



EMALAHLENI MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2019/2020 TO 2021/2022

**FINAL ADJUSTED ANNUAL BUDGET OF
EMALAHLENI
MUNICIPALITY**

**2019/20 TO 2021/22
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

Copies of this document can be viewed:

- **At the satellite and main office buildings of the municipality**

INDEX

| | |
|---|-----------|
| PART 1 – DRAFT SPECIAL ADJUSTMENTS BUDGET | 2 |
| 1.1 MAYOR’S REPORT | 2 |
| 1.2 EXECUTIVE SUMMARY | 9 |
| 1.3 OPERATING REVENUE FRAMEWORK | 133 |
| 1.4 OPERATING EXPENDITURE FRAMEWORK | 233 |
| 1.5 CAPITAL EXPENDITURE | 288 |
| 1.6 ANNUAL BUDGET TABLES | 34 |
| PART 2 – SUPPORTING DOCUMENTATION | 49 |
| 1.7 OVERVIEW OF THE ANNUAL BUDGET PROCESS | 499 |
| 1.8 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP | 50 |
| 1.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS | 522 |
| 1.10 OVERVIEW OF BUDGET RELATED-POLICIES | 56 |
| 1.11 OVERVIEW OF BUDGET ASSUMPTIONS | 58 |
| 1.12 OVERVIEW OF BUDGET FUNDING | 600 |
| 1.13 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS | 667 |
| 1.14 COUNCILLOR AND EMPLOYEE BENEFITS | 69 |
| 1.15 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW | 722 |
| 1.16 CAPITAL EXPENDITURE DETAILS | 778 |
| 1.17 LEGISLATION COMPLIANCE | 79 |
| 1.18 MUNICIPAL MANAGER’S QUALITY CERTIFICATE | 84 |

List of Tables

Abbreviations and Acronyms

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

Part 1 – Special Adjustments Budget

1.1 Mayor's Report

The purpose of this report is to present to COUNCIL the Special Adjustments Budget for the 2019/2020 financial year.

LEGISLATIVE BACKGROUND

Section 16 of the MFMA requires (1) the Council of a municipality to approve an annual budget for each financial year before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.

Section 17 of the MFMA gives guidance on the content of an annual budget and prescribes that a municipal budget must

- Set out realistically anticipated revenue projections for the year from each revenue source;
- Appropriating expenditure for the budget year under the different votes of the municipality;
- Set out indicative revenue per revenue source and projected expenditure per vote for the two financial years following the budget year
- The proposed cost to the municipality for the budget year of the salary, benefits and allowances

Section 18 of the MFMA further gives guidance on the funding sources for municipal expenditure and may only be funded from

- realistically anticipated revenues to be collected
- cash backed accumulated surplus funds from previous years' surpluses not committed for other purposes
- borrowed funds but only for capital budget

Municipal Budget Circular for the 2018/19 MTREF – MFMA Circular 94

DISCUSSION

Budget Circular 94 clearly outlines that, the economic situation has not improved since the previous financial year. Therefore, municipalities are reminded as it was communicated in MFMA Circular No. 93 that weak economic growth has put stress on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. The Circular further requires all municipalities to consider the following when preparing the draft budget:

- Improving the effectiveness of revenue management processes and procedures; and
- Pay special attention to cost containment measures, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities.

- Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend on money that they do not have.

Budget Circular 93 states that municipalities are now required to *justify all increases in excess of the 6 per cent* projected inflation target in their budget narratives and pay careful attention to the differential incidence of tariff increases across all consumer groups.

Maximising the revenue generation of the municipal revenue base

Municipalities must comply with Section 18 of the MFMA and ensure that they fund their 2019/20 MTREF budgets from realistically anticipated revenues to be collected. Subsequently, municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this has been identified as a fundamental reason for municipalities in financial distress.

In cases where municipalities have tabled an unfunded budget, they will be required to correct the budget to ensure that a funded budget is adopted and implemented

Given the scarce financial resources and intention of having a funded budget for the 2019/20 financial year, the municipality had to take its tune from these stipulations and base its revenue budget only on realistically anticipated revenue sources and as at the current moment the unlimited expenditure budget far exceeds the available income budget.

