni	650 000
Financial services		GRAP compliance process	GRAP compliance	100%	Emthanjeni	720 000

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Financial services		Replacement of Equipment and Machinery	Equipment and machinery replaced	100%	Emthanjeni	1 120 000
Financial services		Repairing, painting, overall conditions of offices for the MTEF period	Renovation of municipal buildings	100%	Emthanjeni	420 000
		Ward Development Programme	Implementation of ward development programme	7	Emthanjeni	2 500 000

Table 77: Funded Projects 2015/16

5.3 LIST OF UNFUNDED PROJECTS

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Sanitation		Sewerage Pump replacement – De Aar electrical maintenance	Replace sewerage pumps	1	Emthanjeni	
Community Services	1-7	Acquiring of refuse bins for the entire community	Complete acquiring of refuse bins		Emthanjeni External funds	
Sanitation	6	Waterborne sewerage for Hanover, Phase 2	Approved business plan	1	MIG (R 16,0m)	11 000 000
Infrastructure		Water pipeline from the Orange River to Britstown (Van Der Kloof Pipeline)	Complete water pipeline from Orange river to Britstown	1	DWA, MIG Funding Total = R36m	
Infrastructure	1-5	Rehabilitation of old reticulation network in De Aar and replace old steel pipes in the CBD	Rehabilitate reticulation network in De Aar	1	MIG, DWA Total = R2m	
Water	1-5	Development of additional Boreholes, De Aar	% completion	100%	MIG, DWA Total = R42m	16 640 000
Community Services	1-7	Establishment of Community recycling Stations	Establish community recycling stations	100%	Emthanjeni, DENC	
Infrastructure	1-7	Study about the capacity of existing Land fill sites and identification of new sites	Complete study re capacity of land fill sites	1	Emthanjeni, MIG	

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Infrastructure Roads	All	Resealing of existing tar roads	No of kilometers resealed		MIG Emthanjeni	601 000
Infrastructure	4, 5, 6, 7	Upgrading of Swimming pools and maintenance (Central De Aar, Oasis)	Upgrade swimming pool	100%	Emthanjeni, DSAC, DSD, DWA	500 000
Parks	3,4,5,6,7	Refurbishment & maintenance of Sports grounds	Refurbish sport grounds	100%	External funds, Emthanjeni	5 000 000
Building		Repairs to municipal stores	Repair municipal stores	100%	Emthanjeni	
LED: Tourism		Repairs to Museums in Emthanjeni Municipality	Repairs to museums	100%	Emthanjeni	
Parks		Parks and garden equipment	Obtain parks and garden equipment	100%	Emthanjeni	
Infrastructure		Erection of municipal cafeteria	Erection of municipal cafeteria	1	Emthanjeni (R30 0,000)	
Infrastructure		Repairs to other buildings of the municipality (De Aar weather station, Schweiner house)	Repair to municipal buildings	100%	Emthanjeni	
Housing/Community Services	1-7	Building of Houses in Emthanjeni (backlog) [4114]	Complete building of houses	100%	COGHSTA (R288m)	15 000 000
Housing		Housing subsidies for rural labourers in Emthanjeni municipal area [350]	Complete housing subsidies for rural labourers	100%	COGHSTA, DALRRD	
Housing		Britstown 150 (planning)	Complete 150 houses in Britstown	1		
Housing		De Aar 500 (planning)	Complete planning for houses in De Aar	1		
Roads		Upgrading of divisional roads in the municipal area	Upgrade divisional roads	Km	PKSOM	
Roads	1-7	Paving of streets in Emthanjeni Municipality – annually	Complete paving of streets	100%	Emthanjeni, DPW, EPWP/R8,8m	3 000 000
Electricity		Provision of sufficient street-	No of street lights	50		

