



# EMALAHLENI MUNICIPALITY

## MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2014/2015 TO 2016/2017

ANNUAL BUDGET OF

**EMALAHLENI**

**MUNICIPALITY**

2014/15 TO 2016/17  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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### Abbreviations and Acronyms

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

# Part 1 – Annual Budget

## 1.1 Mayor's Report

### **The Speaker, Municipal Manager, Councillors, Officials and members of the community:**

It is my pleasure to be able to submit to you the Integrated Development Plan for the next five years(2012-2017) as well as the Medium Term Revenue and Expenditure framework (MTREF) for 2015 -17 through for the Emalahleni municipal council.

The economic environment in which we as Emalahleni Municipality function is not easy considering our high rate of unemployment and poor revenue base made worse, over the past few years, by the downturn in the economy caused by the world economic recession resulting in such negative economic contributors as sky rocketing fuel and food prices.

In the light of these factors over which we have little or no control we are faced as a municipality with a daunting task and the challenge of

- A huge backlogs in service delivery,
- The socio-economic problems of high unemployment and poverty levels.

And the realisation that solutions to these challenges can potentially be in conflict with or complement each other.

Today I am able to report to you on the progress made in implementing financial controls, processes and procedures resulting in the drafting of a credible IDP and a credible budget linked and driven by our IDP and the national objectives of:

- Service delivery
- Financial viability and management
- Local economic development
- Municipal institutional development and transformation.
- Good governance and public participation

We as Council committed ourselves to lead by example in ensuring strict financial oversight and compliance with the guidelines of National Treasury as set out in circular 51- 72 and 66 of the MFMA.

In order to achieve this we as the Council and Executive Committee committed ourselves to providing leadership based on a culture of honesty, ethical business practices and good governance by exercising our oversight responsibility regarding financial and performance reporting as well as adherence to compliance and implementation of internal controls.

We identified the need to support the Accounting Officer and address the management of the financial affairs of the municipality as a matter of urgency.

Allow me now to highlight areas of focus within our departments

### **Corporate services**

Our organogram has been developed to ensure that it is consistent with the needs of the organisation. In the months ahead we will be implementing the budgeted positions as approved and adopted by Council with this budget.

The effectiveness of the governance systems is being assessed and staff within the institution must work in an integrated and focussed manner driven by the IDP.

We are striving that Emalahleni Municipality becomes an employer of choice that capacitates both the councillors and staff.

We will also be implementing a project to improve the connectivity

### **Community services**

The areas I wish to highlight within the community services department relate to revenue enhancement and solid waste sites.

The development and establishment of a traffic section within Emalahleni municipality has been identified as a source of revenue enhancement coupled to ensuring the safety of our community and to this end we will be starting the process to establish such a department in the new financial year.

The solid waste site and its completion remain a priority and we will continue in the new financial year to access and allocate funds to this critical area within community services.

A number of community halls, sports fields are projects that will be taken up in 2014/15.

We have allocated R25 954 million to capital projects under community services.

### **IPED**

The 5 year IDP which has been developed and is tabled for adoption today is a reflection of community, sectoral and stakeholder input and involvement and will be our guide over the remainder of our term of office.

Local economic development is a crosscutting function which requires the involvement of all within the institution.

The Elithini Coal Mine development will have a positive economic effect on our economy with a hoped for impact on our level of unemployment and a major contribution toward our revenue base.

We have within the spatial development framework of our IDP focussed on potential areas of growth and despite our limited resources have accessed resources to develop these potential areas of economic growth through led projects.

We plan to utilise our interactions with business forums to assist them to bring together established and emerging businesses to share experience and ideas.

## Infrastructure

The focus of MIG funding will be to ensure that projects are identified within IPED, community and infrastructure to ensure the maximum impact on our community.

The emphasis will be on finalising our road projects and continuing on the electrification of our villages.

An area we will focus on in the new year will be to address the office space of the institution.

## **We have allocated R5 729 million toward infrastructure, economic and environmental services**

## Finance

The process is ongoing to ensure credible data that forms the basis of our financial reporting and to this end we will ensure that the SEBATA system is implemented and used as a management tool.

As a municipality we are grant dependant and to this end it is necessary to develop a plan for revenue enhancement to reduce our dependence and improve our financial viability. Hence one of the projects under financial viability is the development of a revenue enhancement project continuously.

In the new financial year we will look to ward councillors and committees in assisting us with our debt management and will further table to council strategies and plans to improve our current collection and payment rate to up to at least 50%.

## Budget figures

The budget we table today projects the following:

### Increases

The tariff increases on services will be an average of 6%

The electricity increase of 6.0% is currently pending NERSA's approval.

The increase will be tabled to council by 30 June 2014

### By-laws and policies

Council has by- laws and policies in place which will be subjected to a review process in

April 2014 for tabling to council by 28 May 2014

## Income and expenditure

### Operating budget

<b>Total revenue:</b>	<b>R199 459 million</b>
<b>Total expenditure:</b>	<b>R199 455 million</b>
<b>Projected surplus:</b>	<b>R 4 thousand</b>

The implication of this is to alert us to the need for strict budget implementation and control during the financial year.

**Capital budget:**

<b>Grant funding:</b>	<b>R 30 970 million</b>
<b>Own funds:</b>	<b>R 7 253 million</b>
<b>Total capital expenditure:</b>	<b>R 38 223 million</b>

**I hereby table the Medium term Revenue and Expenditure Framework for 2015 through 2017 for adoption by the Emalahleni Council as per the resolutions below:**

**CLLR N. NYUKWANA**

**MAYOR**



## 1.2 Council Resolutions

The Executive Committee approves and takes following resolutions for the draft annual budget of 2014/15 financial year:

**1.1** The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:

**1.1.1** Budget Summary reflected in Table A1;

**1.1.2** Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Table A2;

**1.1.3** Budgeted Financial Performance (revenue and expenditure by municipal vote) reflected in Table A3;

**1.1.4** Budgeted Financial Performance (Revenue and Expenditure) reflected in Table A4;

**Total Revenue (excluding capital transfer and contributions) to the amount of R168 489 million**

**Total Expenditure R199 455 million**

**Surplus after capital transfers and contribution of R4 000;**

**1.1.5** Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected in Table A5 as well as individual capital projects reflected under SA36;

**Total Capital budget of R38 223 million funded as follows:**

**Municipal Infrastructure Grant R30 970 million**

**Own Funds/Internal Funds R7 253 million**

**1.1.6** The following are projects from MIG and own funds for 2014/15 in R000:

• MIG:LED Ida Commercial Farms Road	1,550
• MIG : Mhlanga access road	3,319
• MIG: Traffic Testing Station Lady Frere	4,030
• MIG: Renovation and Upgrade Frere Stadium Phase 2	4,397
• MIG: Dev of Landfill Site Lady Frere	5,054
• MIG: Upgrading of Cemeteries in ward 4;14 & 16(LF)	2,650
• MIG: Community Hall Ward 17	2,137
• MIG: Community Hall Ward 5	3,153
• MIG: Community Hall Ward 10	3,153
• IRRIGATION SCHEME (own funds)	400
• STOCK PEN AUCTION (own funds)	250
• Vehicles (own funds)	900
• Software and Server Room (own funds)	250
• Refuse Truck phase (own funds)	2,000
• Building New Offices Phase (own funds)	4,000

**1.2** The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management, basic service delivery targets and measurable performance objectives are approved as set out in the following tables and supporting tables attached in the budget documentation:

**1.2.1** Budgeted Financial Position reflected in Table A6;

**1.2.2** Budgeted Cash Flows reflected in Table A7;

**1.2.3** Cash backed reserves and accumulated surplus reconciliation reflected in table A8;

**1.2.4** Asset management in Table A9; and

**1.2.5** Basic service delivery measurement reflected in Table A10.

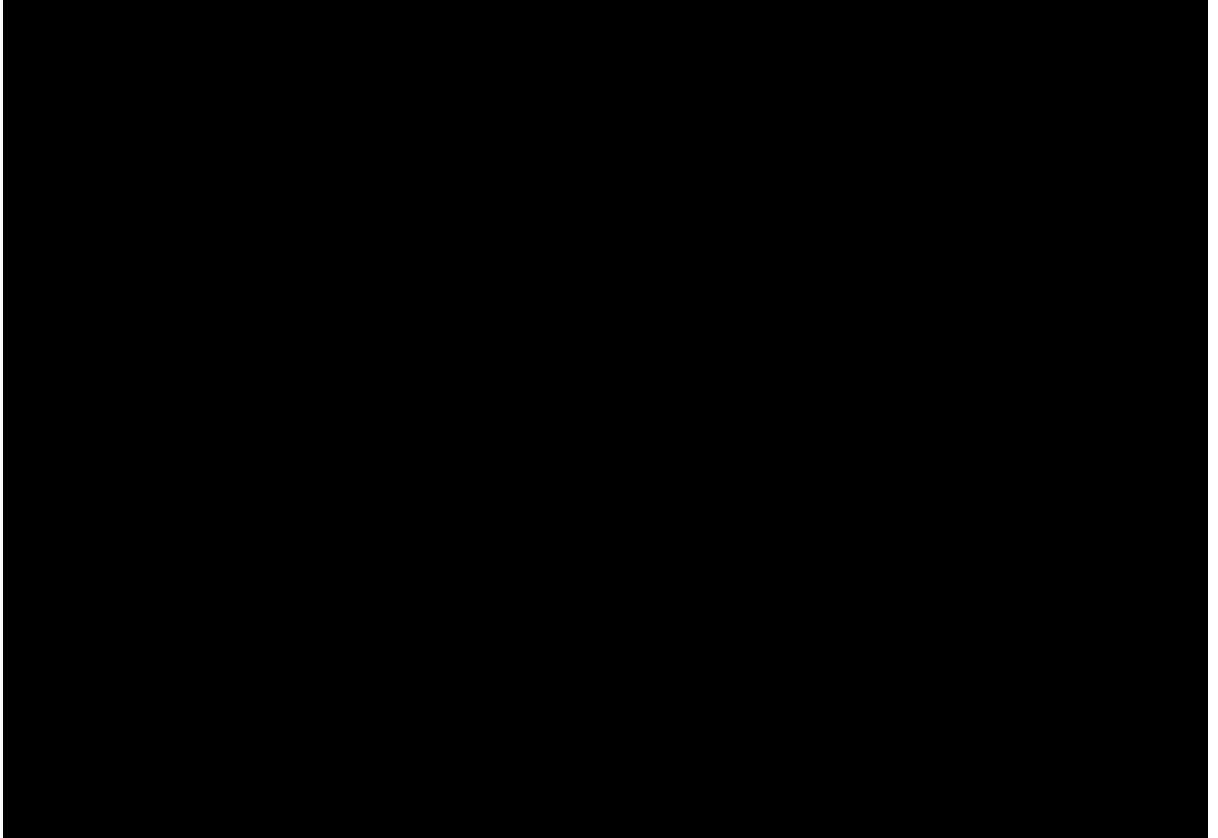
**1.2.6** IDP strategic objectives reflected in Supporting Table SA4-SA6

2. The Executive Committee of Emalahleni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as attached in the budget documentation, with effect from 1 July 2014:

2.1 The tariffs for property rates which are increasing on average by 6 % (percent) which translate to the following:

- Residential 0.077
- Undeveloped land 0.0076c/R
- Municipal Buildings/Properties 0c/R
- Business 0.0114c/R
- Government 0.0019c/R
- Agriculture 0.0019c/R
- Public Service Infrastructure 0c/R
- Public Benefit Organisations 0.0019c/R

2.2 the inclining tariffs for electricity which awaits NERSA's approval before Council can approve it are as follows:



2.3 the tariffs for the supply of water and sanitation on behalf of Chris Hani District Municipality are approved by Chris Hani District Municipality on the attached tariff list and the council take note of this tariffs.

;

2.4 the tariffs for solid waste services which are increasing on average by 6 % (percent);

The Executive Committee of Emalahleni Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs for other services, which are increasing on average by 5.4 percent, as set out in the attached budget documentation as (**Annexure**).

3. Council resolves that the budget related policies reflected in **Annexure**..... and listed below are approved for the budget year 2014/15.
  - Property Rates policy
  - Budget Policy
  - Tariff policy
  - Indigence Policy
  - Credit control and Debt collection
  - Cash Management and Investments policy
  - Asset and Disposal Management policies
  - Funding and Reserve policy
  - Debt and Borrowing policy
  - Fleet Management policy
  - Virement policy
  - Petty Cash Policy
  - Supply Chain Management policy
  
4. Executive Committee resolves that the filling of the following vacant posts as identified by Municipal Manger and tabled to Executive Committee, be approved:
  - **In the office of the Municipal Manager:**
    - ❖ Administrator
    - ❖ 2 x Disaster Field Workers
  - **Corporate Services Directorate**
    - ❖ HR Manager
    - ❖ IT Systems Administrator
    - ❖ IT System Administrator
    - ❖ Secretary
  - **Finance Department**
    - ❖ Secretary
    - ❖ Expenditure Practioner
    - ❖ Stores Clerk
    - ❖ e-Natis Clerk
  - **IPED Directorate**
    - ❖ LED Manager
    - ❖ LED Practioner
  - **Community Services Directorate**
    - ❖ Community Services Manager
    - ❖ 2 x Drivers
    - ❖ 3 x General Assistance
  - **Infrastructure and Human Settlement Directorate**
    - ❖ 4 x Operators
  
5. To give proper effect to the municipality's annual budget, the Council of Emalahleni Municipality approves:
  - 5.1 That cash backing is implemented through the utilization of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. In addition, the municipality during January 2013 proactively embarked on a strategic long-term financial sustainability exercise in order to ensure that this budget, as well as future budgets, is compiled to ensure that services to the community remains at high levels without overburdening the consumers of municipal services with excessive tariffs.

The main items identified by the strategic planning exercise can be summarised as follows:

- Improved service delivery;
- Underdeveloped areas;
- Impoverished communities;
- Co-operative governance;
- Unfunded mandates, core functions service delivery agents;
- Land availability for e.g. economic development;
- Land availability for establishing tip-sites;
- Alternative service delivery options;
- Obtaining a "clean audit" inclusive of performance management;
- Delegation- and procedure manuals;
- Risk management;
- Improved planning and beyond 5 years;
- High crime rate;
- Service delivery backlogs;
- Improved maintenance programs;
- Local economic development facilitation;
- Adequacy of municipal reserves and financial sustainability;
- Curtail electricity losses;
- Tourism initiatives; and
- Improved public participation.

For each of these risk areas the municipality is compiling business plans in order to prioritise expenditure according to the risk ratings. These business plans will all be implemented over the MTREF period according to available funding; however, in the 2014/2015 financial year limited provision was made for the implementation of the business plans.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 58, 59, 66, 71 and 72 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2014/15 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The ongoing difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Similarly the effect of the water tariffs, as determined by the Chris Hani District Municipality, on consumers. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality is in a healthy financial position, however, it needs to at least stabilise and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality. The municipality is striving to establishing a Capital Replacing Reserve to fund future capital projects to help mitigate the over dependence on grants for funding capital projects.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The budget must be spent in full, and all grants should be utilised in full;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	1 772	3 401	3 530	4 675	1 975	1 975	2 546	2 034	2 132	2 214
Service charges	6 899	14 513	14 914	13 240	11 470	11 470	14 660	12 650	13 257	13 771
Investment revenue	1 830	2 250	2 862	1 516	2 025	2 025	2 370	2 086	2 186	2 271
Transfers recognised - operational	87 337	72 148	85 415	104 225	98 550	98 550	84 092	108 178	143 222	149 843
Other own revenue	3 544	26 633	29 177	39 448	41 625	41 625	23 690	43 542	45 986	48 459
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>101 381</b>	<b>118 944</b>	<b>135 898</b>	<b>163 103</b>	<b>155 645</b>	<b>155 645</b>	<b>127 358</b>	<b>168 489</b>	<b>206 782</b>	<b>216 558</b>
Employee costs	27 500	39 391	43 685	39 274	50 318	50 318	33 796	61 639	61 750	67 726
Remuneration of councillors	6 776	8 270	9 101	10 297	9 740	9 740	8 223	10 227	10 718	11 134
Depreciation & asset impairment	-	20 696	20 131	22 695	22 435	22 435	22 435	23 084	24 192	25 131
Finance charges	21	362	530	389	170	170	-	175	184	191
Materials and bulk purchases	7 291	9 699	11 232	12 291	15 966	15 966	11 112	17 213	18 040	18 740
Transfers and grants	7 043	9 623	14 878	27 654	20 867	20 867	20 867	17 899	28 296	33 660
Other expenditure	28 049	92 425	55 533	71 434	64 403	64 403	34 281	69 216	68 111	70 754
<b>Total Expenditure</b>	<b>76 680</b>	<b>180 467</b>	<b>155 090</b>	<b>184 035</b>	<b>183 900</b>	<b>183 900</b>	<b>130 714</b>	<b>199 455</b>	<b>211 291</b>	<b>227 335</b>
<b>Surplus/(Deficit)</b>	<b>24 701</b>	<b>(61 522)</b>	<b>(19 192)</b>	<b>(20 931)</b>	<b>(28 255)</b>	<b>(28 255)</b>	<b>(3 356)</b>	<b>(30 966)</b>	<b>(4 509)</b>	<b>(10 776)</b>
Transfers recognised - capital	-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>9 264</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>9 264</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>-</b>	<b>3 592</b>	<b>17 070</b>	<b>39 742</b>	<b>44 009</b>	<b>44 009</b>	<b>44 009</b>	<b>38 223</b>	<b>33 191</b>	<b>36 328</b>
Transfers recognised - capital	-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	2 166	(3 723)	13 825	15 871	15 871	31 389	7 253	683	2 493
<b>Total sources of capital funds</b>	<b>-</b>	<b>3 592</b>	<b>17 070</b>	<b>39 742</b>	<b>44 009</b>	<b>44 009</b>	<b>44 009</b>	<b>38 223</b>	<b>33 191</b>	<b>36 328</b>
<b>Financial position</b>										
Total current assets	77 440	55 693	68 706	99 216	43 639	43 639	109 661	31 345	56 956	78 225
Total non current assets	225 490	393 131	386 606	256 788	430 423	430 423	400 015	445 561	454 560	465 758
Total current liabilities	28 581	16 827	18 601	16 418	17 295	17 295	41 176	16 238	17 137	18 249
Total non current liabilities	1 219	7 332	10 444	7 306	10 444	10 444	9 977	14 341	20 053	28 348
Community wealth/Equity	273 131	424 665	426 266	332 281	446 323	446 323	435 562	446 327	474 326	497 385
<b>Cash flows</b>										
Net cash from (used) operating	12 966	1 262	24 451	31 749	22 318	22 318	55 931	23 089	52 192	48 190
Net cash from (used) investing	(34 157)	(2 998)	(16 864)	(31 742)	(43 709)	(43 709)	(43 709)	(38 223)	(33 191)	(36 328)
Net cash from (used) financing	(104)	785	(536)	-	-	-	(405)	(195)	(150)	(116)
<b>Cash/cash equivalents at the year end</b>	<b>18 450</b>	<b>46 064</b>	<b>53 115</b>	<b>42 961</b>	<b>31 725</b>	<b>31 725</b>	<b>64 931</b>	<b>16 395</b>	<b>35 245</b>	<b>46 991</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	18 450	46 064	53 115	92 961	32 778	32 778	86 843	16 395	35 245	46 991
Application of cash and investments	29 450	11 892	5 259	1 099	2 336	2 336	19 376	(3 126)	(8 361)	(15 802)
<b>Balance - surplus (shortfall)</b>	<b>(11 000)</b>	<b>34 173</b>	<b>47 857</b>	<b>91 862</b>	<b>30 442</b>	<b>30 442</b>	<b>67 467</b>	<b>19 521</b>	<b>43 606</b>	<b>62 792</b>
<b>Asset management</b>										
Asset register summary (WDV)	225 490	393 131	386 606	256 788	430 423	430 423	445 561	445 561	454 560	465 758
Depreciation & asset impairment	-	20 696	20 131	22 695	22 435	22 435	23 084	23 084	24 192	25 131
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	2 506	-	7 299	15 995	12 241	12 241	12 548	12 548	11 736	12 191
<b>Free services</b>										
Cost of Free Basic Services provided	611	677	1 225	4 697	4 747	4 747	4 890	4 890	5 124	5 323
Revenue cost of free services provided	3 614	1 181	1 225	5 223	5 273	5 273	5 431	5 431	5 691	5 912
<b>Households below minimum service level</b>										
Water:	10	9	9	9	9	9	10	10	10	11
Sanitation/sewage:	-	-	-	5	5	5	5	5	5	5
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	8	8	8	8	9	9	10	10

Total operating revenue has increased by 7.9 per cent for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 18.1 and 4.5 per cent respectively. The main reason for the increase in revenue is an increase in operational grants.