The Total realistically anticipated Operating Revenue budget forecasted amounts to R 193.519 million. This amount is slightly higher when compared with the 2019/20 Original budget currently been implemented that amounted to R 180.567 million and this is mainly due to the revised budget estimates for revenue items.

GRANTS

Operating Grant Income is 138.711 million which constitutes 72% of the total operating revenue budget whilst own revenue constitutes only 28% of the adjusted budget.

OWN REVENUE

Rates

The rates revenue budget has increased from R 4 799 000 in the original budget to R 8 733 000 in the first adjustment budget.

the increase is due to 101 new public works properties that has been included in General Valuation roll via the Supplementary Valuation roll not there in prior year and not considered in the Original Budget.

Refuse

The original budget of R 6 987 000 has increased to R 8 050 000 in the first adjustment budget.

The municipality is gradually moving towards a cost reflective tariff and have increased the refuse collection tariff by 12% for the 2019/20 financial year. The increased revenue budget is based on actual monthly refuse charges.

Electricity

The original budget has increased from R 16 355 to R 19 293 million in the first adjustment budget.

The increase in electricity revenue is due to the project undertaken by Electricity section of physically inspecting prepaid electricity meters, resealing tempered meters and replacing of the faulty meters. The section is also replacing faulty conventional meters. The KVA meters are also correctly billed in the current year.

First quarter actual amounts for electricity revenue is R 5.1 million which is slightly more than a quarter of the adjusted budget amount.

Licences and permits

The final collected amount for 2018/19 amounted to R 1,514 million and the budget has been adjusted to R 6 134 million.

The increase is due to the learners and drivers' licenses testing centre being more efficient and starting to be fully operational. A new motor vehicle testing station has been opened and will be operational within the current financial year. A new motor vehicle testing station has been opened and will be operational within the current financial year.

The Budget and Treasury Office envisage improving the collection rate by prioritising its debt collection efforts.

Prioritisation of Debt collection

The municipality's total outstanding debtors' book is sitting at R 96 400 331.58 at 30 September 2019. Cognisance must be given to the fact that the implementation of the of the new EMS system over the last financial year has had a significant impact in this escalated total due to the fact that statements were only finalised with rates charges in November 2018.

Reasons for escalating debtor's book:

1. The implementation of the new mSCOA compliant EMS system has had a significant contribution in the rise of the debtors' book over the 2018/19 financial year as accounts were not issued on time
2. Inadequate implementation of debt collection processes
3. High indigent status in ELM although relevantly low indigent turns out at registration stations during registration period.

The municipality has an approved Credit control and debt collection policy that sets out the debt collection process. These debt collection processes will have to be implemented if the situation is to be turned around.

The following is the envisaged strategies to address the debtor's outstanding book:

Government departments

Government department's debt makes up about 16% (15 million) of the total outstanding book. We project a collection rate of about 100% for government departments. We are aware of an amount of R 1 210 million not collectable at this time as the department of public works is in the process of sub diving the Glen Grey Hospital property to be able to account and pay for the portion in their use. IGR processes will also be followed to assist in the recovering of the outstanding amounts.

The section is currently preparing billing statements for distribution to all government departments. The statements are emailed to the relevant people in the various departments to fast track receipt by departments but will also be delivered monthly. Engagements will be arranged with departments where challenges are experienced in terms of payments of accounts and this must be a continues arrangement.

Chris Hani District municipality

Statements for CHDM has been printed and will be emailed and delivered to the district municipality by the end of October. The amount outstanding by CHDM amounts to about 6% of total debt outstanding. We project a collection rate of about 100% from the district municipality. IGR processes will also be followed to assist in the recovering of the outstanding amounts.

The statements will from October 2019 onwards be hand delivered monthly and followed up with the district municipality.

Businesses

Total outstanding balance from businesses at 30 September amounted to about R 6.7 million which equates to about 7% of the total outstanding debt. The section will be following up on outstanding debt after the due date of October accounts with the approved debt collection processes. A collection rate of about 90% is expected from businesses. A new Shoprite store is opening in Cacadu that will further increase collectable revenue from businesses.

Monthly debt collection processes will be implemented on

Farmers

Stakeholder's engagements will be held with farmers to persuade them to voluntarily pay their outstanding accounts after which the debt collection processes will be implemented. The municipality is giving all farmers a 40% rebate in terms of the MPRA and approved Property rates policy. A collection rate of about 90% is expected.