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
		lights for dark areas				
Electricity	1-7	Street Lighting in the Emthanjeni area (backlog exist)	No of street lights		Emthanjeni, MIG(R1,0m)	
Electricity		High mast lighting behind St John's Primary School, Street	High mast lighting behind St John Primary school	1	EmthanjeniMIG(R 0,5m)	300 000
Infrastructure	4	Rehabilitation of existing sports facility in Nonzwakazi	Complete rehabilitation of sport facility in Nonzwakazi	1	LOTTO	2 000 000
Infrastructure	5	Rehabilitation of existing sports facility at Central Sports ground – De Aar	Complete rehabilitation of sport facility in De Aar	1	LOTTO	1 000 000
Roads	6	Tar of access road between N1 and N10	Tar access road between N 1 and N10	100%	EPWP	2 000 000
Community Services	1-7	Kaneville cemetery			Emthanjeni, DENC	
Community Services	1-7	Study into the capacity of existing cemeteries and the possibility of extensions (EIA)	Report with recommendations to council	1	DENC, EmthanjeniT=R1,2 m	1 200 000
Infrastructure		Upgrading and development of De Aar landing strip- realization of Airport	Upgrade and develop De Aar landing strip	1	DEDT, DBSA, DTI, MIG (total R11,35m)	
LED		Arts and Crafts Village Tourism hub	Complete Arts & Crafts Village Tourism Hub	1	Emthanjeni, DSAC, Private, DEDT (R2,5m)	
LED/Infrastructure	5	Study in Housing Needs area	Complete study in Housing needs	1	Private	
Infrastructure	1	Construction of Community hall for Ward 1	Construct community hall	1	MIG, DPW(T=R2m)	
Infrastructure: Electricity	7	Britstown High mast lighting	Installed high mast lighting in Britstown	1	MIG	
Roads	1-7	Tarring Roads: Britstown: Riet, Biko& Lang Street Hanover: Plato	Km of roads tarred	...Km	MIGT=R30m	11 258 000

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
		De Aar: Appel, Sede, Leeubekkie, Arend, Kemp, Street 1, Street 2, Street 31, Tokio Street				
Electricity	1-7	Increase notified maxi sum Removal(NMD) Bulk electricity Supply by 4,2 MVA	Increase of NMD Bulk electricity supply	3	Emthanjeni Local Municipality	1 000 000
Community Services	1-7	Upgrading and improvement of municipal parks	Upgrade & improve-ment of municipal parks	100%	Emthanjeni	
Development/Community Services	1-7	Upgrading & maintenance of parks, open space and walk-ways within the Emthanjeni Municipality/ Freedom Parks	Upgrade & maintenance of parks, open space and walkways	100%	DENC T=R2,5m	
Infrastructure	6	Paving of sidewalks Hanover		100%	DPW (EPWP)	500 000
Infrastructure	1,4,6,7	New streets Phase 2	% completed	100%	MIG	
	4	Tarring street 12, Nonzwakazi	% completed	100%	DPW (EPWP)	1 000 000
	4,6	Tarring	% completed	100%	DPW (EPWP)	500 000
Office of Mayor /Electricity	1-7	Festive Lights for the entire municipality			Emthanjeni	
Office of the Mayor/ Speaker	1-7	Annual Mayoral Games			Emthanjeni	
Financial services		Upgrading of Financial Management System			Emthanjeni	1 000 000
Financial services		Upgrading of Data Connection (3G and Storage)			Emthanjeni	550 000
Financial services		Office Space for Finance Staff			Emthanjeni	300 000
Financial services		Capacitating of Staff			Emthanjeni	1 200 000
Corporate Services		Local Economic Development Strategy	Strategy drafted for Local Economic Development	1		
Development	5	Development of Shopping Mall and			Private Total	