Total operating expenditure for the 2014/15 financial year has been appropriated at R199 455 million and translates into a budgeted deficit of R30 966 thousand before capital transfers. When compared to the 2013/14 Adjustments Budget, operational expenditure has increased by 8.03 per cent in the 2013/14 budget and increases by 5.9 and 7 per cent for each of the respective outer years of the MTREF. The operating surplus, after capital grant transfers, for

the two outer years decreases to R4 thousand for the 2014/2015 financial year and then increases to R 27 99 and then decreases to R 23 059 million. The main reason for the increase in expenditure is the increase in bulk electricity price and employee cost.

The capital budget of R38 223 million for 2014/15 will show a decrease when compared to the 2013/14 Adjustment Budget. The latter has to do how the municipality has implemented its capital programmes and specifically its MIG allocation in the pass. The capital programme further decrease to R33 191 million in the 2015/16 financial year and then increase in 2016/17 to R36 328 million.

As indicated above no borrowing for capital projects is planned. The municipality is still well within the limits of its borrowing capacity but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

## 1.4 Operating Revenue Framework

For Emalahleni Municipality 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. 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 will also have to seek for funding to develop a revenue enhancement strategy. The latter will assist the municipality to identify areas to improve their revenue collection. In the absence of a revenue enhancement strategy, the following information were use to help the municipality's revenue management

- National Treasury's guidelines and macroeconomic policy;
- Limited growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an improve percentage increase in annual collection rate for property rates and other key service charges. This percentage is low compared to past history, but is being calculated conservatively due to the signs of financial stress currently being experienced;
- 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;
- 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 inflation forecasts for the MTREF period is on average 5, 5% per annum. The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases and which are beyond the control of the municipality hampers this goal.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

EC136 Emalahleni (EC) - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Financial Performance</b>										
Property rates	1 772	3 401	3 530	4 675	1 975	1 975	2 546	2 034	2 132	2 214
Service charges	6 899	14 513	14 914	13 240	11 470	11 470	14 660	12 650	13 257	13 771
Investment revenue	1 830	2 250	2 862	1 516	2 025	2 025	2 370	2 086	2 186	2 271
Transfers recognised - operational	87 337	72 148	85 415	104 225	98 550	98 550	84 092	108 178	143 222	149 843
Other own revenue	3 544	26 633	29 177	39 448	41 625	41 625	23 690	43 542	45 986	48 459
Total Revenue (excluding capital transfers and contributions)	101 381	118 944	135 898	163 103	155 645	155 645	127 358	168 489	206 782	216 558

The percentage revenue from own sources increases during the budget year. In the two outer years of the MTREF the increases in revenue is fairly consistent, except electricity which is projected to increase by much higher percentages due to the increases allowed by NERSA. The growth in revenue contributions are indicated below (Excluding Capital Transfers). 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.



Description	Ref	2012/13			2014/15 Medium Term Revenue & Expenditure Framework				
		Audited Outcome	Adjusted Budget	% Increase	Budget Year 2014/15	% Increase	Budget Year +1 2015/16	% Increase	Budget Year +2 2016/17
<b>Revenue By Source</b>									
Property rates	2	3 530	1 975	2.9%	2 034	4.6%	2 132	3.7%	2 214
Property rates - penalties & collection charges		-	-		-		-		-
Service charges - electricity revenue	2	5 662	6 479	6.1%	6 899	4.6%	7 230	3.7%	7 511
Service charges - water revenue	2	2 895	1 981	2.9%	2 041	4.6%	2 138	3.7%	2 221
Service charges - sanitation revenue	2	3 610	358	2.9%	369	4.6%	386	3.7%	401
Service charges - refuse revenue	2	2 747	2 650	6.0%	2 820	4.6%	2 955	3.7%	3 070
Service charges - other		-	-	0.0%	-		-		-
Rental of facilities and equipment		620	586	2.9%	604	4.6%	633	3.7%	657
Interest earned - external investments		2 862	2 025	2.9%	2 086	4.6%	2 186	3.7%	2 271
Interest earned - outstanding debtors		6 471	4 950	2.9%	5 098	4.6%	5 343	3.7%	5 550
Dividends received		-	-	0.0%	-	0.0%	-	0.0%	-
Fines		1	110	2.9%	113	4.6%	119	3.7%	123
Licences and permits		353	484	2.9%	498	4.6%	522	3.7%	542
Agency services		93	1 200	2.9%	1 236	4.6%	1 295	3.7%	1 345
Transfers recognised - operational		85 415	98 550	9.8%	109 208	23.7%	143 222	4.4%	149 843
Other revenue	2	21 434	34 296	4.7%	35 992	5.5%	38 074	5.4%	40 241
Gains on disposal of PPE		207	-	0.0%	-		-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>135 898</b>	<b>155 643</b>	<b>7.9%</b>	<b>168 998</b>	<b>18.1%</b>	<b>206 236</b>	<b>4.5%</b>	<b>215 991</b>
<b>Expenditure By Type</b>									
Employee related costs	2	43 685	50 318	18.4%	61 639	-0.4%	61 390	8.7%	67 219
Remuneration of councillors		9 101	9 740	4.8%	10 227	4.6%	10 718	3.7%	11 134
Debt impairment	3	9 539	3 156	2.9%	3 251	4.6%	3 407	3.7%	3 539
Depreciation & asset impairment	2	20 131	22 435	2.8%	23 084	4.6%	24 192	3.7%	25 131
Finance charges		530	170	2.9%	175	4.6%	184	3.7%	191
Bulk purchases	2	11 232	15 966	7.2%	17 213	4.6%	18 040	3.7%	18 740
Other materials	8	-	-	0.0%	-	0.0%	-	0.0%	-
Contracted services		2 713	4 665	19.0%	5 762	4.6%	6 038	3.7%	6 272
Transfers and grants		14 878	20 867	-10.2%	18 929	33.1%	28 296	15.9%	33 660
Other expenditure	4, 5	39 816	56 580	5.2%	59 670	1.1%	60 318	3.7%	62 658
Loss on disposal of PPE		3 465	-	0.0%	-		-		-
<b>Total Expenditure</b>		<b>155 090</b>	<b>183 898</b>	<b>8.0%</b>	<b>199 952</b>	<b>5.9%</b>	<b>212 582</b>	<b>7.0%</b>	<b>228 543</b>
<b>Surplus/(Deficit)</b>		<b>(19 192)</b>	<b>(28 255)</b>	<b>8.7%</b>	<b>(30 954)</b>	<b>-387.8%</b>	<b>(6 346)</b>	<b>49.4%</b>	<b>(12 553)</b>
Transfers recognised - capital		20 793	28 138	9.1%	30 970	4.7%	32 508	3.9%	33 835
Contributions recognised - capital	6	-	-		-		-		-
Contributed assets		-	-		-		-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>1 601</b>	<b>(117)</b>	<b>837.2%</b>	<b>16</b>	<b>99.9%</b>	<b>26 162</b>	<b>-22.9%</b>	<b>21 282</b>

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but operating grants forms the major funding source.

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 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 below:**

EC136 Emalahleni (EC) - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>REVENUE ITEMS:</b>											
<u>Property rates</u>											
	6										
Total Property Rates		4 776	3 905	3 530	5 200	2 500	2 500	1 613	2 575	2 699	2 803
<i>less Revenue Foregone</i>		3 003	504		525	525	525		541	567	589
Net Property Rates		1 772	3 401	3 530	4 675	1 975	1 975	1 613	2 034	2 132	2 214
<u>Service charges - electricity revenue</u>											
	6										
Total Service charges - electricity revenue		5 398	5 596	6 425	6 485	7 156	7 156	4 705	7 596	7 961	8 270
<i>less Revenue Foregone</i>		416	517	762	677	677	677	462	697	730	759
Net Service charges - electricity revenue		4 982	5 079	5 662	5 808	6 479	6 479	4 243	6 899	7 230	7 511
<u>Service charges - water revenue</u>											
	6										
Total Service charges - water revenue		(7)	3 093	2 896	3 839	2 829	2 829	4 709	2 914	3 054	3 172
<i>less Revenue Foregone</i>				1	848	848	848	22	873	915	951
Net Service charges - water revenue		(7)	3 092	2 895	2 991	1 981	1 981	4 687	2 041	2 138	2 221
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue		(441)	3 814	3 931	3 412	3 230	3 230	2 760	3 327	3 487	3 622
<i>less Revenue Foregone</i>			93	321	2 873	2 873	2 873	272	2 959	3 101	3 221
Net Service charges - sanitation revenue		(441)	3 721	3 610	539	358	358	2 488	369	386	401
<u>Service charges - refuse revenue</u>											
	6										
Total refuse removal revenue		2 559	2 686	2 888	4 200	3 000	3 000	2 008	3 180	3 333	3 462
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
<i>less Revenue Foregone</i>		195	66	141	300	350	350	215	361	378	392
Net Service charges - refuse revenue		2 364	2 620	2 747	3 900	2 650	2 650	1 793	2 820	2 955	3 070
<u>Other Revenue by source</u>											
Other Revenue	3	556	20 017	21 434	33 128	34 296	34 296	15 971	35 992	38 074	40 241
Total 'Other' Revenue	1	556	20 017	21 434	33 128	34 296	34 296	15 971	35 992	38 074	40 241

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R50 000
2	50 kWh free electricity per month
3	6 kiloliters of water free per month
4	Free refuse x 4 removal per month
5	Free sewerage per month

Operating grants and transfers totals R109 208 million in the 2014/15 financial year and increases to R149 843 million by 2016/17. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependant on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. The contribution for Councillors Allowances also increased significantly for the budget year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

EC136 Emalahleni (EC) - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:										
<u>Operating Transfers and Grants</u>										
National Government:		65 774	67 826	82 270	103 653	93 409	93 409	107 143	142 161	148 740
Local Government Equitable Share		57 535	61 056	69 797	78 749	78 749	78 749	92 038	116 794	118 123
Finance Management		1 250	1 500	1 379	1 650	1 650	1 650	1 800	1 850	1 900
Municipal Systems Improvement		750	790	736	890	890	890	934	967	1 018
Integrated National Electrification Programme		5 000	4 480	9 000	20 000	10 000	10 000	10 000	20 000	25 000
EPWP Incentive		1 239	-	1 358	1 000	1 000	1 000	1 217	1 000	1 039
Other transfers/grants [insert description]		-	-	-	1 364	1 120	1 120	1 154	1 550	1 660
Provincial Government:		-	2 189	441	572	1 184	1 184	932	954	991
Other transfers/grants [insert description]		-	2 189	441	572	1 184	1 184	932	954	991
District Municipality:		19 878	-	2 705	-	3 957	3 957	1 133	108	112
[insert description]		-	-	-	-	-	-	-	-	-
		19 878	-	2 705	-	3 957	3 957	1 133	108	112
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	85 651	70 015	85 415	104 225	98 550	98 550	109 208	143 222	149 843
<u>Capital Transfers and Grants</u>										
National Government:		15 978	19 217	20 793	25 917	28 138	28 138	30 970	32 508	33 835
Municipal Infrastructure Grant (MIG)		15 978	19 217	20 793	25 917	28 138	28 138	30 970	32 508	33 835
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		3 243	-	-	-	-	-	-	-	-
[insert description]		3 243	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	19 221	19 217	20 793	25 917	28 138	28 138	30 970	32 508	33 835
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		104 872	89 232	106 208	130 142	126 688	126 688	140 178	175 730	183 678

Revenue from capital transfers is indicated below is growing steadily from R30 970 in 2015 to R38 835 in 2017 million over the MTREF period.

Capital Transfers and Grants										
National Government:	15 978	19 217	20 793	25 917	28 138	28 138	30 970	32 508	33 835	
Municipal Infrastructure Grant (MIG)	15 978	19 217	20 793	25 917	28 138	28 138	30 970	32 508	33 835	
Other capital transfers/grants [insert desc]	-	-	-	-	-	-	-	-	-	
Provincial Government:	-	-	-	-	-	-	-	-	-	
Other capital transfers/grants [insert description]	-	-	-	-	-	-	-	-	-	
District Municipality:	3 243	-	-	-	-	-	-	-	-	
[insert description]	3 243	-	-	-	-	-	-	-	-	
Other grant providers:	-	-	-	-	-	-	-	-	-	
[insert description]	-	-	-	-	-	-	-	-	-	
<b>Total Capital Transfers and Grants</b>	<b>5</b>	<b>19 221</b>	<b>19 217</b>	<b>20 793</b>	<b>25 917</b>	<b>28 138</b>	<b>28 138</b>	<b>30 970</b>	<b>32 508</b>	<b>33 835</b>

Total revenue per municipal vote, including capital transfers, is listed below:

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>										
Vote 1 - Executive and Council	1	1 150	600	238	5 336	5 446	5 446	6 312	6 598	6 896
Vote 2 - Budget and Treasury		56 930	70 681	82 364	85 381	82 986	82 986	95 817	120 723	122 154
Vote 3 - Corporate Services		81	90	84	0	22	22	23	1	1
Vote 4 - Community and Social Services		4 274	5 032	5 250	6 354	5 823	5 823	5 764	6 041	6 275
Vote 5 - IPED		1	1 578	2 362	12	2 998	2 998	182	191	198
Vote 6 - Technical Services		38 945	42 388	66 392	91 936	86 506	86 506	91 359	105 735	114 867
		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>101 381</b>	<b>120 370</b>	<b>156 691</b>	<b>189 019</b>	<b>183 781</b>	<b>183 781</b>	<b>199 458</b>	<b>239 289</b>	<b>250 392</b>
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - Executive and Council	1	16 131	20 604	20 610	23 716	27 371	27 371	28 973	29 680	31 200
Vote 2 - Budget and Treasury		17 610	14 198	18 606	20 387	20 994	20 994	23 443	24 185	25 656
Vote 3 - Corporate Services		9 959	9 752	12 731	15 219	13 513	13 513	18 959	16 985	18 135
Vote 4 - Community and Social Services		7 903	19 948	16 113	22 285	18 017	18 017	18 904	18 625	20 033
Vote 5 - IPED		4 875	6 699	9 592	10 262	13 319	13 319	11 867	11 692	12 515
Vote 6 - Technical Services		20 202	109 264	77 437	92 164	90 684	90 684	97 306	110 123	119 794
		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>76 680</b>	<b>180 467</b>	<b>155 090</b>	<b>184 033</b>	<b>183 898</b>	<b>183 898</b>	<b>199 453</b>	<b>211 289</b>	<b>227 333</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>

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 Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity 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.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is increasing from R3 156 million in 2013/14 to R3 251 million in 2014/15 financial year.

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.

#### 1.4.1 Property Rates

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government social pensions.

The municipality investigates a tariff structure consistent with operational requirements but also to ensure that the ratepayers are not over-burdened.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a general 6 per cent increase from 1 July 2014.

		ASSESSMENT RATES			
<b>Ratios</b>					
Undeveloped land	1.0				
Institutional	1.5				
Land and Buildings	1.0				
Business	1.5				
Government	1.5				
Agricultural	0.25				
Public service infrastructure	0.25				
Public benefit organisation	0.25				
<b>FINANCIAL YEARS</b>			<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
Property Rates Tariff all areas			0.0076	0.0081	0.0085

#### **1.4.2 Sale of Water and Sanitation and the Impact of Tariff Increases**

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. In addition, recent droughts caused water carting to be introduced by the Chris Hani District Municipality. 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.

The municipality obtains water from the Chris Hani District Municipality (CHDM) and deliver the service on behalf of the CHDM. The CHDM reimburses the municipality for the difference in expenditure incurred in delivering the service and the cash received from consumers as payment for the services. The municipality is concerned, that claims are not properly done monthly which ends up annually that the District owns monies to the local municipality.

Furthermore, the CHDM indicated that the water tariffs to the consumers are not cost reflective and as such the tariffs will increase substantially from the 2014/2015 financial year. Similarly, the CHDM also indicated the tariffs for sanitation are not cost reflective and may be subjected to significant increases.

Water					
Domestic Consumers			2014-2015	2015-2016	2016-2017
0-6			15.27	16.11	17.00
6-15			19.09	20.14	21.25
15-25			23.87	25.18	26.57
25-40			29.83	31.47	33.20
40-500			44.75	47.21	49.81
>500			89.50	94.42	99.61
<b>Availability Charge</b>			45.82	48.34	51.00
<b>Industrial and Agriculture</b>					
Consumptive Tariff					
0-6			15.27	16.11	17.00
6-15			19.09	20.14	21.25
15-25			23.87	25.18	26.57
25-40			29.83	31.47	33.20
40-500			44.75	47.21	49.81
>500			89.50	94.42	99.61
<b>Availability Charge</b>			137.46	145.02	153.00
<b>Institutions</b>					
Consumptive Tariff					
0-6			15.27	16.11	17.00
6-15			19.09	20.14	21.25
15-25			23.87	25.18	26.57
25-40			29.83	31.47	33.20
40-500			44.75	47.21	49.81
>500			89.50	94.42	99.61
<b>Availability Charge</b>			137.46	145.02	153.00
<b>Mixed Use (Excluding Industrial &amp; Agriculture)</b>					
Consumptive Tariff					
0-6			15.27	16.11	17.00
6-15			19.09	20.14	21.25
15-25			23.87	25.18	26.57
25-40			29.83	31.47	33.20
40-500			44.75	47.21	49.81
>500			89.50	94.42	99.61
<b>Availability Charge</b>			137.46	145.02	153.00
<b>Business &amp; Commercial</b>					
Consumptive Tariff					
0-6			15.27	16.11	17.00
6-15			19.09	20.14	21.25
15-25			23.87	25.18	26.57
25-40			29.83	31.47	33.20
40-500			44.75	47.21	49.81
>500			89.50	94.42	99.61
<b>Availability Charge</b>			137.46	145.02	153.00
<b>Unmetered Consumers</b>			137.46	145.02	153.00

Although water inventory belongs to the CHDM, the municipality continuously explores ways to limit the water losses to an acceptable level. There will always be water line losses due to burst pipes and as repairs thereof requires flushing of systems before being distributed again. However any losses above 13% to 15 % is considered excessive by the Auditor-General's office and regarded as fruitless expenditure.