Residential

The municipality intends to employ a targeted approach (per area approach) when implementing the debt collection processes. Target your town areas first and then gradually move the townships. Consider further identification of indigent debtors through the debt collection process. Get a Council approval for an incentive scheme to encourage consumers to settle their outstanding debt.

EXPENDITURE

An exercise to cut the total expenditure budget in line with the revenue budget has been undertaken is currently estimated at R 192.830 million resulting in an operating surplus before capital transfers of R 689 thousand.

Employee Related costs – Decreased employee costs from R 95,6 million to R 91,098 million, this was done after considering prior years actual amount and increasing it by 8% and provided a contingency of R 2 million has been provided as well as R 1 million for filling of critical posts.

Employee related costs including Councillor allowances now represent 55% of Total expenditure for 2019/20, it further goes up to 57% in 2020/21 and to 59% in 2021/22 which is above NT maximum threshold of 40%.

The municipality cut Other materials by R 250 000, this item mainly consists of consumables and other materials, when cutting on the system those regarded as essential for operation of the municipality were considered.

Contracted Services: We had to increase this line item by R 7 million to cover the lawsuit amount not previously budgeted for also legal fees are already overspent by at least a million hence this provision. Security services were also increased by R 2 million as they were underbudgeted for. A decrease of R 2,1 million was effected and the cut was against the Accounting and Auditing Services budget.

Bulk Purchase amount was reduced by R 1,5 million to R 14,5 million, the cut was informed by the final amount for 2016/17 which amounted to R 13,2 million as the 2018/19 amount was very low due to Eskom credit account.

General expenditure was also cut with R 1,988 million in order to obtain a surplus. The expenditures cut include, Learnerships, Some SPU programmes, Telephone, S&T and Bursaries.

Below is a Summary of the 2019/20 Budget as contained in A1 of the Budget.