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
		Filling Fuel Station in De Aar			R 30m	
Development	1	Revival of Cherry Farm project – Hydroponic plant			Emthanjeni, DALRRD	
Development/Infrastructure		Ostrich Abattoir plant			External funds T=R2,5m	
Development/Infrastructure	5	Community brick making project - paving			Emthanjeni, external funds, DTI T=R500,000	
Development		Leather tannery & wool washing (community)			Agriculture, DTI T=R1,5m	
Development		Kaki Bush project			Agriculture, UPS, DEAT	
Development		Integrated Cleaning Enterprise			DTI T=R1,5m	
Development	4	Poultry project (Bellary farm)			DALRRD, NEF T=R1,2m	
Development: Tourism		Commission study on tourism possibilities – N10 Corridor			DEDT, Emthanjeni	
Development		Establishment of Emthanjeni Development Agency			SEDA, NCEDA, DTI	1 200 000
Development	4	Toilet Paper project (private entity – cooperative)			Emthanjeni, DTI (project launched) – funding required	700 000
Development	5	Rail Revitalization Project with Transnet (housing, SMME)			DTSL, Private Emthanjeni, Transnet	
Development/Infrastructure		Conference and Accommodation facility (opportunity)			DEDT, Private T=R5m	
Tourism		Tourism Strategy with LED Strategy, implementation of branding			Emthanjeni, DEDT	426 400
Development/Infrastructure		Urban Renewal Programme: Nonwakaazi/ Neighborhood development			External funds, National Treasury	

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Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Development/Corporate Services		Promotion and Marketing of the municipality. (Tourism Strategy)			Emthanjeni, DEDT Total R26m	
Development		Event Management business venture (Business plan)			SEDA, DTI	
Development	6	Happy Nappy Project (Project Established)			DSD	
Development		Paragliding World Event (as per business plan)			NCTA, External funds, Emthanjeni, Fly De Aar	
Development: Tourism	1-7	Branding Roll out programme			Emthanjeni, DEDT, DTI	275 600
Development	1-7	Support to Emerging Farmers			DRDLR	107 192
Development	1-7	Energy Tool Kits			DRDLR	
Tourism/Heritage	5	Renovation/Upgrade of St Paul Church – Tourism information Centre and Museum			DSAC, Emthanjeni, Heritage Council-SA, NC Arts/Culture Council	100 000
Traffic Services, Road	1-7	Establishment of routes for cycling and pedestrians	No of routes established		Emthanjeni, DTSLT	700 000
Traffic Services		Development of Integrated Transport Plan	Development of Integrated Transport Plan	1	DRPW	200 000
Corporate/Traffic Services	5	Diverse Parking meter system project (agency Service)	Parking meter system implemented	1	DSD, Intelko Trading	
Traffic Services		Upgrading of Fire Station	Fire Station upgraded	1	Emthanjeni, PKSDM, COGHSTA, Private	
Traffic Services	5	Additional Robot for De Aar	No of additional robots	1	Emthanjeni	55 000
Traffic Services		Vehicles for traffic services	No of vehicles		Emthanjeni	
Traffic Services, Roads	4,5	Transnet subway paint and safety rails	Safety rails in subway	1	Emthanjeni, Transnet	300 000
Community/Infrastructure	1-7	Address areas with poor lighting (Crime Hotspots)	No of areas with better lighting		Emthanjeni, SAPS, Transnet, DTSL	

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2015/16
Corporate Services	All	Review Rural Development Strategy & submit to Council end June	Rural Development Strategy submitted to Council end June	1		
Community services		Decrease substance abuse & crime through public awareness campaigns	No of campaigns	1		
Mayor		Implement gender development programmes	No of programs			
Mayor		Commemoration of Youth Day	Youth Day commemorated	1		
OFTM/Youth	1-7	Skills Development programme for young/ emerging contractors	No of skills development programmes		NYDA, LGSETA	250 000
OFTM/Youth	1-7	Skills development programme for young people sewing, designing	No of skills development programmes		ELM, DOL, SETA's, IKHLA, NEF	300 000
Office of the Mayor (OFTM)	1-7	Development of amusement stations for young people	Amusement centre for youth established	1	Emtharjeni, NYDA	1 500 000
OFTM: Youth		Upgrade Youth Advisory Centre	Youth advisory Centre upgraded	1	Emtharjeni, NYDA	200 000

Table 78: Unfunded Projects 2015/16

5.4 SECTION 2: CONSOLIDATED FINANCIAL REVIEW

This section gives an overview of the Financial Viability of the municipality as the implementing agent for the IDP.