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 7.39 per cent increase in the Eskom bulk electricity was given by NERSA. However, NERSA has indicated a 6% to 8% tariff increase to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by 6% per cent to offset the additional bulk purchase cost from 1 July 2014. 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.

#### ELECTRICITY TARIFFS & CHARGES (Excl VAT)

Standard interest + 1.00% would be charged on all late payments

Implementation subject to NER approval

Tariffs are applicable throughout Emalahleni Municipality unless indicated otherwise

ELECTRICITY								
All The Tariffs are VAT <u>exclusive</u>								
Fees <u>exclude</u> cables, trenching and circuit breaker.								
FINANCIAL YEARS								
2014-2015								
2014 2015 Proposed tariffs								
Tariff number		Prepaid/Conventional	Phases	KWh	New Inclining Block Tariffs			
					Current approved tariffs	0 - 50 KWh	51 - 350 KWh	351 - 600 KWh
1	Indigent	Prepaid	1	R 0.89	0.98	1.07	1.22	1.44
2	Domestic	Prepaid	1	R 1.10	0.98	1.07	1.29	1.44
3	Domestic	Conventional	1	R 1.07	0.98	1.07	1.22	1.44
4	Domestic	Prepaid	3	R 1.35	0.98	1.07	1.29	1.44
5	Domestic	Conventional	3	R 1.07	0.98	1.07	1.22	1.44
<b>Commercial</b>								
				Current approved tariffs	Current approved tariffs KVA	New tariff KWh 7%	New tariff KVA	
5	Commercial	Conventional	1	R 1.07		R 1.14		
6	Commercial	Conventional	3	R 1.07		R 1.14		
7	Small Commercial	Prepaid	1	R 1.42		R 1.52		
8	Small Commercial	Prepaid	3	R 1.44		R 1.54		
9	Large Commercial Demand	Demand	KVA	R 0.59	R 159.06	R 0.90	R 159.06	
10	Large Commercial Demand	Demand	KVA	R 1.84	R 185.09	R 0.90	R 159.06	
11	Water/Sanitation	Demand	Demand	R 0.90		R 0.90	R 100.00	
12	Water/Sanitation	KWH	1&3			R 1.14		
13	Departmental/Street	Conventional	1&3			R 1.00		

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 10% if possible. The municipality does not make a profit on electricity and must implement ways of achieving a profit, without overburdening the consumers with exorbitant tariffs. The municipality needs to establish the causes for electricity losses. The loss on the electricity service over the MTREF is 13,7 percent for 2014/2015 and 13,9 percent and 14,1 percent for the outer years

Electricity line losses should be continuously monitored as it can represent a significant financial loss for the municipality. In general electricity line losses of 10% are being regarded as "acceptable" in the industry and Emalahleni Municipality is well above that norm.



## Comparison between current electricity charges and increases

It should further be noted that NERSA has advised that a stepped tariff structure must be used. 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). The Municipality should comply with this requirement.

### 1.4.4 Waste Removal and Impact of Tariff Increases

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. The main cost drivers for this section are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role as cost drivers. 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 should be incorporated into the next planning cycle.

Higher increases than inflation will not be viable in 2014/15 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would not only be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt, but also, although on a small scale, not assisting the national government in reaching the CPIX target of between 3 and 6 percent.

The following table compares current and proposed amounts payable from 1 July 2014:

### Comparison between current waste removal fees and increases

REFUSE REMOVAL					
FINANCIAL YEARS			2014-2015	2015-2016	2016-2017
<b>Tariffs exclude VAT</b>					
<b>Domestic Consumers:</b>					
<b>Domestic Consumers: All Areas</b>			66.30	69.95	73.80
<b>Commercial Consumers:</b>					
<b>Commercial Consumers: All Areas</b>			132.60	139.89	147.58
<b>Government Consumers:</b>					
<b>Government Consumers: All Areas</b>			331.20	349.41	368.63
<b>Indigents:</b>					
<b>Indigents: Indigent Consumers all areas</b>			66.30	69.95	73.80
Indigent subsidy			100%	100%	100%
Effective Charge			0.00	0.00	0.00
Special Refuse collection			242.53	255.87	269.95
Collection of Garden Refuse			242.53	255.87	269.95
Special Refuse collection - Government and Commercial			288.22	304.07	320.79
Tree- cutting inside yard :			2 739.32	2889.98	3048.93
Rubble per load/building remains			280.43	295.85	312.12

### 1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households. The National Treasury adjusted the way comparatives are being calculated and for that reason current tariffs are unfortunately not included.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 20.2%, excluding the electricity adjustments.

EC136 Emalahleni (EC) - Supporting Table SA14 Household bills

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
Rates and services charges:											
Property rates		329.94	356.20	396.67	420.00	420.00	420.00	5.8%	445.96	472.72	501.08
Electricity: Basic levy		82.26	91.09	1.09	54.50	54.50	54.50	(100.0%)	-	-	-
Electricity: Consumption		878.90	1 020.50	1 024.70	1 090.00	1 090.00	1 090.00	24.3%	1 440.00	1 526.40	1 617.98
Water: Basic levy		44.32	46.98	37.02	39.24	39.24	39.24	14.4%	45.82	48.57	51.48
Water: Consumption		123.60	131.10	117.60	432.30	432.30	432.30	33.6%	651.28	690.36	731.78
Sanitation		50.35	53.37	68.75	72.88	72.88	72.88	5.1%	76.77	81.38	86.26
Refuse removal		65.64	70.89	62.55	65.93	65.93	65.93	0.6%	66.30	70.28	74.49
Other											
sub-total		1 575.01	1 770.13	1 708.38	2 174.85	2 174.85	2 174.85	20.2%	2 726.13	2 889.70	3 063.08
VAT on Services		174.31	197.95	23.72	32.56	32.56	32.56		381.66	404.56	428.83
Total large household bill:		1 749.32	1 968.08	1 732.09	2 207.41	2 207.41	2 207.41	29.0%	3 107.79	3 294.25	3 491.91
% increase/-decrease			12.5%	(12.0%)	27.4%	-	-		40.8%	6.0%	6.0%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
Rates and services charges:											
Property rates		233.60	252.20	283.33	300.00	300.00	300.00	5.8%	318.54	337.65	357.91
Electricity: Basic levy		82.26	91.09	81.00	54.50	54.50	54.50	(100.0%)	-	-	-
Electricity: Consumption		381.34	425.50	512.35	545.00	545.00	545.00	15.5%	645.00	683.70	724.72
Water: Basic levy		44.32	46.98	34.93	37.02	37.02	37.02	19.2%	45.82	48.57	51.48
Water: Consumption		103.00	109.25	98.00	360.25	360.25	360.25	28.3%	502.13	532.26	564.19
Sanitation		50.35	53.37	65.23	68.75	68.75	68.75	10.4%	76.77	81.38	86.26
Refuse removal		65.64	70.89	59.35	62.55	62.55	62.55	5.7%	66.30	70.28	74.49
Other											
sub-total		960.51	1 049.28	1 134.19	1 428.07	1 428.07	1 428.07	15.9%	1 654.56	1 753.84	1 859.07
VAT on Services				33.67	31.19	31.19	31.19		231.64	245.54	260.27
Total small household bill:		960.51	1 049.28	1 167.86	1 459.26	1 459.26	1 459.26	29.3%	1 886.20	1 999.37	2 119.33
% increase/-decrease			9.2%	11.3%	25.0%	-	-		29.3%	6.0%	6.0%
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
Rates and services charges:											
Property rates		137.27	148.20	170.00	180.00	180.00	180.00	0.9%	181.57	192.46	204.01
Electricity: Basic levy		82.26	91.09	81.00	270.00	270.00	270.00	(100.0%)	-	-	-
Electricity: Consumption		253.00	271.00	358.65	381.50	381.50	381.50	(18.8%)	321.00	340.26	360.68
Water: Basic levy		28.19	29.88	34.93	37.02	37.02	37.02	19.2%	45.82	48.57	51.48
Water: Consumption		69.40	73.60	78.40	201.74	201.74	201.74	30.7%	291.16	308.63	327.15
Sanitation		50.35	53.37	65.23	68.75	68.75	68.75	10.4%	76.77	81.38	86.26
Refuse removal		65.64	70.89	59.35	62.55	62.55	62.55	5.7%	66.30	70.28	74.49
Other											
sub-total		686.11	738.03	847.56	1 201.56	1 201.56	1 201.56	(18.2%)	982.62	1 041.58	1 104.07
VAT on Services		76.84	82.58	32.78	30.30	30.30	30.30	78.0%	137.57	145.82	154.57
Total small household bill:		762.95	820.61	880.34	1 231.86	1 231.86	1 231.86	(9.1%)	1 120.19	1 187.40	1 258.64
% increase/-decrease			7.6%	7.3%	39.9%	-	-		(9.1%)	6.0%	6.0%

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 58, 59, 66, 71 and 72;
- 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
- Limitation on tariff increases.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

EC136 Emalahleni (EC) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	1 772	3 401	3 530	4 675	1 975	1 975	2 546	2 034	2 132	2 214
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	4 982	5 079	5 662	5 808	6 479	6 479	5 506	7 419	7 775	8 077
Service charges - water revenue	2	(7)	3 092	2 895	2 993	1 983	1 983	5 759	2 042	2 140	2 223
Service charges - sanitation revenue	2	(441)	3 721	3 610	539	358	358	1 152	369	386	401
Service charges - refuse revenue	2	2 364	2 620	2 747	3 900	2 650	2 650	2 244	2 820	2 955	3 070
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		656	703	620	491	586	586	574	604	633	657
Interest earned - external investments		1 830	2 250	2 862	1 516	2 025	2 025	2 370	2 086	2 186	2 271
Interest earned - outstanding debtors		2 284	5 611	6 471	4 278	4 950	4 950	6 409	5 098	5 343	5 550
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		0	1	1	0	110	110	104	113	119	123
Licences and permits		-	5	353	220	484	484	429	498	522	542
Agency services		48	296	93	1 182	1 200	1 200	51	1 236	1 295	1 345
Transfers recognised - operational		87 337	72 148	85 415	104 225	98 550	98 550	84 092	108 178	143 222	149 843
Other revenue	2	556	20 017	21 434	33 128	34 296	34 296	16 123	35 992	38 074	40 241
Gains on disposal of PPE		-	-	207	150	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>101 381</b>	<b>118 944</b>	<b>135 898</b>	<b>163 103</b>	<b>155 645</b>	<b>155 645</b>	<b>127 358</b>	<b>168 489</b>	<b>206 782</b>	<b>216 558</b>
<b>Expenditure By Type</b>											
Employee related costs	2	27 500	39 391	43 685	39 274	50 318	50 318	33 796	61 639	61 750	67 726
Remuneration of councillors		6 776	8 270	9 101	10 297	9 740	9 740	8 223	10 227	10 718	11 134
Debt impairment	3	7 792	45 237	9 539	4 069	3 156	3 156	3 156	3 251	3 407	3 539
Depreciation & asset impairment	2	-	20 696	20 131	22 695	22 435	22 435	22 435	23 084	24 192	25 131
Finance charges		21	362	530	389	170	170	-	175	184	191
Bulk purchases	2	7 291	9 699	11 232	12 291	15 966	15 966	11 112	17 213	18 040	18 740
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	1 523	2 713	2 051	4 665	4 665	3 376	5 762	6 038	6 272
Transfers and grants		7 043	9 623	14 878	27 654	20 867	20 867	20 867	17 899	28 296	33 660
Other expenditure	4, 5	20 257	45 665	39 816	65 314	56 581	56 581	30 906	60 203	58 666	60 942
Loss on disposal of PPE		-	-	3 465	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>76 680</b>	<b>180 467</b>	<b>155 090</b>	<b>184 035</b>	<b>183 900</b>	<b>183 900</b>	<b>133 870</b>	<b>199 455</b>	<b>211 291</b>	<b>227 335</b>
<b>Surplus/(Deficit)</b>		<b>24 701</b>	<b>(61 522)</b>	<b>(19 192)</b>	<b>(20 931)</b>	<b>(28 255)</b>	<b>(28 255)</b>	<b>(6 512)</b>	<b>(30 966)</b>	<b>(4 509)</b>	<b>(10 776)</b>
Transfers recognised - capital		-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>

The budgeted allocation for employee related costs for the 2014/15 financial year totals

R61 639 million, which equals 38.8 per cent of the total operating expenditure. This percentage remains to 28.9 and 29.4 per cent in the outer years of the MTREF period. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis, the costs represent 38.6 per cent of the expenditure and remain to 36 and 36.4 per cent in the outer years. Based on the guidance provided by National Treasury in Circular 58 and in the absence on a new collective agreement on increases, salary increases have been factored into this budget at a percentage increase of 9.5 per cent (including the notch increases of 2.5 %) for the 2014/15 financial year. An annual increase of 4.8 and 3.9 per cent has been included in the two outer years of the MTREF.

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 15 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R3 156 million and escalates to R3 539 million by 2016/17. 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 of asset consumption. Budget appropriations in this regard total R22 435 million for the 2014/15 financial and equates to 11.5 per cent of the total operating expenditure. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 14.5 per cent of the expenditure. The average for local municipalities in recent research is 11, 76 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 8.6 per cent of expenditure and decrease to 8.5 per cent and 8.2 per cent in the outer years. If depreciation is excluded, the percentage is 10.8 per cent for the budget year and decreasing to 10.6 per cent and 10.1 per cent in the outer years.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

## **Main operational expenditure categories for the 2013/14 financial year**

### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy 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, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.

During the compilation of the 2014/15 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, the municipality identified this, together with other strategic items, as priority to be investigated and changes to be incorporated into the next budget, if not already to the 2014/2015 Adjustments Budget. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

EC136 Emalahleni (EC) - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		891	-	5 226	7 948	5 937	5 937	6 115	6 408	6 657
Infrastructure - Road transport		447	-	1 106	836	1 397	1 397	1 439	1 508	1 566
Roads, Pavements & Bridges		342	-	883	557	1 097	1 097	1 130	1 184	1 230
Storm water		105	-	223	279	300	300	309	324	336
Infrastructure - Electricity		445	-	647	966	1 323	1 323	1 363	1 428	1 484
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		366	-	315	323	323	323	333	349	362
Street Lighting		78	-	332	643	1 000	1 000	1 030	1 079	1 121
Infrastructure - Water		-	-	2 386	3 872	2 859	2 859	2 945	3 086	3 206
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	2 386	3 872	2 859	2 859	2 945	3 086	3 206
Infrastructure - Sanitation		-	-	1 086	2 273	357	357	368	386	401
Reticulation		-	-	1 086	2 273	357	357	368	386	401
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
<b>Community</b>		41	-	86	342	531	531	547	573	595
Parks & gardens		7	-	-	87	33	33	34	36	37
Sportsfields & stadia		15	-	4	47	40	40	41	43	45
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	1	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	100	100	103	108	112
Cemeteries	8	19	-	82	143	357	357	368	386	401
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	66	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		1 574	-	1 987	7 705	5 773	5 773	5 886	4 754	4 939
General vehicles		892	-	1 042	3 730	911	911	939	984	1 022
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		156	-	127	1 256	2 702	2 702	3 433	2 916	3 029
Computers - hardware/equipment		-	-	2	33	12	12	12	13	13
Furniture and other office equipment		63	-	78	296	116	116	120	126	130
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	737	2 390	2 032	2 032	1 383	716	743
Other Buildings		463	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	1	2 506	-	7 299	15 995	12 241	12 241	12 548	11 736	12 191
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
<b>R&amp;M as a % of PPE</b>		1.1%	0.0%	2.0%	6.2%	3.0%	3.0%	3.0%	2.7%	2.8%
<b>R&amp;M as % Operating Expenditure</b>		3.3%	0.0%	4.7%	8.7%	6.7%	6.7%	6.3%	5.6%	5.4%

**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's Indigent Policy. The target is to register all indigent households during the 2013/14 financial year, a process reviewed annually. 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 below.(Note that Water and Sanitation, although provided by the municipality, is the function of CHDM)

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The Transfer of grants as a result of free basic services totals R5 431 million in the budget year of 2014/15 and increasing to R5 691 million and R5 912 million in the outer years.

## 1.6 Capital expenditure

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

EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>Capital expenditure - Vote</b>	1										
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	6 437	15 556	10 614	10 614	10 614	24 574	15 422	-
Vote 5 - IPED		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	7 816	10 341	17 401	17 401	17 401	3 319	14 459	28 929
Capital multi-year expenditure sub-total	7	-	-	14 254	25 898	28 015	28 015	28 015	27 893	29 881	28 929
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	312	439	6 380	2 840	2 840	2 840	4 210	210	2 270
Vote 2 - Budget and Treasury		-	260	672	970	1 751	1 751	1 751	1 160	1 060	1 240
Vote 3 - Corporate Services		-	534	159	140	140	140	140	370	100	290
Vote 4 - Community and Social Services		-	493	1 154	940	1 820	1 820	1 820	2 180	100	1 747
Vote 5 - IPED		-	38	135	2 784	2 749	2 749	2 749	2 290	1 740	105
Vote 6 - Technical Services		-	1 955	258	2 630	6 694	6 694	6 694	120	100	1 747
Capital single-year expenditure sub-total		-	3 592	2 817	13 844	15 994	15 994	15 994	10 330	3 310	7 399
<b>Total Capital Expenditure - Vote</b>		-	3 592	17 070	39 742	44 009	44 009	44 009	38 223	33 191	36 328
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		-	1 106	1 269	7 490	4 731	4 731	4 731	5 740	1 370	3 800
Executive and council		-	312	439	6 380	2 840	2 840	2 840	4 210	210	2 270
Budget and treasury office		-	260	672	970	1 751	1 751	1 751	1 160	1 060	1 240
Corporate services		-	534	159	140	140	140	140	370	100	290
<b>Community and public safety</b>		-	493	7 844	11 496	9 164	9 164	9 164	19 700	8 416	1 747
Community and social services		-	493	7 591	4 604	5 110	5 110	5 110	15 303	5 416	1 747
Sport and recreation		-	-	-	6 892	4 054	4 054	4 054	4 397	3 000	-
Public safety		-	-	253	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	1 993	7 951	15 756	26 844	26 844	26 844	5 729	16 299	29 174
Planning and development		-	38	135	2 784	2 749	2 749	2 749	2 290	1 740	105
Road transport		-	1 955	7 816	12 971	24 095	24 095	24 095	3 439	14 559	29 069
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	5	5 000	3 270	3 270	3 270	7 054	7 106	1 607
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	5	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	1 607
Waste management		-	-	-	5 000	3 270	3 270	3 270	7 054	7 106	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	-	3 592	17 070	39 742	44 009	44 009	44 009	38 223	33 191	36 328
<b>Funded by:</b>											
National Government		-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	2 166	(3 723)	13 825	15 871	15 871	31 389	7 253	683	2 493
<b>Total Capital Funding</b>	7	-	3 592	17 070	39 742	44 009	44 009	44 009	38 223	33 191	36 328

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets.