EC136 Emalahleni (Ec) - Table B1 Adjustments Budget Summary -

| Description | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | A | 1 A1 | 2 B | 3 C | 4 D | 5 E | 6 F | 7 G | 8 H | | |
| Financial Performance | | | | | | | | | | | |
| Property rates | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 9,541 |
| Service charges | 23,342 | - | - | - | - | - | 4,002 | 4,002 | 27,343 | 29,715 | 32,277 |
| Investment revenue | 1,147 | - | - | - | - | - | - | - | 1,147 | 1,200 | 1,202 |
| Transfers recognised - operational | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 |
| Other own revenue | 12,568 | - | - | - | - | - | 5,415 | 5,415 | 17,983 | 18,543 | 19,976 |
| Total Revenue (excluding capital transfers and contributions) | 180,567 | - | - | - | - | - | 12,951 | 12,951 | 193,519 | 199,503 | 212,119 |
| Employee costs | 96,117 | - | - | - | - | - | (5,020) | (5,020) | 91,098 | 96,680 | 105,099 |
| Remuneration of councillors | 14,070 | - | - | - | - | - | - | - | 14,070 | 14,816 | 16,001 |
| Depreciation & asset impairment | 24,256 | - | - | - | - | - | - | - | 24,256 | 25,469 | 26,743 |
| Finance charges | 271 | - | - | - | - | - | - | - | 271 | 271 | 298 |
| Materials and bulk purchases | 18,837 | - | - | - | - | - | (1,750) | (1,750) | 17,087 | 16,899 | 18,164 |
| Transfers and grants | 230 | - | - | - | - | - | - | - | 230 | 235 | 240 |
| Other expenditure | 43,137 | - | - | - | - | - | 2,682 | 2,682 | 45,819 | 43,508 | 40,483 |
| Total Expenditure | 196,918 | - | - | - | - | - | (4,088) | (4,088) | 192,830 | 197,877 | 207,028 |
| Surplus/(Deficit) | (16,350) | - | - | - | - | - | 17,039 | 17,039 | 689 | 1,625 | 5,091 |
| Transfers recognised - capital | 31,848 | - | - | - | - | - | - | - | 31,848 | 33,484 | 35,837 |
| Contributions recognised - capital & contributed assets | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Capital expenditure & funds sources | | | | | | | | | | | |
| Capital expenditure | 34,913 | - | - | - | - | - | (1,014) | (1,014) | 33,900 | 33,784 | 36,187 |
| Transfers recognised - capital | 32,198 | - | - | - | - | - | (84) | (84) | 32,114 | 33,484 | 35,837 |
| Borrowing | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 2,716 | - | - | - | - | - | (930) | (930) | 1,786 | 300 | 350 |
| Total sources of capital funds | 34,913 | - | - | - | - | - | (1,014) | (1,014) | 33,900 | 33,784 | 36,187 |
| Financial position | | | | | | | | | | | |
| Total current assets | 185,443 | - | - | - | - | - | (151,536) | (151,536) | 33,908 | 49,815 | 69,995 |
| Total non current assets | 490,549 | - | - | - | - | - | (39,246) | (39,246) | 451,302 | 459,617 | 469,062 |
| Total current liabilities | 86,755 | - | - | - | - | - | (44,683) | (44,683) | 42,072 | 40,249 | 40,249 |
| Total non current liabilities | 14,800 | - | - | - | - | - | 2,950 | 2,950 | 17,751 | 17,751 | 17,751 |
| Community wealth/Equity | 329,543 | - | - | - | - | - | 95,845 | 95,845 | 425,388 | 451,434 | 481,059 |
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | 35,597 | - | - | - | - | - | 13,747 | 13,747 | 49,344 | 49,925 | 56,478 |
| Net cash from (used) investing | (31,848) | - | - | - | - | - | 1,035 | 1,035 | (30,813) | (33,784) | (36,187) |
| Net cash from (used) financing | - | - | - | - | - | - | (407) | (407) | (407) | (244) | (122) |
| Cash/cash equivalents at the year end | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |
| Cash backing/surplus reconciliation | | | | | | | | | | | |
| Cash and investments available | 90,925 | - | - | - | - | - | (68,652) | (68,652) | 22,272 | 38,169 | 58,338 |
| Application of cash and investments | 23,660 | - | - | - | - | - | (11,542) | (11,542) | 12,118 | 10,330 | 10,430 |
| Balance - surplus (shortfall) | 67,265 | - | - | - | - | - | (57,110) | (57,110) | 10,155 | 27,839 | 47,908 |
| Asset Management | | | | | | | | | | | |
| Asset register summary (WDV) | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation & asset impairment | - | - | - | - | - | - | - | - | - | - | - |
| Renewal and Upgrading of Existing Assets | 350 | - | - | - | - | - | 2,533 | 2,533 | 2,883 | 5,000 | 2,883 |
| Repairs and Maintenance | 5,597 | - | - | - | - | - | (20) | (20) | 5,577 | 4,937 | 5,577 |
| Free services | | | | | | | | | | | |
| Cost of Free Basic Services provided | 4,900 | - | - | - | - | - | - | - | 4,900 | 5,000 | 5,100 |
| Revenue cost of free services provided | 1,050 | - | - | - | - | - | 730 | 730 | 1,780 | 1,904 | 2,038 |
| Households below minimum service level | | | | | | | | | | | |
| Water: | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation/sewerage: | - | - | - | - | - | - | - | - | - | - | - |
| Energy: | - | - | - | - | - | - | - | - | - | - | - |
| Refuse: | - | - | - | - | - | - | - | - | - | - | - |

CAPITAL EXPENDITURE BUDGET

The Capital expenditure budget is currently at R 33 983 million. The municipality has cut the R 2 million budgeted for office building because it does not have sufficient funds at this stage, this move was also recommended by Treasury. The other internally funded projects such as Computers and Vehicles has been left uncut as the amount is already committed. There is also a provision of an amount of R 350 000 budget for furniture in the Traffic Station to ensure the centre operates optimally and a provision for Mayor's vehicle for R 720 000 has been made as its mileage is in excess of 200 000 kmz and the maintenance costs will start rising.