In essence this section will also contain multi-year budgets with a 3 year commitment and a strategy for municipal revenue generation, external grants over a medium or long term including the final budget. The following is a brief exposition of related process in the formulation of the draft budget.

5.4.1 BUDGET SUMMARY 2015/16

Total Revenue

Total revenue projected before tariff adjustments amount to R249 997 million. The major revenue items are as follows:

Property rates

Total projected property rates amounts to R27 266 333 before any rate increases the different proposed rate increases, ranging from 6% to 8.5%.

Service charges

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality's revenue budget. It constitutes a reasonable amount of total revenue before any tariff increases. Municipalities are advised to structure their 2015/16 electricity tariffs based on the approved 12.2% NERSA (National Energy Regulator of South Africa) guideline tariff increase.

Revenue by source

The different proposed tariff increases in water, sanitation and refuse revenue ranging from 6% to 8.5%. Electricity tariff is fixed at 12.2% as per NERSA guideline.

Expenditure by type

- Total expenditure excluding capital expenditure amounts to R220 350 million.
- 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.

Employee related costs

Employee related cost R66 454 597.

Bulk purchase

Bulk purchases have significantly increased over the period 2010/11 to 2014/15 period. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom. Municipalities are advised to structure their 2015/16 electricity tariffs based on the approved 12.2 per cent NERSA (National Energy Regulator of South Africa) guideline tariff increase and provide for an 8 percent increase in the cost of bulk purchases for the tabled 2015/16 budgets and MTRF.

5.4.2 CAPITAL BUDGET

The next table indicates the capital budget as per funding source for the financial years 2013/2014 to 2015/2016. The total capital budget for 2014/15 is R26 191 000 and the 2015/16 is R67 844 191.

No.	Project	IDP code	Total budget needed R	Current Budget Year	MTEF Budget 2015-2018		
				2014/15 R	2015/16 R	2016/17 R	2017/18 R
1	Regional Bulk Infrastructure Grant: Water Supply	85D15	37 340 000	100 000	10 000 000	27 240 000	0
2	Bucket Eradication Programme System: Britstown Sanitation	85D16	33 167 000	0	33 167 000	0	0