EC136 Emalahleni (EC) - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	1 492	7 749	11 706	18 765	18 765	4 869	16 119	30 536
Infrastructure - Road transport		-	1 492	7 749	10 341	17 401	17 401	3 319	14 459	28 929
Roads, Pavements & Bridges		-	1 492	7 749	10 341	17 401	17 401	3 319	14 459	28 929
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	1 607
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	1 607
Infrastructure - Other		-	-	-	1 364	1 364	1 364	1 550	1 660	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	1 364	1 364	1 364	1 550	1 660	-
<b>Community</b>		-	-	5 864	9 706	7 594	7 594	15 490	7 900	1 607
Parks & gardens		-	-	-	350	-	-	-	-	1 607
Sportsfields & stadia		-	-	4 902	6 892	4 054	4 054	4 397	3 000	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	2 064	2 064	2 064	8 443	4 900	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	54	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	907	-	476	476	2 650	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	400	1 000	1 000	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		-	2 100	3 331	18 330	17 650	17 650	17 614	9 172	4 035
General vehicles		-	1 220	256	1 150	1 556	1 556	2 900	800	1 100
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	34	260	3 250	7 714	7 714	460	-	-
Computers - hardware/equipment		-	727	516	510	435	435	500	480	475
Furniture and other office equipment		-	118	321	6 500	415	415	370	330	400
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	1 379	-	-	-	-	-	-
Civic Land and Buildings		-	-	599	6 320	6 980	6 980	13 134	7 562	2 060
Other Buildings		-	-	-	-	550	550	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	600	-	-	250	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	126	-	-	-	250	-	150
Computers - software & programming		-	-	126	-	-	-	250	-	150
Other (list sub-class)		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	-	3 592	17 070	39 742	44 009	44 009	38 223	33 191	36 328
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

**1.6.1 Future operational cost of new infrastructure**

The future operational costs and revenues associated with the capital programme have been included in Table 6 MBRR SA35 on page 91. This table shows that future operational costs associated with the capital programme totals R37 423 million in 2014/15 and escalates to R33.2 million by 2015/16. This concomitant operational expenditure is expected to escalate to R36.3 million by 2016/17. It needs to be noted that as part of the 2014/15 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## EC136 Emalahleni (EC) - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - Executive and Council		4 210	210	2 270				
Vote 2 - Budget and Treasury		1 160	1 060	1 240				
Vote 3 - Corporate Services		370	100	290				
Vote 4 - Community and Social Services		26 754	15 522	1 747				
Vote 5 - IPED		2 290	1 740	105				
Vote 6 - Technical Services		3 439	14 559	30 676				
Vote 7 -		-	-	-				
Vote 8 -		-	-	-				
Vote 9 -		-	-	-				
Vote 10 -		-	-	-				
Vote 11 -		-	-	-				
Vote 12 -		-	-	-				
Vote 13 -		-	-	-				
Vote 14 -		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		38 223	33 191	36 328	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive and Council								
Vote 2 - Budget and Treasury								
Vote 3 - Corporate Services								
Vote 4 - Community and Social Services								
Vote 5 - IPED								
Vote 6 - Technical Services								
Vote 7 -								
Vote 8 -								
Vote 9 -								
Vote 10 -								
Vote 11 -								
Vote 12 -								
Vote 13 -								
Vote 14 -								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		38 223	33 191	36 328	-	-	-	-

# 1.7 Annual Budget Tables

(The following 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 2014/15 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.)

EC136 Emalahleni (EC) - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	1 772	3 401	3 530	4 675	1 975	1 975	2 546	2 034	2 132	2 214
Service charges	6 899	14 513	14 914	13 240	11 470	11 470	14 660	12 650	13 257	13 771
Investment revenue	1 830	2 250	2 862	1 516	2 025	2 025	2 370	2 086	2 186	2 271
Transfers recognised - operational	87 337	72 148	85 415	104 225	98 550	98 550	84 092	108 178	143 222	149 843
Other own revenue	3 544	26 633	29 177	39 448	41 625	41 625	23 690	43 542	45 986	48 459
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>101 381</b>	<b>118 944</b>	<b>135 898</b>	<b>163 103</b>	<b>155 645</b>	<b>155 645</b>	<b>127 358</b>	<b>168 489</b>	<b>206 782</b>	<b>216 558</b>
Employee costs	27 500	39 391	43 685	39 274	50 318	50 318	33 796	61 639	61 750	67 726
Remuneration of councillors	6 776	8 270	9 101	10 297	9 740	9 740	8 223	10 227	10 718	11 134
Depreciation & asset impairment	-	20 696	20 131	22 695	22 435	22 435	22 435	23 084	24 192	25 131
Finance charges	21	362	530	389	170	170	-	175	184	191
Materials and bulk purchases	7 291	9 699	11 232	12 291	15 966	15 966	11 112	17 213	18 040	18 740
Transfers and grants	7 043	9 623	14 878	27 654	20 867	20 867	20 867	17 899	28 296	33 660
Other expenditure	28 049	92 425	55 533	71 434	64 403	64 403	37 438	69 216	68 111	70 754
<b>Total Expenditure</b>	<b>76 680</b>	<b>180 467</b>	<b>155 090</b>	<b>184 035</b>	<b>183 900</b>	<b>183 900</b>	<b>133 870</b>	<b>199 455</b>	<b>211 291</b>	<b>227 335</b>
<b>Surplus/(Deficit)</b>	<b>24 701</b>	<b>(61 522)</b>	<b>(19 192)</b>	<b>(20 931)</b>	<b>(28 255)</b>	<b>(28 255)</b>	<b>(6 512)</b>	<b>(30 966)</b>	<b>(4 509)</b>	<b>(10 776)</b>
Transfers recognised - capital	-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	-	3 592	17 070	39 742	44 009	44 009	44 009	38 223	33 191	36 328
Transfers recognised - capital	-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	2 166	(3 723)	13 825	15 871	15 871	31 389	7 253	683	2 493
<b>Total sources of capital funds</b>	<b>-</b>	<b>3 592</b>	<b>17 070</b>	<b>39 742</b>	<b>44 009</b>	<b>44 009</b>	<b>44 009</b>	<b>38 223</b>	<b>33 191</b>	<b>36 328</b>
<b>Financial position</b>										
Total current assets	77 440	55 693	68 706	99 216	43 639	43 639	109 661	31 345	56 956	78 225
Total non current assets	225 490	393 131	386 606	256 788	430 423	430 423	400 015	445 561	454 560	465 758
Total current liabilities	28 581	16 827	18 601	16 418	17 295	17 295	41 176	16 238	17 137	18 249
Total non current liabilities	1 219	7 332	10 444	7 306	10 444	10 444	9 977	14 341	20 053	28 348
Community wealth/Equity	273 131	424 665	426 266	332 281	446 323	446 323	432 406	446 327	474 326	497 385
<b>Cash flows</b>										
Net cash from (used) operating	12 966	1 262	24 451	31 749	22 318	22 318	55 931	23 089	52 192	48 190
Net cash from (used) investing	(34 157)	(2 998)	(16 864)	(31 742)	(43 709)	(43 709)	(43 709)	(38 223)	(33 191)	(36 328)
Net cash from (used) financing	(104)	785	(536)	-	-	-	(405)	(195)	(150)	(116)
<b>Cash/cash equivalents at the year end</b>	<b>18 450</b>	<b>46 064</b>	<b>53 115</b>	<b>42 961</b>	<b>31 725</b>	<b>31 725</b>	<b>64 931</b>	<b>16 395</b>	<b>35 245</b>	<b>46 991</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	18 450	46 064	53 115	92 961	32 778	32 778	86 843	16 395	35 245	46 991
Application of cash and investments	29 450	11 892	5 259	1 099	2 336	2 336	19 376	(3 126)	(8 361)	(15 802)
<b>Balance - surplus (shortfall)</b>	<b>(11 000)</b>	<b>34 173</b>	<b>47 857</b>	<b>91 862</b>	<b>30 442</b>	<b>30 442</b>	<b>67 467</b>	<b>19 521</b>	<b>43 606</b>	<b>62 792</b>
<b>Asset management</b>										
Asset register summary (WDV)	225 490	393 131	386 606	256 788	430 423	430 423	445 561	445 561	454 560	465 758
Depreciation & asset impairment	-	20 696	20 131	22 695	22 435	22 435	23 084	23 084	24 192	25 131
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	2 506	-	7 299	15 995	12 241	12 241	12 548	12 548	11 736	12 191
<b>Free services</b>										
Cost of Free Basic Services provided	611	677	1 225	4 697	4 747	4 747	4 890	4 890	5 124	5 323
Revenue cost of free services provided	3 614	1 181	1 225	5 223	5 273	5 273	5 431	5 431	5 691	5 912
<b>Households below minimum service level</b>										
Water:	10	9	9	9	9	9	10	10	10	11
Sanitation/sew erage:	-	-	-	5	5	5	5	5	5	5
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	8	8	8	8	9	9	10	10

### Explanatory notes to MBRR Table A1 - Budget Summary

- 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.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
- 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;
    - There is no provision for any borrowing in the cash flows;
    - Internally generated funds is 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 indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed.
5. Significant assistance is being given to the indigent households.

EC136 Emalahleni (EC) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>	1									
<i>Governance and administration</i>		58 161	71 372	82 686	90 717	88 454	88 454	102 152	127 322	129 051
Executive and council		1 150	600	238	5 336	5 446	5 446	6 312	6 598	6 896
Budget and treasury office		56 930	70 681	82 364	85 381	82 986	82 986	95 817	120 723	122 154
Corporate services		81	90	84	0	22	22	23	1	1
<i>Community and public safety</i>		797	1 673	803	1 015	1 988	1 988	1 755	1 839	1 911
Community and social services		728	1 061	719	1 013	1 653	1 653	1 410	1 478	1 535
Sport and recreation		3	4	3	2	-	-	-	-	-
Public safety		66	608	80	-	270	270	278	291	303
Housing		-	-	-	-	65	65	67	70	73
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		82	3 823	25 000	29 691	35 874	35 874	35 189	36 995	38 546
Planning and development		1	1 578	2 362	12	2 933	2 933	115	121	125
Road transport		81	2 245	22 638	29 680	32 941	32 941	35 074	36 874	38 421
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		42 342	43 502	48 016	67 458	57 276	57 276	60 167	72 929	80 672
Electricity		5 041	9 915	14 824	26 010	21 871	21 871	22 973	33 595	39 123
Water		34 198	24 246	19 496	24 433	24 528	24 528	25 776	27 244	28 830
Waste water management		(440)	5 373	9 353	11 815	6 898	6 898	7 260	7 732	8 193
Waste management		3 543	3 967	4 343	5 200	3 980	3 980	4 159	4 358	4 527
<i>Other</i>	4	-	-	186	139	190	190	196	205	213
<b>Total Revenue - Standard</b>	2	101 381	120 370	156 691	189 020	183 783	183 783	199 459	239 290	250 393
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		43 700	44 555	51 947	59 322	61 878	61 878	71 376	70 850	74 991
Executive and council		16 131	20 604	20 610	23 716	27 371	27 371	28 973	29 680	31 200
Budget and treasury office		17 610	14 198	18 606	20 387	20 994	20 994	23 443	24 185	25 656
Corporate services		9 959	9 752	12 731	15 219	13 513	13 513	18 959	16 985	18 135
<i>Community and public safety</i>		6 098	9 615	20 968	27 170	29 801	29 801	15 830	15 205	16 224
Community and social services		4 337	6 640	7 599	13 199	10 692	10 692	11 230	10 284	10 981
Sport and recreation		217	855	865	352	991	991	1 041	1 107	1 171
Public safety		314	563	11 005	11 954	16 464	16 464	1 748	1 832	1 903
Housing		1 230	1 556	1 498	1 665	1 655	1 655	1 810	1 981	2 168
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		10 955	37 068	34 154	27 481	42 260	42 260	43 928	43 851	46 263
Planning and development		3 645	5 143	8 095	8 597	11 664	11 664	10 057	9 710	10 346
Road transport		7 310	31 925	26 060	18 884	30 595	30 595	33 871	34 140	35 916
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		15 927	89 229	47 677	69 354	49 529	49 529	67 856	80 884	89 316
Electricity		12 578	15 091	9 920	25 150	12 199	12 199	28 651	39 176	44 954
Water		-	34 072	21 111	24 375	24 531	24 531	25 776	27 244	28 830
Waste water management		-	27 613	9 341	11 802	6 898	6 898	7 260	7 732	8 193
Waste management		3 349	12 453	7 304	8 026	5 902	5 902	6 169	6 732	7 340
<i>Other</i>	4	-	-	344	707	433	433	465	502	541
<b>Total Expenditure - Standard</b>	3	76 680	180 467	155 090	184 035	183 900	183 900	199 455	211 291	227 335
<b>Surplus/(Deficit) for the year</b>		24 701	(60 097)	1 601	4 986	(117)	(117)	4	27 999	23 059

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for any of the trading services. As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating these functions' tariff structures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<b>Revenue by Vote</b>										
Vote 1 - Executive and Council	1	1 150	600	238	5 336	5 446	5 446	6 312	6 598	6 896
1.1 - Council		1 150	480	238	5 336	5 336	5 336	6 199	6 479	6 773
1.2 - Management		-	120	-	-	110	110	113	119	123
Vote 2 - Budget and Treasury		56 930	70 681	82 364	85 381	82 986	82 986	95 817	120 723	122 154
2.1 - Financial Services		54 191	66 498	77 599	79 661	79 999	79 999	92 741	117 500	118 805
2.2 - Rates		2 739	4 183	4 764	5 719	2 986	2 986	3 076	3 224	3 349
Vote 3 - Corporate Services		81	90	84	0	22	22	23	1	1
3.1 - Human Resources		81	90	84	0	22	22	23	1	1
Vote 4 - Community and Social Services		4 274	5 032	5 250	6 354	5 823	5 823	5 764	6 041	6 275
4.1 - Administration Buildings		-	273	-	-	0	0	0	0	0
4.2 - Commonage & Pounds		430	405	362	335	383	383	394	413	429
4.3 - Community & Social Services		37	58	-	-	-	-	-	-	-
4.4 - Parks & Open Spaces		-	-	-	-	-	-	-	-	-
4.5 - Cemeteries		28	29	35	33	133	133	137	144	149
4.6 - Community & Town Hall		123	64	69	71	75	75	77	81	84
4.7 - Libraries		3	2	254	575	1 062	1 062	802	840	873
4.8 - Sports & Recreation		3	4	3	2	-	-	-	-	-
4.9 - Tourism Resorts & Caravan Parks		107	231	186	139	190	190	196	205	213
4.10 - Refuse Cleansing Services		3 543	3 967	4 343	5 200	3 980	3 980	4 159	4 358	4 527
Vote 5 - IPED		1	1 578	2 362	12	2 998	2 998	182	191	198
5.1 - Intergration Planning & Development (IPED)		1	1 578	2 362	12	2 933	2 933	115	121	125
5.2 - Housing		-	-	-	-	65	65	67	70	73
Vote 6 - Technical Services		38 945	42 388	66 392	91 936	86 506	86 506	91 359	105 735	114 867
6.1 - Sewerage & Sanitation		(440)	5 373	9 353	11 815	6 898	6 898	7 260	7 732	8 193
6.2 - Licensing & Registration		24	316	427	1 399	1 663	1 663	1 712	1 795	1 864
6.3 - Roadworks & Stormwater		-	1 868	22 151	28 281	31 258	31 258	33 341	35 058	36 534
6.4 - Technical Administration		57	62	60	-	21	21	21	22	23
6.5 - Water Services		34 198	24 246	19 496	24 433	24 528	24 528	25 776	27 244	28 830
6.6 - Street Lights		66	608	80	-	270	270	278	291	303
6.7 - Electricity Tradeshops		5 041	9 915	14 824	26 008	21 869	21 869	22 971	33 594	39 121
Total Revenue by Vote	2	101 381	120 370	156 691	189 019	183 781	183 781	199 458	239 289	250 392

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<b>Revenue by Vote</b>	1									
<b>Expenditure by Vote</b>	1									
Vote 1 - Executive and Council		16 131	20 604	20 610	23 716	27 371	27 371	28 973	29 680	31 200
1.1 - Council		11 553	14 541	15 071	17 597	18 388	18 388	19 922	20 541	21 338
1.2 - Management		4 578	6 063	5 538	6 119	8 983	8 983	9 051	9 139	9 862
Vote 2 - Budget and Treasury		17 610	14 198	18 606	20 387	20 994	20 994	23 443	24 185	25 656
2.1 - Financial Services		17 610	12 168	16 870	19 347	19 954	19 954	22 372	23 062	24 490
2.2 - Rates		-	2 030	1 737	1 040	1 040	1 040	1 071	1 123	1 166
Vote 3 - Corporate Services		9 959	9 752	12 731	15 219	13 513	13 513	18 959	16 985	18 135
3.1 - Human Resources		9 959	9 752	12 731	15 219	13 513	13 513	18 959	16 985	18 135
Vote 4 - Community and Social Services		7 903	19 948	16 113	22 285	18 017	18 017	18 904	18 625	20 033
4.1 - Administration Buildings		1 043	1 997	1 974	2 195	2 008	2 008	2 099	2 224	2 342
4.2 - Commonage & Pounds		444	810	842	1 114	1 098	1 098	1 200	1 312	1 435
4.3 - Community & Social Services		1 375	1 726	3 058	7 936	4 358	4 358	4 686	3 594	3 798
4.4 - Parks & Open Spaces		217	310	312	472	494	494	534	580	628
4.5 - Cemeteries		205	289	419	523	874	874	1 262	995	1 057
4.6 - Community & Town Hall		616	860	682	578	777	777	842	916	995
4.7 - Libraries		280	346	313	381	1 082	1 082	607	664	726
4.8 - Sports & Recreation		217	855	865	352	991	991	1 041	1 107	1 171
4.9 - Tourism Resorts & Caravan Parks		156	303	344	707	433	433	465	502	541
4.10 - Refuse Cleansing Services		3 349	12 453	7 304	8 026	5 902	5 902	6 169	6 732	7 340
Vote 5 - IPED		4 875	6 699	9 592	10 262	13 319	13 319	11 867	11 692	12 515
5.1 - Intergration Planning & Development (IPED)		3 645	5 143	8 095	8 597	11 664	11 664	10 057	9 710	10 346
5.2 - Housing		1 230	1 556	1 498	1 665	1 655	1 655	1 810	1 981	2 168
Vote 6 - Technical Services		20 202	109 264	77 437	92 164	90 684	90 684	97 306	110 123	119 794
6.1 - Sewerage & Sanitation		-	27 613	9 341	11 802	6 898	6 898	7 260	7 732	8 193
6.2 - Licensing & Registration		54	28	-	-	-	-	-	-	-
6.3 - Roadworks & Stormwater		3 156	29 732	24 051	17 182	29 112	29 112	32 255	32 377	33 993
6.4 - Technical Administration		4 101	2 165	2 009	1 702	1 484	1 484	1 616	1 764	1 924
6.5 - Water Services		-	34 072	21 111	24 375	24 531	24 531	25 776	27 244	28 830
6.6 - Street Lights		314	563	11 005	11 954	16 464	16 464	1 748	1 832	1 903
6.7 - Electricity Tradings		12 578	15 091	9 920	25 149	12 197	12 197	28 650	39 175	44 952
Total Expenditure by Vote	2	76 680	180 467	155 090	184 033	183 898	183 898	199 453	211 289	227 333
Surplus/(Deficit) for the year	2	24 701	(60 097)	1 601	4 986	(117)	(117)	4	27 999	23 059

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

1. 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.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.