Below is the revised capital expenditure.

| | | | | | | | | | | | | |
|--|---|--------|---|---|---|---|---|---------|---------|--------|--------|--------|
| Capital Expenditure - Functional | | | | | | | | | | | | |
| Governance and administration | | 2,716 | - | - | - | - | - | (930) | (930) | 1,786 | 300 | 350 |
| Executive and council | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Finance and administration | | 716 | - | - | - | - | - | 1,070 | 1,070 | 1,786 | 300 | 350 |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - |
| Community and public safety | | 13,358 | - | - | - | - | - | (2,585) | (2,585) | 10,773 | 11,595 | 3,828 |
| Community and social services | | 5,294 | - | - | - | - | - | (2,800) | (2,800) | 2,494 | 8,866 | 3,828 |
| Sport and recreation | | 8,064 | - | - | - | - | - | 215 | 215 | 8,279 | 2,728 | - |
| Public safety | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 12,887 | - | - | - | - | - | 1,148 | 1,148 | 14,034 | 11,079 | 32,009 |
| Planning and development | | - | - | - | - | - | - | - | - | - | - | - |
| Road transport | | 12,887 | - | - | - | - | - | 1,148 | 1,148 | 14,034 | 11,079 | 32,009 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - |
| Trading services | | 5,953 | - | - | - | - | - | 1,106 | 1,106 | 7,059 | 10,810 | - |
| Energy sources | | - | - | - | - | - | - | - | - | - | 5,000 | - |
| Water management | | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | 5,603 | - | - | - | - | - | 1,106 | 1,106 | 6,709 | 5,810 | - |
| Waste management | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| Other | | 0 | - | - | - | - | - | 332 | 332 | 332 | - | - |
| Total Capital Expenditure - Functional | 3 | 34,913 | - | - | - | - | - | (930) | (930) | 33,983 | 33,784 | 36,187 |
| Funded by: | | | | | | | | | | | | |
| National Government | | 31,848 | - | - | - | - | - | (0) | (0) | 31,848 | 33,484 | 35,837 |
| Provincial Government | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 32,198 | - | - | - | - | - | (0) | (0) | 32,198 | 33,484 | 35,837 |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | 2,716 | - | - | - | - | - | (930) | (930) | 1,786 | 300 | 350 |
| Total Capital Funding | | 34,913 | - | - | - | - | - | (930) | (930) | 33,983 | 33,784 | 36,187 |

Funded status of the Budget and new budget requests.

The Cash backed reserves/accumulated surplus reconciliations (A8) after all these changes reflects a Net Surplus of R 1 446 million for 2019/20, R 6 753 million and R 26 913 million for the two outer years, which then reflects a funded budget. The other provisions included in the table below consists of reasonable expected outflows in relation to these provisions over the MTREF.

EC136 Emalahleni (Ec) - Table B8 Cash backed reserves/accumulated surplus reconciliation -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | A | 3 A1 | 4 B | 5 C | 6 D | 7 E | 8 F | 9 G | 10 H | | |
| R thousands | | | | | | | | | | | | |
| <u>Cash and investments available</u> | | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |
| Other current investments > 90 days | | - | - | - | - | - | - | (0) | (0) | (0) | - | - |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |
| <u>Applications of cash and investments</u> | | | | | | | | | | | | |
| Unspent conditional transfers | | 1,000 | - | - | - | - | - | 533 | 533 | 1,533 | - | - |
| Unspent borrowing | | | | | | | | | - | - | | |
| Statutory requirements | | | | | | | | (850) | (850) | (850) | (791) | (758) |
| Other working capital requirements | 2 | 3,671 | - | | | | | 6,914 | 6,914 | 10,585 | 10,329 | 10,306 |
| Other provisions | | | | | | | | 9,558 | 9,558 | 9,558 | 21,877 | 21,877 |
| Long term investments committed | | - | - | | | | | - | - | - | - | - |
| Reserves to be backed by cash/investments | | - | - | | | | | - | - | - | - | - |
| Total Application of cash and investments: | | 4,671 | - | - | - | - | - | 16,156 | 16,156 | 20,827 | 31,416 | 31,425 |
| Surplus(shortfall) | | 647 | - | - | - | - | - | 799 | 799 | 1,446 | 6,753 | 26,913 |

FACTORS THAT WERE CONSIDERED IN FINALISING PREPARATION OF THE ADJUSTED BUDGET

The below are the assumptions used on the cash flow:

- Collection rates used:
- Rates and Refuse: 61%
- Rentals: 95%
- Electricity: 61%
- Interest on Debtors: 61%
- Expenditure items are projected at 100% spend.
- The Debtors we used an average of 61% collection and provided for the impairment provision.
- Increased the provision for Creditors by the same percentage as the increase on total expenditure year on year (2019 4%, 2020 3%, 2021 5%).
- The provisions included in Table B8 are based on calculated reasonable expected cash outflows over the MTREF. Employee benefits are based on the average pay-out over the last 5 audited years and Rehabilitation of Landfill site is expected on the actual outflows expected in the current year and outer years have been recorded in full.
- There are developments being undertaken within the municipality's three towns which will result in more billings and also new tariffs as the developments are business in nature.
- Proper Implementation of credit control policy.

1.2 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 March 2019 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 2018/2019 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. 71, 82, 93 and 94 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2019/20 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. 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 not in a healthy financial position, it therefore 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 Adjusted 2019/20 MTREF:

- The 2018/19 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 2019/20 annual budget;
- 2018/19 Annual Financial Statements amount submitted to Auditor General for audit.
- 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 consider 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 adjusted 2019/20 Medium-term Revenue and Expenditure Framework:

EC136 Emalahleni (Ec) - Table B1 Adjustments Budget Summary -

| Description | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|---------------------|------------------------|----------------------|----------------------------|--------------------------|----------------------------|------------------------|------------------------|-------------------------|---------------------------|---------------------------|
| | Original Budget | Prior Adjusted 1 | Accum. Funds 2 | Multi-year capital 3 | Unfore. Unavoid. 4 | Nat. or Prov. Govt 5 | Other Adjusts. 6 | Total Adjusts. 7 | Adjusted Budget 8 | Adjusted Budget | Adjusted Budget |
| R thousands | A | A1 | B | C | D | E | F | G | H | | |
| Financial Performance | | | | | | | | | | | |
| Property rates | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 9,541 |
| Service charges | 23,342 | - | - | - | - | - | 4,002 | 4,002 | 27,343 | 29,715 | 32,277 |
| Investment revenue | 1,147 | - | - | - | - | - | - | - | 1,147 | 1,200 | 1,202 |
| Transfers recognised - operational | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 |
| Other own revenue | 12,568 | - | - | - | - | - | 5,415 | 5,415 | 17,983 | 18,543 | 19,976 |
| Total Revenue (excluding capital transfers and contributions) | 180,567 | - | - | - | - | - | 12,951 | 12,951 | 193,519 | 199,503 | 212,119 |
| Employee costs | 96,117 | - | - | - | - | - | (5,020) | (5,020) | 91,098 | 96,680 | 105,099 |
| Remuneration of councillors | 14,070 | - | - | - | - | - | - | - | 14,070 | 14,816 | 16,001 |
| Depreciation & asset impairment | 24,256 | - | - | - | - | - | - | - | 24,256 | 25,469 | 26,743 |
| Finance charges | 271 | - | - | - | - | - | - | - | 271 | 271 | 298 |
| Materials and bulk purchases | 18,837 | - | - | - | - | - | (1,750) | (1,750) | 17,087 | 16,899 | 18,164 |
| Transfers and grants | 230 | - | - | - | - | - | - | - | 230 | 235 | 240 |
| Other expenditure | 43,137 | - | - | - | - | - | 2,682 | 2,682 | 45,819 | 43,508 | 40,483 |
| Total Expenditure | 196,918 | - | - | - | - | - | (4,088) | (4,088) | 192,830 | 197,877 | 207,028 |
| Surplus/(Deficit) | (16,350) | - | - | - | - | - | 17,039 | 17,039 | 689 | 1,625 | 5,091 |
| Transfers recognised - capital | 31,848 | - | - | - | - | - | - | - | 31,848 | 33,484 | 35,837 |
| Contributions recognised - capital & contributed assets | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Capital expenditure & funds sources | | | | | | | | | | | |
| Capital expenditure | 34,913 | - | - | - | - | - | (1,014) | (1,014) | 33,900 | 33,784 | 36,187 |