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No	Project	JOP code	Total budget needed R	Current Budget Year 2014/15 R	MTEF Budget 2015-2018		
					2015/16 R	2016/17 R	2017/18 R
3	Construction of New Streets: Phase 1	85D77	14 900 000	6 000 000	8 500 000	400 000	0
4	Construction of Storm Water - Phase 2	85D77	16 457 300	0	265 350	10 183 000	6 008 950
5	Construction of Main Sewer in Hanover 470	85D77	2 740 000	0	2 237 750	502 250	0
6	Construction of New Streets: Phase 2	85D77	6 500 000	0	0	500 000	6 000 000
7	Electricity Upgrades in Nonzwakazi & De Aar East and Waterdal (JNEP)	85D77	4 500 000	0	1 500 000	2 000 000	1 000 000
8	Electricity Upgrades in Nonzwakazi & De Aar East and Waterdal (DBSA External funding)	85D77	10 000 000	0	2 000 000	5 000 000	3 000 000
9	Construction, Resealing and Rehabilitation of Streets	85D77	11 500 000	2 500 000	2 800 000	3 000 000	3 200 000
10	Construction, Resealing and Rehabilitation of Streets	85D77	2 000 000	0	2 000 000	0	0
11	Upgrading of De Aar Waste Water Treatment Works	85D26	6 300 000	6 000 000	300 000	0	0
12	Ward development programme	85D73	8 400 000	2 100 000	2 100 000	2 100 000	2 100 000
13	Replacement of equipment and machinery	FVFM8	3 712 578	1 347 900	1 120 000	853 000	391 678
14	Replacement of computer equipment	FVFM3	2 278 319	428 100	657 000	587 000	606 219
15	Vehicles for infrastructure	85D47	12 000 000	6 000 000	6 000 000	0	0
16	Grap Compliance Process	FVFM2	3 453 600	850 000	720 000	760 000	1 123 600
17	Standard Chart of Accounts Readiness and Implementation	85D81	5 350 000	0	650 000	2 500 000	2 200 000
18	Prepaid Electricity Meters	85D81	430 000	250 000	180 000	0	0
19	Acquisition of Smart Prepaid Meters: Electricity and Water Meters	85D81	22 174 800	0	3 545 900	9 238 500	9 389 400
20	Capital additions and renovations - Municipal Buildings	85D34	1 970 000	615 000	420 000	460 000	475 000
Total Capital Expenditure before PMU expenses			205 173 597	26 191 000	78 163 000	65 324 750	35 494 847
Project Management Unit (PMU) Expenses			0	608 900	594 900	608 750	632 050
Total funds required or need to execute the Capital Programme for the MTEF Period			205 173 597	26 799 900	78 757 900	65 934 500	36 126 897

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Table 79: Capital Budget for MTEF (3 years)

5.4.3 FINANCIAL VIABILITY

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA.

These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

Description	Basis of calculation	2012/13 Adjusted outcome	2013/14 Adjusted outcome
Cost Coverage	(Available cash + Investments)/Monthly fixed operational expenditure	1.41	0.59
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.70	2.00
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	11.68	9.81

Table 80: National KPI's for financial viability and management (Source: Annual Report 2013/14)

An important factor considered by investors in relocating to an area, is the ability of the authorities to demonstrate adequate provision of services, financial discipline, affordable tariffs, adherence to statutory requirements, timely preparation and production of financial statements, adherence to generally accepted accounting practices and unqualified audit reports.

5.4.4 REVENUE RAISING STRATEGIES

The municipality will strive to increase its revenue by implementing the following strategies:

Strategy 1:	The guidance on how to improve the payment ratio of the area can be found in the credit control and debt collection policy. This policy highlights the procedures to be followed in the collection of all moneys owed to the Municipality.
Strategy 2:	To ensure through Local Economic Development that employment opportunities are generated which will enable families to start paying for services.
Strategy 3:	To create a climate for investment in the area, this will in turn also generate employment opportunities.
Strategy 4:	To ensure that the figures in respect of families that qualify in terms of the indigent policy, are correct so as to qualify for an increased amount from national government.
Strategy 5:	To introduce a system through which services payment by employed people is guaranteed by having such payments deducted by their employers before salaries are paid out.
Strategy 6:	The installation of prepaid meters is essential in securing future payment for services by residents.
Strategy 7:	To enlarge the revenue base of the municipality by ensuring that all properties are correctly zoned. (The property rates tariffs are based on the zoning)

5.4.5 EXPENDITURE MANAGEMENT STRATEGIES

The municipality will strive to curb its expenditure by implementing the following strategies:

Strategy 1:	To reduce expenditure on non-core functions, by considering Public Private Partnerships.
Strategy 2:	To limit operating and capital expenditure to essential items.
Strategy 3:	To investigate and limit water and electricity losses.
Strategy 4:	To limit employee related expenditure, by introducing a fingerprint time and attendance system.
Strategy 6:	To reduce interest and redemption expenditure by exploring alternative ways (possible grant funding) to pay off the long-term loans.

5.4.6 ASSET MANAGEMENT STRATEGIES

A GRAP compliant asset register forms the back bone to any system of asset management. In addition to an effective maintenance program, it is also critical that adequate, comprehensive insurance coverage is in place at all times.