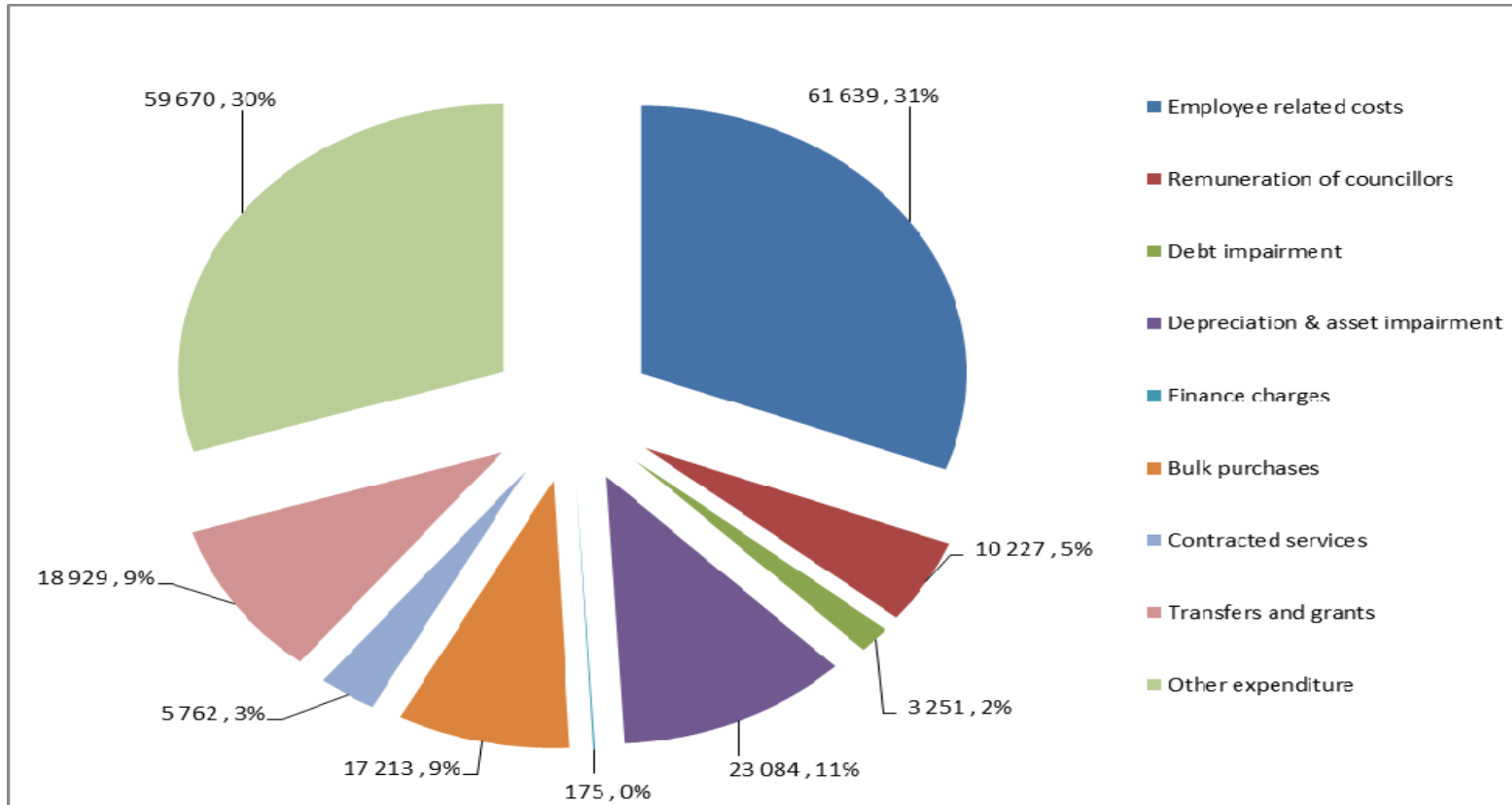
EC136 Emalahleni (EC) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	1 772	3 401	3 530	4 675	1 975	1 975	2 546	2 034	2 132	2 214
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	4 982	5 079	5 662	5 808	6 479	6 479	5 506	7 419	7 775	8 077
Service charges - water revenue	2	(7)	3 092	2 895	2 993	1 983	1 983	5 759	2 042	2 140	2 223
Service charges - sanitation revenue	2	(441)	3 721	3 610	539	358	358	1 152	369	386	401
Service charges - refuse revenue	2	2 364	2 620	2 747	3 900	2 650	2 650	2 244	2 820	2 955	3 070
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		656	703	620	491	586	586	574	604	633	657
Interest earned - external investments		1 830	2 250	2 862	1 516	2 025	2 025	2 370	2 086	2 186	2 271
Interest earned - outstanding debtors		2 284	5 611	6 471	4 278	4 950	4 950	6 409	5 098	5 343	5 550
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		0	1	1	0	110	110	104	113	119	123
Licences and permits		-	5	353	220	484	484	429	498	522	542
Agency services		48	296	93	1 182	1 200	1 200	51	1 236	1 295	1 345
Transfers recognised - operational		87 337	72 148	85 415	104 225	98 550	98 550	84 092	108 178	143 222	149 843
Other revenue	2	556	20 017	21 434	33 128	34 296	34 296	16 123	35 992	38 074	40 241
Gains on disposal of PPE		-	-	207	150	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>101 381</b>	<b>118 944</b>	<b>135 898</b>	<b>163 103</b>	<b>155 645</b>	<b>155 645</b>	<b>127 358</b>	<b>168 489</b>	<b>206 782</b>	<b>216 558</b>
<b>Expenditure By Type</b>											
Employee related costs	2	27 500	39 391	43 685	39 274	50 318	50 318	33 796	61 639	61 750	67 726
Remuneration of councillors		6 776	8 270	9 101	10 297	9 740	9 740	8 223	10 227	10 718	11 134
Debt impairment	3	7 792	45 237	9 539	4 069	3 156	3 156	3 156	3 251	3 407	3 539
Depreciation & asset impairment	2	-	20 696	20 131	22 695	22 435	22 435	22 435	23 084	24 192	25 131
Finance charges		21	362	530	389	170	170	-	175	184	191
Bulk purchases	2	7 291	9 699	11 232	12 291	15 966	15 966	11 112	17 213	18 040	18 740
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	1 523	2 713	2 051	4 665	4 665	3 376	5 762	6 038	6 272
Transfers and grants		7 043	9 623	14 878	27 654	20 867	20 867	20 867	17 899	28 296	33 660
Other expenditure	4, 5	20 257	45 665	39 816	65 314	56 581	56 581	30 906	60 203	58 666	60 942
Loss on disposal of PPE		-	-	3 465	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>76 680</b>	<b>180 467</b>	<b>155 090</b>	<b>184 035</b>	<b>183 900</b>	<b>183 900</b>	<b>133 870</b>	<b>199 455</b>	<b>211 291</b>	<b>227 335</b>
<b>Surplus/(Deficit)</b>		<b>24 701</b>	<b>(61 522)</b>	<b>(19 192)</b>	<b>(20 931)</b>	<b>(28 255)</b>	<b>(28 255)</b>	<b>(6 512)</b>	<b>(30 966)</b>	<b>(4 509)</b>	<b>(10 776)</b>
Transfers recognised - capital		-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>24 701</b>	<b>(60 097)</b>	<b>1 601</b>	<b>4 986</b>	<b>(117)</b>	<b>(117)</b>	<b>6 108</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>

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

- Total revenue, excluding capital transfers, is R168 489 million in 2014/15 and escalates to R215 558 million by 2016/17. This represents a year-on-year increase of 7.9 per cent for the 2014/15 and year-on-year increases of 18.1 per cent for the 2015/16 financial year and 4.5 per cent for the 2016/17 financial year.
- Revenue to be generated from property rates is R2 034 million in the 2014/15 financial year and increases to R2 214 million by 2016/17 which represents only 1.2 per cent of the operating revenue base (excluding capital transfers) of the Municipality and therefore does not remain 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, 5.5 per cent and 5.5 per cent for each of the respective financial years of the MTREF.
- Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R12 128 million for the 2014/15 financial year and increasing to R13 204 million by 2016/17. For the 2014/15 financial year services charges amount to 7.2 per cent of the total revenue base and stays relatively constant over the MTREF period.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Transfers are fluctuating according to grants provided for by the respective governments.
5. The following graph illustrates the major expenditure items per type.



**Expenditure by major type**

6. Bulk purchases have significantly increased over the 2010/11 to 2014/15 period escalating from R7 291 million to R17 213 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs, depreciation, operating grant expenditure 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.

### BRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	6 437	15 556	10 614	10 614	10 614	24 574	15 422	-
Vote 5 - IPED		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	7 816	10 341	17 401	17 401	17 401	3 319	14 459	28 929
Capital multi-year expenditure sub-total	7	-	-	14 254	25 898	28 015	28 015	28 015	27 893	29 881	28 929
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	312	439	6 380	2 840	2 840	2 840	4 210	210	2 270
Vote 2 - Budget and Treasury		-	260	672	970	1 751	1 751	1 751	1 160	1 060	1 240
Vote 3 - Corporate Services		-	534	159	140	140	140	140	370	100	290
Vote 4 - Community and Social Services		-	493	1 154	940	1 820	1 820	1 820	2 180	100	1 747
Vote 5 - IPED		-	38	135	2 784	2 749	2 749	2 749	2 290	1 740	105
Vote 6 - Technical Services		-	1 955	258	2 630	6 694	6 694	6 694	120	100	1 747
Capital single-year expenditure sub-total		-	3 592	2 817	13 844	15 994	15 994	15 994	10 330	3 310	7 399
<b>Total Capital Expenditure - Vote</b>		-	3 592	17 070	39 742	44 009	44 009	44 009	38 223	33 191	36 328
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		-	1 106	1 269	7 490	4 731	4 731	4 731	5 740	1 370	3 800
Executive and council		-	312	439	6 380	2 840	2 840	2 840	4 210	210	2 270
Budget and treasury office		-	260	672	970	1 751	1 751	1 751	1 160	1 060	1 240
Corporate services		-	534	159	140	140	140	140	370	100	290
<i>Community and public safety</i>		-	493	7 844	11 496	9 164	9 164	9 164	19 700	8 416	1 747
Community and social services		-	493	7 591	4 604	5 110	5 110	5 110	15 303	5 416	1 747
Sport and recreation		-	-	-	6 892	4 054	4 054	4 054	4 397	3 000	-
Public safety		-	-	253	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	1 993	7 951	15 756	26 844	26 844	26 844	5 729	16 299	29 174
Planning and development		-	38	135	2 784	2 749	2 749	2 749	2 290	1 740	105
Road transport		-	1 955	7 816	12 971	24 095	24 095	24 095	3 439	14 559	29 069
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	5	5 000	3 270	3 270	3 270	7 054	7 106	1 607
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	5	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	1 607
Waste management		-	-	-	5 000	3 270	3 270	3 270	7 054	7 106	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	-	3 592	17 070	39 742	44 009	44 009	44 009	38 223	33 191	36 328
<b>Funded by:</b>											
National Government		-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	1 425	20 793	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	2 166	(3 723)	13 825	15 871	15 871	31 389	7 253	683	2 493
<b>Total Capital Funding</b>	7	-	3 592	17 070	39 742	44 009	44 009	44 009	38 223	33 191	36 328

**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. 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.
3. The capital program is funded from national grants and transfers and internally generated funds from current and prior year surpluses. and is listed above.

**MBRR Table A6 - Budgeted Financial Position**

EC136 Emalahleni (EC) - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		12 384	16 147	9 424	42 961	2 778	2 778	15 908	2 395	5 245	6 991
Call investment deposits	1	6 066	29 917	43 696	50 000	30 000	30 000	70 934	14 000	30 000	40 000
Consumer debtors	1	892	5 697	9 619	1 772	6 461	6 461	16 073	13 557	20 993	28 718
Other debtors		57 850	3 559	5 568	4 184	4 000	4 000	6 344	968	268	2 040
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	248	373	400	300	400	400	400	424	449	476
<b>Total current assets</b>		<b>77 440</b>	<b>55 693</b>	<b>68 706</b>	<b>99 216</b>	<b>43 639</b>	<b>43 639</b>	<b>109 661</b>	<b>31 345</b>	<b>56 956</b>	<b>78 225</b>
<b>Non current assets</b>											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	25 009	25 001	-	25 417	25 417	25 417	25 417	25 417	25 417
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	224 783	367 837	361 349	256 080	404 751	404 751	374 343	419 890	428 888	440 086
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		707	286	255	707	255	255	255	255	255	255
Other non-current assets		-	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>225 490</b>	<b>393 131</b>	<b>386 606</b>	<b>256 788</b>	<b>430 423</b>	<b>430 423</b>	<b>400 015</b>	<b>445 561</b>	<b>454 560</b>	<b>465 758</b>
<b>TOTAL ASSETS</b>		<b>302 930</b>	<b>448 824</b>	<b>455 312</b>	<b>356 004</b>	<b>474 062</b>	<b>474 062</b>	<b>509 676</b>	<b>476 906</b>	<b>511 517</b>	<b>543 983</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-	5	-	-	-	-	-	-	-
Borrowing	4	96	293	-	-	-	-	-	-	-	-
Consumer deposits		35	101	110	42	110	110	117	-	-	-
Trade and other payables	4	18 491	9 367	10 593	5 082	10 593	10 593	35 347	9 316	9 869	10 618
Provisions		9 959	7 066	7 894	11 294	6 592	6 592	5 711	6 922	7 268	7 631
<b>Total current liabilities</b>		<b>28 581</b>	<b>16 827</b>	<b>18 601</b>	<b>16 418</b>	<b>17 295</b>	<b>17 295</b>	<b>41 176</b>	<b>16 238</b>	<b>17 137</b>	<b>18 249</b>
<b>Non current liabilities</b>											
Borrowing		-	1 105	852	-	852	852	440	657	507	391
Provisions		1 219	6 227	9 592	7 306	9 592	9 592	9 537	13 684	19 547	27 957
<b>Total non current liabilities</b>		<b>1 219</b>	<b>7 332</b>	<b>10 444</b>	<b>7 306</b>	<b>10 444</b>	<b>10 444</b>	<b>9 977</b>	<b>14 341</b>	<b>20 053</b>	<b>28 348</b>
<b>TOTAL LIABILITIES</b>		<b>29 799</b>	<b>24 159</b>	<b>29 045</b>	<b>23 724</b>	<b>27 739</b>	<b>27 739</b>	<b>51 153</b>	<b>30 579</b>	<b>37 190</b>	<b>46 598</b>
<b>NET ASSETS</b>	5	<b>273 131</b>	<b>424 665</b>	<b>426 266</b>	<b>332 281</b>	<b>446 323</b>	<b>446 323</b>	<b>458 522</b>	<b>446 327</b>	<b>474 326</b>	<b>497 385</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		273 131	424 665	426 266	332 281	446 323	446 323	432 406	446 327	474 326	497 385
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests		-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>273 131</b>	<b>424 665</b>	<b>426 266</b>	<b>332 281</b>	<b>446 323</b>	<b>446 323</b>	<b>432 406</b>	<b>446 327</b>	<b>474 326</b>	<b>497 385</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

- The Budgeted Financial Position 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.
- This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

### MBRR Table A7 - Budgeted Cash Flow Statement

EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		(2 279)	3 077	23 415	38 260	54 866	54 866	25 982	49 876	52 624	55 355
Government - operating	1	84 468	72 148	85 415	125 636	98 550	98 550	84 092	108 178	143 222	149 843
Government - capital	1	-	17 084	23 095	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Interest		4 114	7 861	9 333	5 793	6 975	6 975	8 779	7 184	7 529	7 821
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(73 317)	(98 819)	(116 588)	(156 880)	(140 426)	(140 426)	(64 894)	(155 045)	(155 212)	(164 814)
Finance charges		(21)	(89)	(219)	(389)	(170)	(170)	-	(175)	(184)	(191)
Transfers and Grants	1	-	-	(0)	(6 587)	(25 614)	(25 614)	(10 648)	(17 899)	(28 296)	(33 660)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>12 966</b>	<b>1 262</b>	<b>24 451</b>	<b>31 749</b>	<b>22 318</b>	<b>22 318</b>	<b>55 931</b>	<b>23 089</b>	<b>52 192</b>	<b>48 190</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	207	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	8 000	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(34 157)	(2 998)	(17 070)	(39 742)	(43 709)	(43 709)	(43 709)	(38 223)	(33 191)	(36 328)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(34 157)</b>	<b>(2 998)</b>	<b>(16 864)</b>	<b>(31 742)</b>	<b>(43 709)</b>	<b>(43 709)</b>	<b>(43 709)</b>	<b>(38 223)</b>	<b>(33 191)</b>	<b>(36 328)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	844	(0)	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	66	10	-	-	-	7	-	-	-
<b>Payments</b>											
Repayment of borrowing		(104)	(125)	(545)	-	-	-	(412)	(195)	(150)	(116)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(104)</b>	<b>785</b>	<b>(536)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(405)</b>	<b>(195)</b>	<b>(150)</b>	<b>(116)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(21 295)</b>	<b>(951)</b>	<b>7 051</b>	<b>8</b>	<b>(21 391)</b>	<b>(21 391)</b>	<b>11 816</b>	<b>(15 329)</b>	<b>18 850</b>	<b>11 746</b>
Cash/cash equivalents at the year begin:	2	39 745	47 015	46 064	42 953	53 115	53 115	53 115	31 725	16 395	35 245
Cash/cash equivalents at the year end:	2	18 450	46 064	53 115	42 961	31 725	31 725	64 931	16 395	35 245	46 991

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget..
3. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R16 395 million as at the end of the 2014/15 financial year and increase to R46 991 million by 2016/17.

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

EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	18 450	46 064	53 115	42 961	31 725	31 725	64 931	16 395	35 245	46 991
Other current investments > 90 days		0	0	(0)	50 000	1 053	1 053	21 911	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>18 450</b>	<b>46 064</b>	<b>53 115</b>	<b>92 961</b>	<b>32 778</b>	<b>32 778</b>	<b>86 843</b>	<b>16 395</b>	<b>35 245</b>	<b>46 991</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		14 292	5 138	5 873	-	5 873	5 873	30 261	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	15 159	6 753	(614)	1 099	(3 537)	(3 537)	(10 885)	(3 126)	(8 361)	(15 802)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>29 450</b>	<b>11 892</b>	<b>5 259</b>	<b>1 099</b>	<b>2 336</b>	<b>2 336</b>	<b>19 376</b>	<b>(3 126)</b>	<b>(8 361)</b>	<b>(15 802)</b>
<b>Surplus(shortfall)</b>		<b>(11 000)</b>	<b>34 173</b>	<b>47 857</b>	<b>91 862</b>	<b>30 442</b>	<b>30 442</b>	<b>67 467</b>	<b>19 521</b>	<b>43 606</b>	<b>62 792</b>

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. 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.
2. 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". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

### MBRR Table A9 - Asset Management

EC136 Emalahleni (EC) - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<u>Total New Assets</u>	1	-	3 592	17 070	39 742	44 009	44 009	37 423	33 191	36 328
Infrastructure - Road transport		-	1 492	7 749	10 341	17 401	17 401	3 319	14 459	28 929
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	1 607
Infrastructure - Other		-	-	-	1 364	1 364	1 364	1 550	1 660	-
Infrastructure		-	1 492	7 749	11 706	18 765	18 765	4 869	16 119	30 536
Community		-	-	5 864	9 706	7 594	7 594	15 490	7 900	1 607
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	2 100	3 331	18 330	17 650	17 650	16 814	9 172	4 035
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	126	-	-	-	250	-	150
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	1 492	7 749	10 341	17 401	17 401	3 319	14 459	28 929
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	1 607
Infrastructure - Other		-	-	-	1 364	1 364	1 364	1 550	1 660	-
Infrastructure		-	1 492	7 749	11 706	18 765	18 765	4 869	16 119	30 536
Community		-	-	5 864	9 706	7 594	7 594	15 490	7 900	1 607
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	2 100	3 331	18 330	17 650	17 650	16 814	9 172	4 035
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	126	-	-	-	250	-	150
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	-	3 592	17 070	39 742	44 009	44 009	37 423	33 191	36 328
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Infrastructure - Road transport		80 568	250 387	239 979	134 710	257 380	257 380	239 706	231 908	237 886
Infrastructure - Electricity		22 724	19 083	19 083	19 083	19 083	19 083	19 083	19 083	19 083
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	1 607
Infrastructure - Other		-	-	-	1 364	1 364	1 364	1 550	1 660	3 210
Infrastructure		103 292	269 469	259 061	153 792	276 462	276 462	260 339	254 200	261 786
Community		-	76 833	79 820	79 820	87 414	87 414	101 995	108 940	109 545
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	25 009	25 001	-	25 417	25 417	25 417	25 417	25 417
Other assets		121 491	21 534	22 468	22 468	40 875	40 875	56 756	64 948	67 955
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		707	286	255	707	255	255	255	255	255
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	225 490	393 131	386 606	256 788	430 423	430 423	444 761	453 760	464 958
<b>EXPENDITURE OTHER ITEMS</b>										
<u>Depreciation &amp; asset impairment</u>		-	20 696	20 131	22 695	22 435	22 435	23 084	24 192	25 131
<u>Repairs and Maintenance by Asset Class</u>	3	2 506	-	7 299	15 995	12 241	12 241	12 548	11 736	12 191
Infrastructure - Road transport		447	-	1 106	836	1 397	1 397	1 439	1 508	1 566
Infrastructure - Electricity		445	-	647	966	1 323	1 323	1 363	1 428	1 484
Infrastructure - Water		-	-	2 386	3 872	2 859	2 859	2 945	3 086	3 206
Infrastructure - Sanitation		-	-	1 086	2 273	357	357	368	386	401
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		897	-	5 226	7 948	5 937	5 937	6 115	6 408	6 657
Community		41	-	86	342	531	531	547	573	595
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	1 574	-	1 987	7 705	5 773	5 773	5 886	4 754	4 939
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		2 506	20 696	27 429	38 690	34 676	34 676	35 632	35 928	37 322



### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

### **MBRR Table A10 – Basic Service Delivery Measurement**

EC136 Emalahleni (EC) - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>										
<i>Water:</i>										
Piped water inside dwelling	1	20 851	21 433	21 761	26 610	26 610	26 610	28 207	29 899	31 693
Piped water inside yard (but not in dwelling)	2	11 952	11 936	11 927	11 854	11 854	11 854	12 565	13 319	14 118
Using public tap (at least min.service level)	4	8 511	8 410	8 340	8 099	8 099	8 099	8 585	9 100	9 646
Other water supply (at least min.service level)	4	2 315	2 226	2 110	2 203	2 203	2 203	2 335	2 475	2 624
<i>Minimum Service Level and Above sub-total</i>		43 629	44 005	44 138	48 766	48 766	48 766	51 692	54 793	58 081
Using public tap (< min.service level)	3	7 095	7 083	7 072	7 778	7 778	7 778	8 245	8 739	9 264
Other water supply (< min.service level)	4	2 533	2 316	2 160	1 329	1 329	1 329	1 409	1 493	1 583
No water supply										
<i>Below Minimum Service Level sub-total</i>		9 628	9 399	9 232	9 107	9 107	9 107	9 653	10 233	10 847
<b>Total number of households</b>	5	53 257	53 404	53 370	57 873	57 873	57 873	61 345	65 026	68 928
<i>Sanitation/sewerage:</i>										
Flush toilet (connected to sewerage)		30 983	30 986	30 989	33 190	33 190	33 190	35 181	37 292	39 530
Flush toilet (with septic tank)		1 724	1 724	1 724	1 385	1 385	1 385	1 468	1 556	1 650
Chemical toilet		4 170	4 170	4 170	1 410	1 410	1 410	1 495	1 584	1 679
Pit toilet (ventilated)		8 386	8 201	8 160	5 857	5 857	5 857	6 208	6 581	6 976
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		45 263	45 081	45 043	41 842	41 842	41 842	44 353	47 014	49 834
Bucket toilet					103	103	103	103	103	103
Other toilet provisions (< min.service level)										
No toilet provisions					4 482	4 482	4 482	4 482	4 482	4 482
<i>Below Minimum Service Level sub-total</i>		-	-	-	4 585	4 585	4 585	4 585	4 585	4 585
<b>Total number of households</b>	5	45 263	45 081	45 043	46 427	46 427	46 427	48 938	51 599	54 419
<i>Energy:</i>										
Electricity (at least min.service level)		51 921	52 453	53 300	54 155	54 155	54 155	57 404	60 849	64 499
Electricity - prepaid (min.service level)		50 271	50 686	51 575	52 355	52 355	52 355	55 496	58 826	62 356
<i>Minimum Service Level and Above sub-total</i>		102 192	103 139	104 875	106 510	106 510	106 510	112 901	119 675	126 855
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	102 192	103 139	104 875	106 510	106 510	106 510	112 901	119 675	126 855
<i>Refuse:</i>										
Removed at least once a week				27 890	27 890	27 890	27 890	29 563	31 337	33 217
<i>Minimum Service Level and Above sub-total</i>		-	-	27 890	27 890	27 890	27 890	29 563	31 337	33 217
Removed less frequently than once a week										
Using communal refuse dump				110	123	123	123	130	138	146
Using own refuse dump										
Other rubbish disposal				4 048	4 142	4 142	4 142	4 391	4 654	4 933
No rubbish disposal				4 158	4 222	4 222	4 222	4 475	4 744	5 028
<i>Below Minimum Service Level sub-total</i>		-	-	8 316	8 487	8 487	8 487	8 996	9 536	10 108
<b>Total number of households</b>	5	-	-	36 206	36 377	36 377	36 377	38 560	40 873	43 326
<b>Households receiving Free Basic Service</b>										
Water (6 kilolitres per household per month)	7	7 241	7 276	7 309	7 309	7 309	7 309	7 309	7 309	7 309
Sanitation (free minimum level service)		9 567	9 308	9 157	9 157	9 157	9 157	9 157	9 157	9 157
Electricity/other energy (50kwh per household per month)		8 354	8 228	8 152	8 152	8 152	8 152	8 152	8 152	8 152
Refuse (removed at least once a week)		9 535	9 727	9 812	9 812	9 812	9 812	9 812	9 812	9 812
<b>Cost of Free Basic Services provided (R'000)</b>										
Water (6 kilolitres per household per month)	8	-	0	1	848	848	848	873	915	951
Sanitation (free sanitation service)		-	93	321	2 873	2 873	2 873	2 959	3 101	3 221
Electricity/other energy (50kwh per household per month)		416	517	762	677	677	677	697	730	759
Refuse (removed once a week)		195	66	141	300	350	350	361	378	392
<b>Total cost of FBS provided (minimum social package)</b>		611	677	1 225	4 697	4 747	4 747	4 890	5 124	5 323
<b>Highest level of free service provided</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of free services provided (R'000)</b>										
Property rates (R15 000 threshold rebate)	9	3 003	504	-	525	525	525	541	567	589
Property rates (other exemptions, reductions and rebates)		-	0	0	0	0	0	0	0	0
Water		-	0	1	848	848	848	873	915	951
Sanitation		-	93	321	2 873	2 873	2 873	2 959	3 101	3 221
Electricity/other energy		416	517	762	677	677	677	697	730	759
Refuse		195	66	141	300	350	350	361	378	392
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of free services provided (total social package)</b>		3 614	1 181	1 225	5 223	5 273	5 273	5 431	5 691	5 912

## Part 2 – Supporting Documentation

### 1.8 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 Portfolio Head Councillor of Financial Services/Mayor.

The primary aims of the Budget Steering Committee is 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.

#### 1.8.1 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 2013) 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 by 31 August 2013.

#### **2014/2015 IDP AND BUDGET SCHEDULE OF KEY DEADLINES**

<b>Month</b>	<b>Action to be taken Administratively – Municipality Administration</b>
<b>July</b>	<p>Accounting officers and senior officials of Emalahleni Local Municipality begin planning for next three-year budget</p> <p style="text-align: center;"><b>MFMA s 68, 77</b></p> <p>Accounting officers and senior officials of the municipality review options and contracts for service delivery</p> <p style="text-align: center;"><b>MSA s 76-81</b></p>
<b>August</b>	Accounting Officer to assist Mayor to prepare the schedule of key deadlines and align the IDP and Budget process
<b>August / September / October</b>	<p>Budget office of Emalahleni Local Municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives.</p> <p>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)</p>
<b>September / October</b>	<p>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials</p> <p style="text-align: center;"><b>MFMA s 35, 36, 42; MTBPS</b></p>
<b>October / November</b>	<p>Accounting officer reviews and drafts initial changes to IDP</p> <p style="text-align: center;"><b>MSA s 34</b></p>
<b>November / December</b>	<p>Accounting officer submits draft budget and plans for next financial year to the Mayor for tabling</p> <p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others</p> <p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years</p>
<b>MUNICIPAL ELECTIONS AND CONSULTATION ON THE BUDGET</b>	

<b>January</b>	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling.</p> <p style="text-align: center;"><b>MFMA s 36</b></p> <p>The Accounting Officer must by 25 January assess the performance of the municipality for the first six months of the 2012/2013 financial year and submits a report on such assessment to the Mayor, National Treasury and Provincial Treasury.</p> <p style="text-align: center;"><b>MFMA s 72</b></p>
<b>February</b>	<p>The Accounting Officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous year's audited financial statements and annual report.</p> <p>The Accounting Officer of Emalahleni Local Municipality must liaise with the Accounting Officer of Chris Hani District Municipality 120 days prior to the start of the budget year to obtain projected allocations for 2013/2014, 2014/2015 &amp; 2015/2016.</p> <p style="text-align: center;"><b>MFMA s 37(2)</b></p>
<b>March</b>	<p>The Accounting Officer must publish the tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to National Treasury, Provincial Treasury and others as prescribed.</p> <p style="text-align: center;"><b>MFMA s 22 &amp; 37; MSA Ch 4 as amended</b></p> <p>The Accounting Officer must review any changes in prices for bulk electricity &amp; water purchases as communicated by NERSA &amp; DWA as well as submit proposal of increasing prices of sale of electricity &amp; water to the executive authority &amp; the regulator for approval if national legislation requires such approval.</p> <p style="text-align: center;"><b>MFMA s 42</b></p>
<b>April</b>	<p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p>
<b>May</b>	<p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into</p>

	account consultative processes and any other new information of a material nature
<b>June</b>	Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA.  <b>MFMA s 69; MSA s 57</b>  Accounting Officer must publish the adopted budget and all budget-related documents.  <b>MFMA s 75, 87</b>
<p><u>Abbreviations:</u> <b>IDP</b> - Integrated Development Plan; <b>MFMA</b> - Local Government: Municipal Finance Management Act, No. 56 of 2003; <b>MSA</b> - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; <b>MTBPS</b> - National Treasury annual publication, Medium Term Budget and Policy Statement; <b>NT</b> - National Treasury; <b>PT</b> - Provincial Treasuries; <b>SDBIP</b> - Service Delivery and Budget Implementation Plan</p> <p>Shaded Area: Consultation on the budget and municipal elections.</p>	

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council. However, the schedule attached is the revised one as from time to time adjusted by council and its programmes.

### 1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in March 2011 and again by the new Council in May 2012. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 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 fourth 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 2016/17 MTREF, based on the approved 2013/14 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 2014/15 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 2013/14 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.

### 1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 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 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 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

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

## 1.9 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 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

### **IDP Strategic Objectives**

<b>2013/14 Financial Year</b>	<b>2014/15 MTREF</b>
1. The provision of quality basic services and infrastructure	1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)
2. Acceleration of higher and shared economic growth and development	2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)
4. Fostering participatory democracy and adherence to Emalahleni Municipality principles through a caring, accessible and accountable service	4. To have a transparent and performance driven organisation (KPA Good governance and public participation)
5. Good governance, Financial viability and institutional governance	5. To implement good financial management (KA Financial management and viability)

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. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

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.

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.

The 2014/15 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.

### MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC136 Emalahleni (EC) - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Good Governance & Municipal transformation	To have a transparent and performance driven organisation (KPA Good governance and public participation). To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)			1 231	690	322	5 336	5 468	5 468	6 335	6 599	6 897
Financial Viability	To implement good financial management (KA Financial management and viability)			56 930	70 681	82 364	85 381	82 986	82 986	95 817	120 723	122 154
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)			732	2 643	3 270	1 165	4 776	4 776	1 721	1 803	1 873
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)			42 489	46 355	70 735	97 136	90 551	90 551	96 095	109 619	118 901
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	101 381	120 370	156 691	189 019	183 781	183 781	199 968	238 744	249 826

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

EC136 Emalahleni (EC) - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Good Governance & Municipal transformation	To have a transparent and performance driven organisation (KPA Good governance and public participation). To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)			26 090	30 356	33 340	38 936	40 884	40 884	47 586	46 660	49 279	
Financial Viability	To implement good financial management (KA Financial management and viability)			17 610	14 198	18 606	20 387	20 994	20 994	24 443	25 104	26 584	
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)			8 199	12 638	16 560	22 148	23 347	23 347	22 143	21 353	22 735	
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)			24 781	123 274	86 583	102 563	98 673	98 673	105 779	119 465	129 946	
Allocations to other priorities													
Total Expenditure				1	76 680	180 467	155 090	184 033	183 898	183 898	199 952	212 582	228 543

## MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

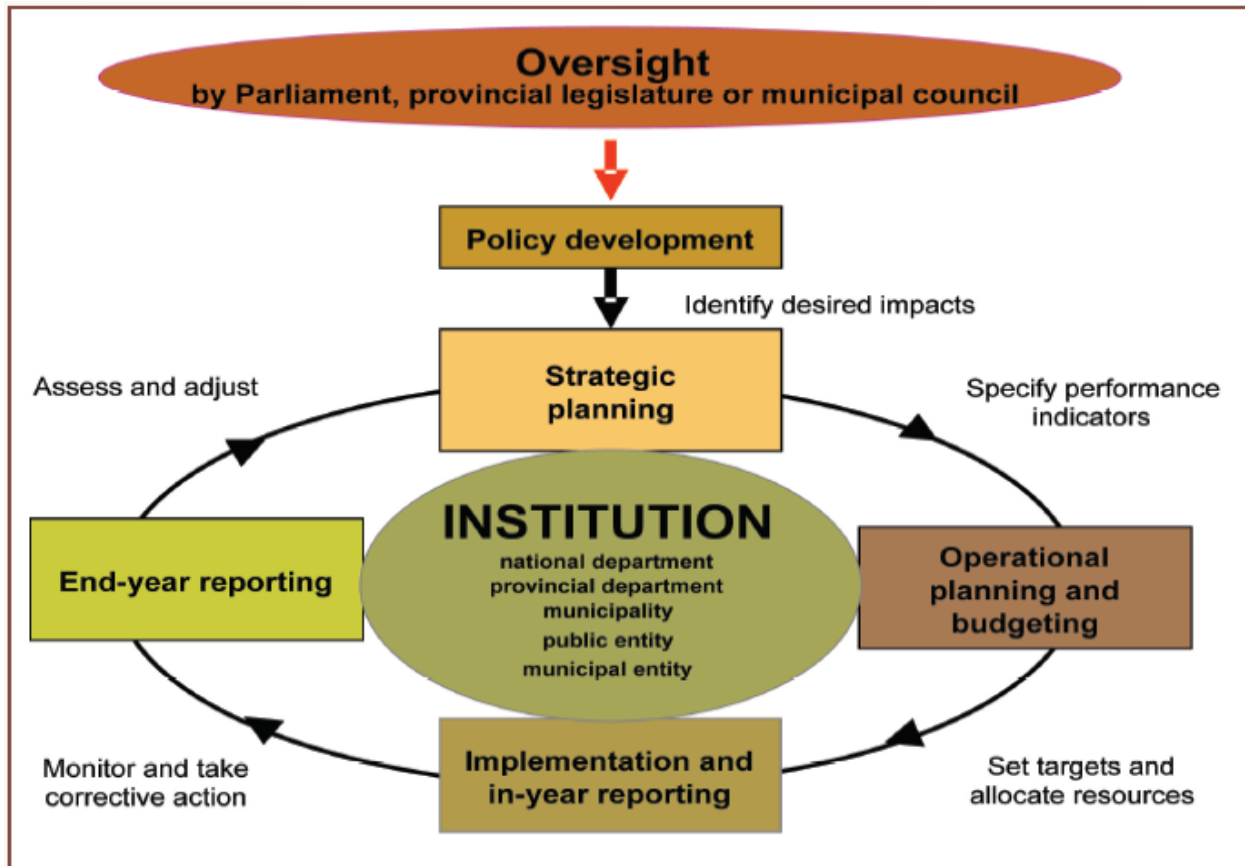
EC136 Emalahleni (EC) - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Good Governance & Municipal transformation	To have a transparent and performance driven organisation (KPA Good governance and public participation). To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)	A		-	846	597	6 520	2 980	2 980	4 580	310	2 560	
Financial Viability	To implement good financial management (KA Financial management and viability)	B		-	260	672	970	1 751	1 751	1 160	1 060	1 240	
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)	C		-	531	7 727	14 280	11 913	11 913	21 990	10 156	1 852	
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)	D		-	1 955	8 074	17 971	27 365	27 365	9 693	21 665	30 676	
Allocations to other priorities				3									
Total Capital Expenditure				1	-	3 592	17 070	39 742	44 009	44 009	37 423	33 191	36 328