The municipality will be examining all its inventory and equipment to ensure that redundant and unused items are disposed of according to prescription. This will ensure a more accurate asset register as well as reduce risk and therefore insurance costs.

In order to comply with audit and financial disclosure requirements, often-used items and consumables will be taken onto inventory and managed accordingly. Council has an adopted Asset Management Policy.

CHAPTER 6: PERFORMANCE MANAGEMENT

Performance Management is prescribed by chapter of the Municipal System Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance, planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players". This framework, inter alio, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The municipality adopted a performance management framework that was approved by council in November 2008.

6.1 INTRODUCTION

The Integrated Development Plan enables the achievement of the planning stage of the performance management. Performance management then fulfils the implementation, management, monitoring and evaluation of the Integrated Development Plan. The performance of an organisation is integrally linked to that of its staff. It is therefore vitally important for any organisation to periodically review its own performance as well as that of its employees.

6.2 PERFORMANCE MANAGEMENT SYSTEM

The Performance Management System implemented at the municipality is intended to provide a comprehensive step by step planning system that helps the municipality to manage the process of performance planning and measurement effectively. The PM System serves as primary mechanism to monitor, review and improve the implementation of the municipality IDP and eventually the budget. The performance policy framework was approved by Council which provided for performance implementation monitoring and evaluation at organisational and individual levels.

The Performance Management Framework of the Municipality is reflected in the diagram below:

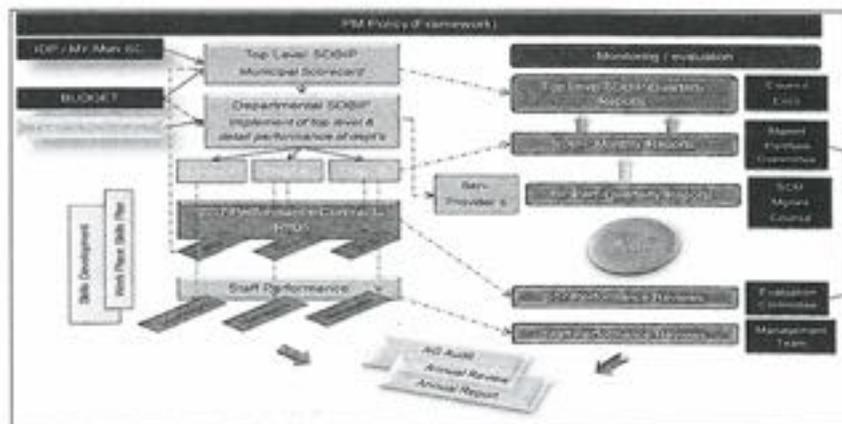


Figure 1: Performance Management System

6.3 ORGANISATIONAL PERFORMANCE

The organisation performance of the municipality is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels. The Top Layer SDBIP set our consolidated service delivery targets and provides an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.

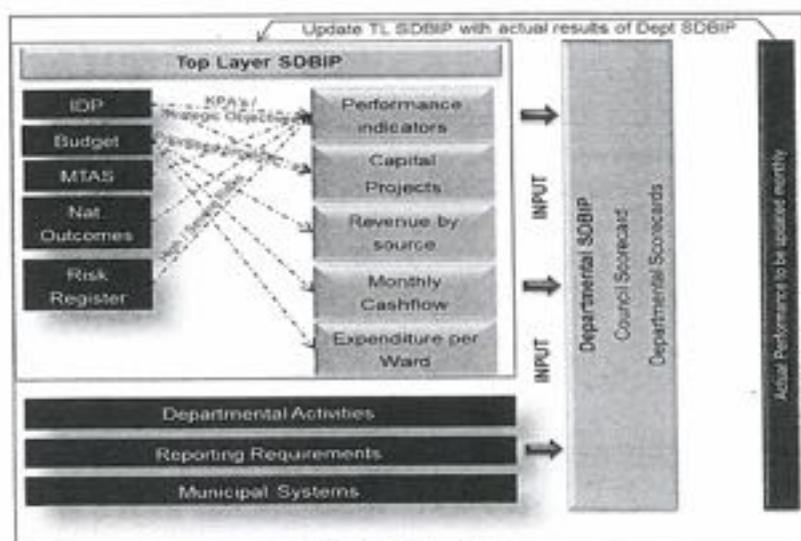


Figure 2: Organisational Performance

The departmental SDBIP captures the performance of each defined department which reflects on the strategic priorities of the municipality. The SDBIP provides the detail of each outcome for which the senior management is responsible for, in other words, a comprehensive picture of the performance of each directorate/sub-directorate.

6.4 INDIVIDUAL PERFORMANCE FOR SECTION 57 MANAGERS

The municipality is in the process of implementing a performance management system for all its senior managers. This has led to a specific focus on service delivery and means that:

- Each manager has to develop a scorecard which is based on the balanced scorecard model;
- At the beginning of each financial year all the senior managers (Section 57 employees) sign Performance Agreements.

6.5 INDIVIDUAL PERFORMANCE

Section 38 (a) of the Systems Act requires Municipalities to set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the community development priorities and objectives set out in its Integrated Development Plan. Section 9 (1) of the Regulations of this Act maintains indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives.

Every year, as required by Section 12 (1) of the Regulations to the Systems Act, the Municipality also set performance targets for each of the key performance indicators. The IDP process and the performance management process are therefore seamlessly integrated.

6.6 PERFORMANCE REPORTING

Performance is reported on a regular basis and it includes the evaluation of performance, the identification of poor performance and corrective actions to improve performance.

Quarterly Reports

Reports on the performance in terms of the Top Level SDBIP are generated from the system and submitted to Council. This report is published on the municipal website on a quarterly basis.

Mid-Year Assessment

The performance of the first six months of the financial year should be assessed and reported on in terms of Section 72 of the MFMA. This assessment must include the measurement of performance, the identification of corrective actions and recommendations for the adjustment of KPI's, if necessary.

The format of the report must comply with the section 72 requirements. This report is submitted to Council for approval before 25 January of each year and published on the municipal website.

Annual Assessment

The performance of the financial year should be assessed at year-end in terms of section 46 of the MSA. The performance in terms of the annual targets set will be documented in the Annual Performance Report and the report will be finalized and submitted to the Office of the Auditor General by 30 August annually. This report will be included in the Annual Report of the municipality. The Annual Report is submitted to Council for approval before 25 January of each year and published for comment on the municipal website.

LIST OF ACRONYMS

LIST OF ACRONYMS

AG	Auditor General
DBSA	Development Bank of South Africa
DEAT	Department of Environment Affairs and Tourism
DHSS	Department of Health and Social Services
DLA	Department of Land Affairs
DLG&H	Department of Local Government and Housing
DM	District Municipality
DMA	District Management Area
DME	Department of Mineral and Energy
DoL	Department of Labour
DoRT	Department of Roads and Transport
DPLG	Department of Provincial and Local Government
DPW	Department of Public Works
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
ECA	Environmental Conservation Act
EDU	Department of Education
EFF	External Financing Fund (Ad Hoc)
EHS	Environmental Health Services
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EMP	Environmental Management Plan
EPWP	Environmental Protection and Infrastructure Programme
EPWP	Expanded Public Work Programme
FBS	Free Basic Services
FMG	Finance Management Grant
GIS	Geographic Information System

LIST OF ACRONYMS

HIV/AIDS	Human immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
HOD	Head of Department
ICT	Information and Communication Technology
IDP	Integrated Development Planning
IEM	Integrated Environmental Management
IGR	Intergovernmental Relations
INEP	Integrated National Electricity Program
IT	Information Technology
SCM	Supply Chain Management