### 1.10 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, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

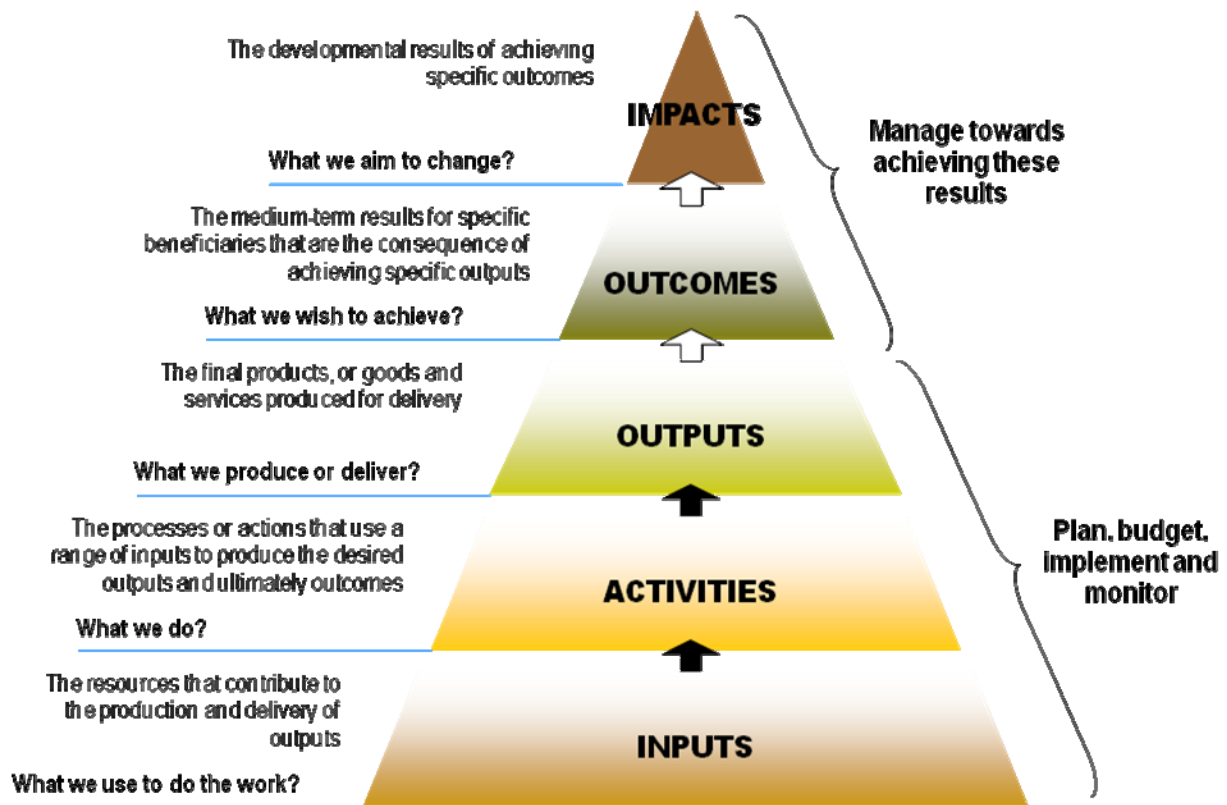
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information 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:



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:



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

**MBRR Table SA7 - Measurable performance objectives**

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

**MBRR Table SA8 - Performance indicators and benchmarks**

EC136 Emalahleni (EC) - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.2%	0.3%	0.7%	0.2%	0.1%	0.1%	0.4%	0.2%	0.2%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.9%	1.0%	2.1%	0.7%	0.3%	0.3%	0.9%	0.6%	0.5%	0.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	39.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	2.7	3.3	3.7	6.0	2.5	2.5	3.1	2.0	3.3	4.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.7	3.3	3.7	6.0	2.5	2.5	3.1	2.0	3.3	4.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	2.7	2.9	5.7	1.9	1.9	2.5	1.1	2.0	2.4
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		-18.7%	6.9%	49.4%	66.9%	99.6%	99.6%	65.4%	85.5%	85.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		-18.7%	6.9%	49.4%	66.9%	99.6%	99.6%	65.4%	85.5%	85.6%	85.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	57.9%	7.8%	11.2%	3.7%	6.7%	6.7%	17.3%	8.6%	10.3%	14.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		22.8%	16.0%	13.0%	11.8%	21.7%	21.7%	4.3%	54.3%	29.0%	24.2%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.1%	33.1%	32.1%	24.1%	32.3%	32.3%	26.0%	36.5%	29.8%	31.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.8%	40.1%	38.8%	30.4%	38.6%	38.6%		42.5%	35.0%	36.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.5%	0.0%	5.4%	9.8%	7.9%	7.9%		7.4%	5.7%	5.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	17.7%	15.2%	14.2%	14.5%	14.5%	0.0%	13.8%	11.8%	11.7%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	1.8	4.7	8.7	8.4	8.4	8.4	5.2	7.8	7.9	8.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	629.8%	49.7%	79.7%	32.4%	74.6%	74.6%	115.7%	98.5%	137.8%	191.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.4	4.2	6.0	4.2	3.0	3.0	13.9	1.5	2.7	3.2

### 1.10.1 Performance indicators and benchmarks

#### 1.10.1.1 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, Emalahleni Municipality'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 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.1 per cent throughout the MTREF period..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 should limit external interest charges to the minimum..
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

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 bought vehicles on hire purchase and will pay instalments monthly for a five year period.

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.

#### 1.10.1.2 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. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

#### 1.10.1.3 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 more than 2 which is a general benchmark, hence at no point in time should this ratio be less than 2. For the 2014/15 MTREF the current ratio is 2, and 3.3 and 4.1 respectively for the two outer years of the MTREF. Going forward it will be good financial practices if these levels can be maintained.
- *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 equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 1.9 and as part of the financial planning strategy it has been increased to 2.0 in the 2014/15 and has increased to 2.4 in 2016/17 financial year.

#### 1.10.1.4 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be 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 framework should be to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 50 per cent and should increase if the municipality wants to be financial as a going concern. ly conservative approach in order to cater for the current negative economic climate.

#### 1.10.1.5 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.

#### 1.10.1.6 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality has then to developed mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.
- Employee costs as a percentage of operating revenue is fairly constant 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 fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

### **1.10.2 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 MTREF 1903 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, free sanitation and free waste removal equivalent 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 elsewhere in this report.

## **1.11 Overview of budget related-policies**

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

**There will be a policy review workshop during the month of April 2014 so as to make sure all users of it understand it. The following is a broad framework of all the policies the council have:**

### **1.11.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council annually is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2014/1 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 50 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.

### **1.11.2 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 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).

### **1.11.3 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.

### **1.11.4 Supply Chain Management Policy**

The Supply Chain Management Policy was reviewed and adopted by Council in May 2013. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

### **1.11.5 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.

### **1.11.6 Cash Management and Investment Policy**

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 introduces time frames to achieve certain benchmarks.

### **1.11.7 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.

All the above policies are available on at main municipal building, as well as the following budget related policies:

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

## **1.12 Overview of budget assumptions**

### **1.12.1 External factors**

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2015 will be minimal with a slightly better growth in the outer years.

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

### **1.12.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

### **1.12.3 Credit rating outlook**

The Municipality did not perform a credit rating outlook.

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

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

### **1.12.5 Collection rate for revenue services**

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

The rate of revenue collection is currently expressed as a percentage (20 per cent) of annual billings. Cash flow is assumed to be 20 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

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

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

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

### **1.12.7 Salary increases**

There is a collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 71 and 72 of National Treasury was also used during the compilation of budget accordingly.

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

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

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

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

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

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

### 1.13 Overview of budget funding

#### 1.13.1 Medium-term outlook: operating revenue

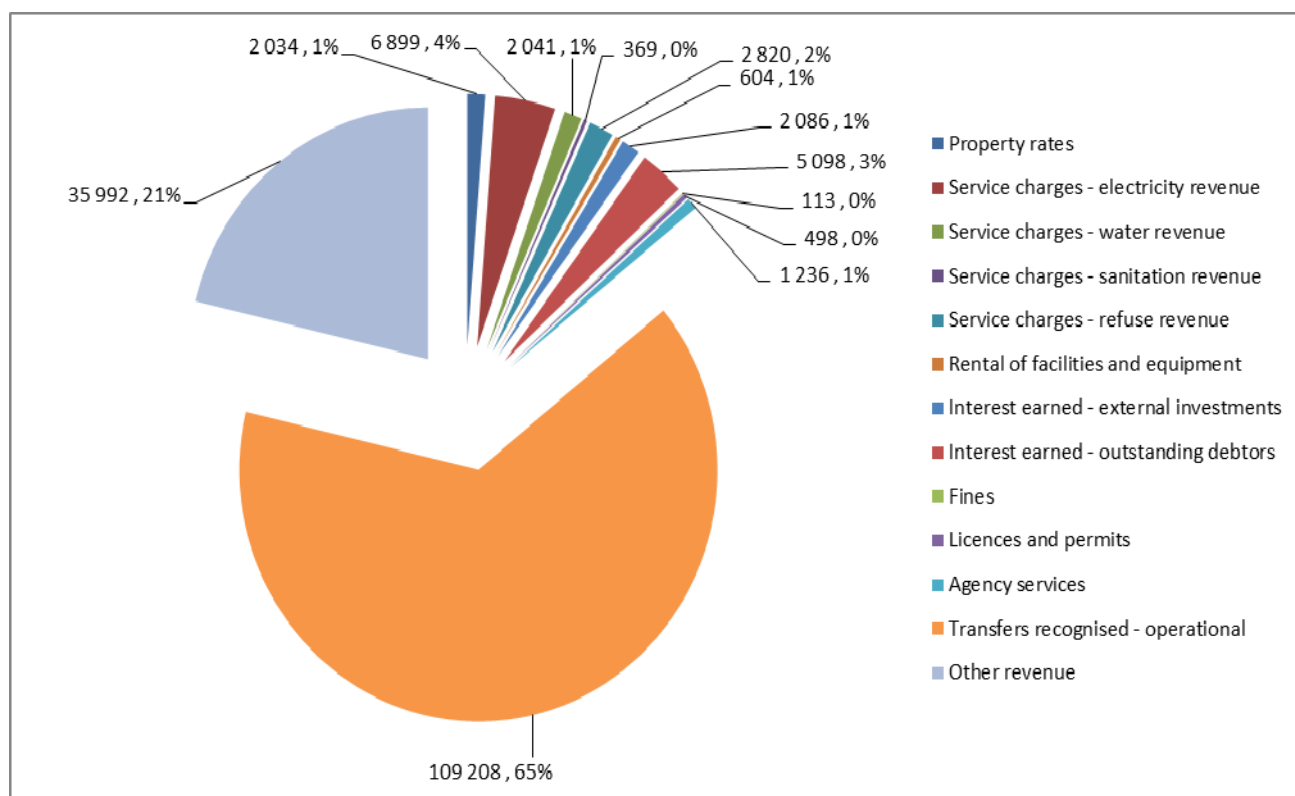
The following table is a breakdown of the operating revenue over the medium-term:

EC136 Emalahleni (EC) - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Financial Performance</b>										
Property rates	1 772	3 401	3 530	4 675	1 975	1 975	2 546	2 034	2 132	2 214
Service charges	6 899	14 513	14 914	13 240	11 470	11 470	14 660	12 650	13 257	13 771
Investment revenue	1 830	2 250	2 862	1 516	2 025	2 025	2 370	2 086	2 186	2 271
Transfers recognised - operational	87 337	72 148	85 415	104 225	98 550	98 550	84 092	108 178	143 222	149 843
Other own revenue	3 544	26 633	29 177	39 448	41 625	41 625	23 690	43 542	45 986	48 459
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>101 381</b>	<b>118 944</b>	<b>135 898</b>	<b>163 103</b>	<b>155 645</b>	<b>155 645</b>	<b>127 358</b>	<b>168 489</b>	<b>206 782</b>	<b>216 558</b>

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

#### Breakdown of operating revenue over the 2014/15 MTREF



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 electricity 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).

Investment revenue contributes significantly to the revenue base of the Municipality. 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.

### MBRR SA15 – Detail Investment Information

EC136 Emalahleni (EC) - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		6 066	29 917	43 695	50 000	30 000	30 000	14 000	30 000	40 000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	6 066	29 917	43 695	50 000	30 000	30 000	14 000	30 000	40 000
<b>Entities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		6 066	29 917	43 695	50 000	30 000	30 000	14 000	30 000	40 000

**MBRR SA16 – Investment particulars by maturity**

EC136 Emalahleni (EC) - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														-
														-
														-
														-
Municipality sub-total										-		-	-	-
Entities														
INVESTEC		Call	CALL ACCOUNTS	Yes	Variable	5	0	0	30 DAYS	30 000	1 500	(17 500)	-	14 000
														-
														-
														-
Entities sub-total										30 000		(17 500)	-	14 000
TOTAL INVESTMENTS AND INTEREST	1									30 000		(17 500)	-	14 000

### 1.13.2 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).

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

EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Ratepayers and other		(2 279)	3 077	23 415	38 260	54 866	54 866	25 982	49 876	52 624	55 355
Government - operating	1	84 468	72 148	85 415	125 636	98 550	98 550	84 092	108 178	143 222	149 843
Government - capital	1	-	17 084	23 095	25 917	28 138	28 138	12 620	30 970	32 508	33 835
Interest		4 114	7 861	9 333	5 793	6 975	6 975	8 779	7 184	7 529	7 821
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(73 317)	(98 819)	(116 588)	(156 880)	(140 426)	(140 426)	(64 894)	(155 045)	(155 212)	(164 814)
Finance charges		(21)	(89)	(219)	(389)	(170)	(170)	-	(175)	(184)	(191)
Transfers and Grants	1	-	-	(0)	(6 587)	(25 614)	(25 614)	(10 648)	(17 899)	(28 296)	(33 660)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>12 966</b>	<b>1 262</b>	<b>24 451</b>	<b>31 749</b>	<b>22 318</b>	<b>22 318</b>	<b>55 931</b>	<b>23 089</b>	<b>52 192</b>	<b>48 190</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE		-	-	207	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	8 000	-	-	-	-	-	-
Payments											
Capital assets		(34 157)	(2 998)	(17 070)	(39 742)	(43 709)	(43 709)	(43 709)	(38 223)	(33 191)	(36 328)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(34 157)</b>	<b>(2 998)</b>	<b>(16 864)</b>	<b>(31 742)</b>	<b>(43 709)</b>	<b>(43 709)</b>	<b>(43 709)</b>	<b>(38 223)</b>	<b>(33 191)</b>	<b>(36 328)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	844	(0)	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	66	10	-	-	-	7	-	-	-
Payments											
Repayment of borrowing		(104)	(125)	(545)	-	-	-	(412)	(195)	(150)	(116)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(104)</b>	<b>785</b>	<b>(536)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(405)</b>	<b>(195)</b>	<b>(150)</b>	<b>(116)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(21 295)</b>	<b>(951)</b>	<b>7 051</b>	<b>8</b>	<b>(21 391)</b>	<b>(21 391)</b>	<b>11 816</b>	<b>(15 329)</b>	<b>18 850</b>	<b>11 746</b>
Cash/cash equivalents at the year begin:	2	39 745	47 015	46 064	42 953	53 115	53 115	53 115	31 725	16 395	35 245
Cash/cash equivalents at the year end:	2	18 450	46 064	53 115	42 961	31 725	31 725	64 931	16 395	35 245	46 991



### 1.13.3 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.

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

EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	18 450	46 064	53 115	42 961	31 725	31 725	64 931	16 395	35 245	46 991
Other current investments > 90 days		0	0	(0)	50 000	1 053	1 053	21 911	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>18 450</b>	<b>46 064</b>	<b>53 115</b>	<b>92 961</b>	<b>32 778</b>	<b>32 778</b>	<b>86 843</b>	<b>16 395</b>	<b>35 245</b>	<b>46 991</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		14 292	5 138	5 873	-	5 873	5 873	30 261	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	15 159	6 753	(614)	1 099	(3 537)	(3 537)	(10 885)	(3 126)	(8 361)	(15 802)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>29 450</b>	<b>11 892</b>	<b>5 259</b>	<b>1 099</b>	<b>2 336</b>	<b>2 336</b>	<b>19 376</b>	<b>(3 126)</b>	<b>(8 361)</b>	<b>(15 802)</b>
<b>Surplus(shortfall)</b>		<b>(11 000)</b>	<b>34 173</b>	<b>47 857</b>	<b>91 862</b>	<b>30 442</b>	<b>30 442</b>	<b>67 467</b>	<b>19 521</b>	<b>43 606</b>	<b>62 792</b>

From the above table it can be seen that the cash and investments available total R16.4 million in the 2014/15 financial year and progressively increase to R46.99 million by 2016/17, 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.
- 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, resulting in cash flow challenges. 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 fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Rehabilitation of landfill sites and quarries.

#### 1.13.4 Funding compliance measurement

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

#### MBRR SA10 – Funding compliance measurement

EC136 Emalahleni (EC) Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	18 450	46 064	53 115	42 961	31 725	31 725	64 931	16 395	35 245	46 991
Cash + investments at the yr end less applications - R'000	18(1)b	2	(11 000)	34 173	47 857	91 862	30 442	30 442	67 467	19 521	43 606	62 792
Cash year end/monthly employee/supplier payments	18(1)b	3	3.4	4.2	6.0	4.2	3.0	3.0	8.4	1.4	2.8	3.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	24 701	(60 097)	1 601	4 986	(117)	(117)	6 108	4	27 999	23 059
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	100.6%	(3.0%)	(8.9%)	(31.0%)	(6.0%)	22.0%	3.2%	(1.2%)	(2.1%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	(18.7%)	6.9%	49.4%	66.9%	99.6%	99.6%	63.5%	85.7%	85.7%	85.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	83.5%	243.0%	50.0%	22.1%	22.5%	22.5%	17.8%	21.3%	21.3%	21.3%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	83.5%	100.0%	100.0%	99.3%	99.3%	99.3%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	39.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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.	(84.2%)	64.1%	(60.8%)	75.6%	0.0%	114.3%	38.9%	46.4%	44.7%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.1%	0.0%	2.0%	6.2%	3.0%	3.0%	3.4%	3.0%	2.7%	2.8%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

##### 1.13.4.1 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.

##### 1.13.4.2 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 the previous page. 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.

#### *1.13.4.3 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.

#### *1.13.4.4 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 2014/15 MTREF and outer years the municipality has a small surpluses.

It needs to be noted that a surplus or deficit 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.

#### *1.13.4.5 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 is higher than forecasted CPIX for the respective financial year of the 2013/14 MTREF which is mainly due to higher electricity tariff increase. 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.

#### *1.13.4.6 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 62.2 per cent for 2013/14 and 62.2 percent for the outer financial years. Given that the assumed collection rate was based on a 20 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. 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.

#### *1.13.4.7 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 20 per cent over the MTREF.

#### *1.13.4.8 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 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

#### *1.13.4.9 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 and therefore no percentage is being shown as outstanding.

#### *1.13.4.10 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.

#### *1.13.4.11 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.

#### *1.13.4.12 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.

## 1.14 Expenditure on grants and reconciliations of unspent funds

### MBRR SA19 - Expenditure on transfers and grant programmes

EC136 Emalahleni (EC) - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
<b>EXPENDITURE:</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		65 774	67 826	82 270	103 653	93 409	93 409	107 143	142 161	148 740
Local Government Equitable Share		57 535	61 056	69 797	78 749	78 749	78 749	92 038	116 794	118 123
		-	-	-	-	-	-	-	-	-
Finance Management		1 250	1 500	1 379	1 650	1 650	1 650	1 800	1 850	1 900
Municipal Systems Improvement		750	790	736	890	890	890	934	967	1 018
Integrated National Electrification Programme		5 000	4 480	9 000	20 000	10 000	10 000	10 000	20 000	25 000
EPWP Incentive		1 239	-	1 358	1 000	1 000	1 000	1 217	1 000	1 039
Other transfers/grants [insert description]		-	-	-	1 364	1 120	1 120	1 154	1 550	1 660
Provincial Government:		-	2 189	441	572	1 184	1 184	932	954	991
Other transfers/grants [insert description]		-	2 189	441	572	1 184	1 184	932	954	991
District Municipality:		19 878	-	2 705	-	3 957	3 957	103	108	112
[insert description]		19 878	-	2 705	-	3 957	3 957	103	108	112
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total operating expenditure of Transfers and Grants</b>		<b>85 651</b>	<b>70 015</b>	<b>85 415</b>	<b>104 225</b>	<b>98 550</b>	<b>98 550</b>	<b>108 178</b>	<b>143 222</b>	<b>149 843</b>
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		15 978	19 217	20 793	25 917	28 138	28 138	30 970	32 508	33 835
Municipal Infrastructure Grant (MIG)		15 978	19 217	20 793	25 917	28 138	28 138	30 970	32 508	33 835
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		3 243	-	-	-	-	-	-	-	-
[insert description]		3 243								
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		<b>19 221</b>	<b>19 217</b>	<b>20 793</b>	<b>25 917</b>	<b>28 138</b>	<b>28 138</b>	<b>30 970</b>	<b>32 508</b>	<b>33 835</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>104 872</b>	<b>89 232</b>	<b>106 208</b>	<b>130 142</b>	<b>126 688</b>	<b>126 688</b>	<b>139 148</b>	<b>175 730</b>	<b>183 678</b>





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

EC136 Emalahleni (EC) - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4	1	569 374		21 911			591 285
Chief Whip		–						–
Executive Mayor		1	711 717		43 912			755 629
Deputy Executive Mayor		–						–
Executive Committee		5	2 348 669		109 557			2 458 226
Total for all other councillors		27	5 830 661		591 608			6 422 269
<b>Total Councillors</b>	8	34	9 460 422	–	766 988			10 227 410
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)		1	1 034 559	10 691	310 830	121 000		1 477 080
Chief Finance Officer		1	789 249	1 939	273 825	94 773		1 159 786
Director - Corporate Services		1	774 742	1 939	244 552	90 793		1 112 025
Director - Strategic Management		1	774 742	1 939	244 552	90 793		1 112 025
Director - IPED		1	774 742	1 939	244 552	90 793		1 112 025
Director - Technical Services		1	774 742	1 939	244 552	90 793		1 112 025
Director - Community		1	774 742	1 939	244 552	90 793		1 112 025
<i>List of each official with packages &gt;= senior manager</i>								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
<b>Total Senior Managers of the Municipality</b>	8,10	6	5 697 518	22 322	1 807 413	669 738		8 196 992



**MBRR SA24 – Summary of personnel numbers**

EC136 Emalahleni (EC) - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)	4	34	-	34	34	-	34	34	-	34
Board Members of municipal entities	5							-	-	-
<b>Municipal employees</b>										
Municipal Manager and Senior Managers	3	7	-	7	7	-	7	7	-	7
Other Managers	7	4	2	2	5	5	-	10	8	2
<b>Professionals</b>		27	26	7	27	26	7	17	16	7
<i>Finance</i>		7	7	-	7	7	-	8	8	-
<i>Spatial/town planning</i>		3	2	1	3	2	1	3	2	1
<i>Information Technology</i>		-	-	-	-	-	-	1	1	-
<i>Roads</i>		-	-	-	-	-	-	-	-	-
<i>Electricity</i>		1	1	-	1	1	-	1	1	-
<i>Water</i>		3	3	-	3	3	-	3	3	-
<i>Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Refuse</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		13	13	-	13	13	-	1	1	-
<b>Technicians</b>		41	38	3	41	38	3	41	38	3
<i>Finance</i>		4	4	-	4	4	-	4	4	-
<i>Spatial/town planning</i>		2	2	-	2	2	-	2	2	-
<i>Information Technology</i>		1	1	-	1	1	-	1	1	-
<i>Roads</i>		1	1	-	1	1	-	1	1	-
<i>Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Water</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Refuse</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		33	30	3	33	30	3	33	30	3
Clerks (Clerical and administrative)		-	-	-	-	-	-	7	7	-
Service and sales workers		-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		6	6	-	6	6	-	6	6	-
Plant and Machine Operators		22	22	-	22	22	-	28	28	-
Elementary Occupations		89	89	-	99	99	-	99	99	-
<b>TOTAL PERSONNEL NUMBERS</b>	9	230	183	47	241	196	45	249	202	47
% increase					4.8%	7.1%	(4.3%)	3.3%	3.1%	4.4%
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									





BRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC136 Emalahleni (EC) - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>																
Vote 1 - Executive and Council		526	526	526	526	526	526	526	526	526	526	526	526	6 312	6 598	6 896
Vote 2 - Budget and Treasury		7 985	7 985	7 985	7 985	7 985	7 985	7 985	7 985	7 985	7 985	7 985	7 985	95 817	120 723	122 154
Vote 3 - Corporate Services		2	2	2	2	2	2	2	2	2	2	2	2	23	1	1
Vote 4 - Community and Social Services		480	480	480	480	480	480	480	480	480	480	480	480	5 764	6 041	6 275
Vote 5 - IPED		15	15	15	15	15	15	15	15	15	15	15	15	182	191	198
Vote 6 - Technical Services		7 613	7 613	7 613	7 613	7 613	7 613	7 613	7 613	7 613	7 613	7 613	91 359	105 735	114 867	
<b>Total Revenue by Vote</b>		<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>199 458</b>	<b>239 289</b>	<b>250 392</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and Council		2 414	2 414	2 414	2 414	2 414	2 414	2 414	2 414	2 414	2 414	2 414	2 414	28 973	29 680	31 200
Vote 2 - Budget and Treasury		1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	23 443	24 185	25 656
Vote 3 - Corporate Services		1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	1 580	18 959	16 985	18 135
Vote 4 - Community and Social Services		1 575	1 575	1 575	1 575	1 575	1 575	1 575	1 575	1 575	1 575	1 575	1 575	18 904	18 625	20 033
Vote 5 - IPED		989	989	989	989	989	989	989	989	989	989	989	989	11 692	11 692	12 515
Vote 6 - Technical Services		8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	8 109	97 306	110 123	119 794
<b>Total Expenditure by Vote</b>		<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>16 621</b>	<b>199 453</b>	<b>211 289</b>	<b>227 333</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>27 999</b>	<b>23 059</b>

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC136 Emalahleni (EC) - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
<b>Multi-year expenditure to be appropriated</b>	1																
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	24 574	15 422	-
Vote 5 - IPED		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		277	277	277	277	277	277	277	277	277	277	277	277	277	3 319	14 459	28 929
Capital multi-year expenditure sub-total	2	2 324	2 324	2 324	2 324	2 324	2 324	2 324	2 324	2 324	2 324	2 324	2 324	2 324	27 893	29 881	28 929
<b>Single-year expenditure to be appropriated</b>																	
Vote 1 - Executive and Council		351	351	351	351	351	351	351	351	351	351	351	351	351	4 210	210	2 270
Vote 2 - Budget and Treasury		97	97	97	97	97	97	97	97	97	97	97	97	97	1 160	1 060	1 240
Vote 3 - Corporate Services		31	31	31	31	31	31	31	31	31	31	31	31	31	370	100	290
Vote 4 - Community and Social Services		182	182	182	182	182	182	182	182	182	182	182	182	182	2 180	100	1 747
Vote 5 - IPED		191	191	191	191	191	191	191	191	191	191	191	191	191	2 290	1 740	105
Vote 6 - Technical Services		10	10	10	10	10	10	10	10	10	10	10	10	10	120	100	1 747
Capital single-year expenditure sub-total	2	861	861	861	861	861	861	861	861	861	861	861	861	861	10 330	3 310	7 399
<b>Total Capital Expenditure</b>	2	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	38 223	33 191	36 328

## MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

## EC136 Emalahleni (EC) - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital Expenditure - Standard</b>	1															
<i>Governance and administration</i>		478	478	478	478	478	478	478	478	478	478	478	478	5 740	1 370	3 800
Executive and council		351	351	351	351	351	351	351	351	351	351	351	351	4 210	210	2 270
Budget and treasury office		97	97	97	97	97	97	97	97	97	97	97	97	1 160	1 060	1 240
Corporate services		31	31	31	31	31	31	31	31	31	31	31	31	370	100	290
<i>Community and public safety</i>		1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	1 642	19 700	8 416	1 747
Community and social services		1 275	1 275	1 275	1 275	1 275	1 275	1 275	1 275	1 275	1 275	1 275	1 275	15 303	5 416	1 747
Sport and recreation		366	366	366	366	366	366	366	366	366	366	366	366	4 397	3 000	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		477	477	477	477	477	477	477	477	477	477	477	477	5 729	16 299	29 174
Planning and development		191	191	191	191	191	191	191	191	191	191	191	191	2 290	1 740	105
Road transport		287	287	287	287	287	287	287	287	287	287	287	287	3 439	14 559	29 069
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		588	588	588	588	588	588	588	588	588	588	588	588	7 054	7 106	1 607
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 607
Waste management		588	588	588	588	588	588	588	588	588	588	588	588	7 054	7 106	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	2	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	38 223	33 191	36 328
<b>Funded by:</b>																
National Government		2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	30 970	32 508	33 835
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	30 970	32 508	33 835
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		604	604	604	604	604	604	604	604	604	604	604	604	7 253	683	2 493
<b>Total Capital Funding</b>		3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	3 185	38 223	33 191	36 328

MBRR SA30 - Budgeted monthly cash





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.

### **1.17 Capital expenditure details**

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

#### **SA36 - Detailed capital budget per municipal vote**



## 1.18 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 Mayor (within 10 working days) has progressively improved.
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. Of the five interns two has been appointed permanently from 01 December 2013 respectively. In the remaining three two contracts will come to an end during August 2014.
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.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 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. BRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

## EC136 Emalahleni (EC) - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Treasury	Vote 3 - Corporate Services	Vote 4 - Community and Social Services	Vote 5 - IPED	Vote 6 - Technical Services	Total
R thousand	1							
<b>Revenue By Source</b>								
Property rates		-	2 034	-	-	-	-	2 034
Property rates - penalties & collection charges		-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	7 419	7 419
Service charges - water revenue		-	-	-	-	-	2 042	2 042
Service charges - sanitation revenue		-	-	-	-	-	369	369
Service charges - refuse revenue		-	-	-	2 820	-	0	2 820
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	582	-	21	604
Interest earned - external investments		-	2 086	-	-	-	-	2 086
Interest earned - outstanding debtors		-	1 042	-	1 372	-	2 684	5 098
Dividends received		-	-	-	-	-	-	-
Fines		113	-	-	-	-	-	113
Licences and permits		-	-	-	3	1	494	498
Agency services		-	63	-	-	-	1 173	1 236
Other revenue		-	2 019	1	85	71	33 816	35 992
Transfers recognised - operational		6 199	88 573	22	903	110	12 371	108 178
Gains on disposal of PPE		-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>6 312</b>	<b>95 817</b>	<b>23</b>	<b>5 766</b>	<b>182</b>	<b>60 389</b>	<b>168 489</b>
<b>Expenditure By Type</b>								
Employee related costs		6 266	9 183	8 570	12 183	6 468	18 969	61 639
Remuneration of councillors		10 227	-	-	-	-	-	10 227
Debt impairment		-	1 071	-	-	-	2 180	3 251
Depreciation & asset impairment		60	516	269	901	30	21 308	23 084
Finance charges		-	155	21	-	-	-	175
Bulk purchases		-	-	-	-	-	17 213	17 213
Other materials		-	-	-	-	-	-	-
Contracted services		-	4 600	1 110	-	-	52	5 762
Transfers and grants		-	2 734	22	-	2 773	12 371	17 899
Other expenditure		12 420	5 184	8 967	5 823	2 596	25 213	60 203
Loss on disposal of PPE		-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>28 973</b>	<b>23 443</b>	<b>18 959</b>	<b>18 906</b>	<b>11 867</b>	<b>97 306</b>	<b>199 455</b>
<b>Surplus/(Deficit)</b>		<b>(22 661)</b>	<b>72 373</b>	<b>(18 936)</b>	<b>(13 140)</b>	<b>(11 685)</b>	<b>(36 916)</b>	<b>(30 966)</b>
Transfers recognised - capital		-	-	-	-	-	30 970	30 970
Contributions recognised - capital		-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(22 661)</b>	<b>72 373</b>	<b>(18 936)</b>	<b>(13 140)</b>	<b>(11 685)</b>	<b>(5 946)</b>	<b>4</b>

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

EC136 Emalaheni (EC) - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits < 90 days		6 066	29 917	43 696	50 000	30 000	30 000	70 934	14 000	30 000	40 000
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
<b>Total Call investment deposits</b>	2	6 066	29 917	43 696	50 000	30 000	30 000	70 934	14 000	30 000	40 000
<b>Consumer debtors</b>											
Consumer debtors		23 471	77 077	90 037	33 018	90 037	90 037	96 492	100 384	111 228	122 492
Less: Provision for debt impairment		(22 578)	(71 380)	(80 419)	(31 246)	(83 576)	(83 576)	(80 419)	(86 827)	(90 234)	(93 773)
<b>Total Consumer debtors</b>	2	892	5 697	9 619	1 772	6 461	6 461	16 073	13 557	20 993	28 718
<b>Debt impairment provision</b>											
Balance at the beginning of the year		(18 411)	(22 340)	-	(27 178)	(80 419)	(80 419)	-	(83 576)	(86 827)	(90 234)
Contributions to the provision		(4 167)	(49 040)	(80 419)	(4 069)	(3 157)	(3 157)	(80 419)	(3 251)	(3 407)	(3 539)
Bad debts written off		-	-	-	-	-	-	-	-	-	-
<b>Balance at end of year</b>		(22 578)	(71 380)	(80 419)	(31 246)	(83 576)	(83 576)	(80 419)	(86 827)	(90 234)	(93 773)
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		224 783	442 528	447 577	286 617	490 979	490 979	460 582	529 202	562 393	598 722
Leases recognised as PPE		-	-	167	-	167	167	167	167	167	167
Less: Accumulated depreciation		-	74 692	86 395	30 537	86 395	86 395	86 406	109 479	133 672	158 803
<b>Total Property, plant and equipment (PPE)</b>	2	224 783	367 837	361 349	256 080	404 751	404 751	374 343	419 890	428 888	440 086
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		96	293	-	-	-	-	-	-	-	-
<b>Total Current liabilities - Borrowing</b>		96	293	-	-	-	-	-	-	-	-
<b>Trade and other payables</b>											
Trade and other creditors		4 200	7 392	6 885	5 082	6 885	6 885	3 358	9 316	9 869	10 618
Unspent conditional transfers		14 292	5 138	5 873	-	5 873	5 873	30 261	-	-	-
VAT		-	(3 163)	(2 165)	-	(2 165)	(2 165)	1 728	-	-	-
<b>Total Trade and other payables</b>	2	18 491	9 367	10 593	5 082	10 593	10 593	35 347	9 316	9 869	10 618
<b>Non current liabilities - Borrowing</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		-	1 105	852	-	852	852	440	657	507	391
<b>Total Non current liabilities - Borrowing</b>		-	1 105	852	-	852	852	440	657	507	391
<b>Provisions - non-current</b>											
Retirement benefits		1 219	3 519	4 841	7 166	4 841	4 841	4 787	6 660	9 163	12 607
List other major provision items		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		-	2 708	4 751	140	4 751	4 751	4 751	7 024	10 383	15 350
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Provisions - non-current</b>		1 219	6 227	9 592	7 306	9 592	9 592	9 537	13 684	19 547	27 957
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		248 435	484 762	424 665	327 295	446 323	446 323	426 298	446 323	446 327	474 326
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		248 435	484 762	424 665	327 295	446 323	446 323	426 298	446 323	446 327	474 326
Surplus/(Deficit)		24 701	(60 097)	1 601	4 986	-	-	6 108	4	27 999	23 059
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		(5)	-	-	-	-	-	-	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	1	273 131	424 665	426 266	332 281	446 323	446 323	432 406	446 327	474 326	497 385
<b>Reserves</b>											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	273 131	424 665	426 266	332 281	446 323	446 323	432 406	446 327	474 326	497 385

**MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

EC136 Emalahleni (EC) - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population			122		119	119	119	119	119	119	119	119
Females aged 5 - 14			19		13	13	13	13	13	13	13	13
Males aged 5 - 14			19		14	14	14	14	14	14	14	14
Females aged 15 - 34			19		14	14	14	14	14	14	14	14
Males aged 15 - 34			18		18	18	18	18	18	18	18	18
Unemployment			21		18	18	18	18	18	18	18	18
<b>Monthly household income (no. of households)</b>												
No income	1, 12		4 136		4 804	4 804	4 804	4 804	4 804	4 804	4 804	4 804
R1 - R1 600			12 847		14 919	14 919	14 919	14 919	14 919	14 919	14 919	14 919
R1 601 - R3 200			6 746		7 835	7 835	7 835	7 835	7 835	7 835	7 835	7 835
R3 201 - R6 400			1 972		2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290
R6 401 - R12 800			839		974	974	974	974	974	974	974	974
R12 801 - R25 600			470		545	545	545	545	545	545	545	545
R25 601 - R51 200			199		232	232	232	232	232	232	232	232
R52 201 - R102 400			35		41	41	41	41	41	41	41	41
R102 401 - R204 800			16		18	18	18	18	18	18	18	18
R204 801 - R409 600			20		23	23	23	23	23	23	23	23
R409 601 - R819 200			-		-	-	-	-	-	-	-	-
> R819 200			-		-	-	-	-	-	-	-	-
<b>Poverty profiles (no. of households)</b>												
< R3 200 per household per month	13		23 729		27 557	27 557.00	27 557.00	27 557.00	27 557.00	27 557.00	27 557.00	27 557.00
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area			121 822		119 460	119	119	119	119	119	119	119
Number of poor people in municipal area			83 204		63 680	64	64	64	64	64	64	64
Number of households in municipal area			27 280		31 681	32	32	32	32	32	32	32
Number of poor households in municipal area			23 729		27 557	28	28	28	28	28	28	28
Definition of poor household (R per month)			3 200		3 200	3 200	3 200	3 200	3 200	3 200	3 200	3 200
<b>Housing statistics</b>												
Formal	3		14 804		450	450	450	450	450	450	450	450
Informal			17 777		144	144	144	144	144	144	144	144
Total number of households			32 581		594	594	594	594	594	594	594	594
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-		-	-	-	-	-	-	-	-
<b>Economic</b>												
Inflation/inflation outlook (CPIX)	6											
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>												
Property tax/service charges	7											
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												





### 1.19 Municipal Manager's quality certificate

I S W Vatala, Municipal Manager of Emalahleni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name S W VATALA

Municipal Manager of Emalahleni Municipality

**Signature**

**Date** 28 May 2014