| Transfers recognised - capital | 32,198 | - | - | - | - | - | (84) | (84) | 32,114 | 33,484 | 35,837 |
| Borrowing | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 2,716 | - | - | - | - | - | (930) | (930) | 1,786 | 300 | 350 |
| Total sources of capital funds | 34,913 | - | - | - | - | - | (1,014) | (1,014) | 33,900 | 33,784 | 36,187 |
| Financial position | | | | | | | | | | | |
| Total current assets | 185,443 | - | - | - | - | - | (151,536) | (151,536) | 33,908 | 49,815 | 69,995 |
| Total non current assets | 490,549 | - | - | - | - | - | (39,246) | (39,246) | 451,302 | 459,617 | 469,062 |
| Total current liabilities | 86,755 | - | - | - | - | - | (44,683) | (44,683) | 42,072 | 40,249 | 40,249 |
| Total non current liabilities | 14,800 | - | - | - | - | - | 2,950 | 2,950 | 17,751 | 17,751 | 17,751 |
| Community wealth/Equity | 329,543 | - | - | - | - | - | 95,845 | 95,845 | 425,388 | 451,434 | 481,059 |
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | 35,597 | - | - | - | - | - | 13,747 | 13,747 | 49,344 | 49,925 | 56,478 |
| Net cash from (used) investing | (31,848) | - | - | - | - | - | 1,035 | 1,035 | (30,813) | (33,784) | (36,187) |
| Net cash from (used) financing | - | - | - | - | - | - | (407) | (407) | (407) | (244) | (122) |
| Cash/cash equivalents at the year end | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |
| Cash backing/surplus reconciliation | | | | | | | | | | | |
| Cash and investments available | 90,925 | - | - | - | - | - | (68,652) | (68,652) | 22,272 | 38,169 | 58,338 |
| Application of cash and investments | 23,660 | - | - | - | - | - | (11,542) | (11,542) | 12,118 | 10,330 | 10,430 |
| Balance - surplus (shortfall) | 67,265 | - | - | - | - | - | (57,110) | (57,110) | 10,155 | 27,839 | 47,908 |
| Asset Management | | | | | | | | | | | |
| Asset register summary (WDV) | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation & asset impairment | - | - | - | - | - | - | - | - | - | - | - |
| Renewal and Upgrading of Existing Assets | 350 | - | - | - | - | - | 2,533 | 2,533 | 2,883 | 5,000 | 2,883 |
| Repairs and Maintenance | 5,597 | - | - | - | - | - | (20) | (20) | 5,577 | 4,937 | 5,577 |
| Free services | | | | | | | | | | | |
| Cost of Free Basic Services provided | 4,900 | - | - | - | - | - | - | - | 4,900 | 5,000 | 5,100 |
| Revenue cost of free services provided | 1,050 | - | - | - | - | - | 730 | 730 | 1,780 | 1,904 | 2,038 |
| Households below minimum service level | | | | | | | | | | | |
| Water: | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation/sewerage: | - | - | - | - | - | - | - | - | - | - | - |
| Energy: | - | - | - | - | - | - | - | - | - | - | - |
| Refuse: | - | - | - | - | - | - | - | - | - | - | - |

Total operating revenue has increased by 7 per cent for the 2019/20 adjusted budget when compared to the 2019/20 Original Budget. For the two outer years, operational revenue will increase by 3 and 6 percent respectively. The main reason for the increase in revenue is an increase in Property rates, services charges and other revenue.

Total operating expenditure for the 2019/20 financial year has been adjusted to R192 830 million and translates into a budgeted surplus of R 689 thousand before capital transfers. The surplus before capital grant transfers, for the two outer years increases to R 1 625 million for the 2020/2021 financial year and increases to R 5 091 million for the 2021/2022 financial year. The main reason for the increase is the municipalities commitment to cutting of expenditure and to build cash backed reserves to improve financial health and sustainability of the institution, it can also be attributed to the aggressive implementation of the Revenue enhancement plan.

The capital budget of R 33 983 million for 2019/20 shows a decrease when compared to the 2019/20 Original Budget. This is due to the budget of the office building being reduced to Nil. The capital budget for outer years is R33 784 million in the 2020/21 financial year and then in 2021/22 increases to R36 187 million.

The municipality has budgeted for internally funded capital projects at a minimum, 1,786 million for 2019/20, 300 000 and 350 000 for the outer years as it currently has limited internal funds available for the financing of capital projects. 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.

1.3 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 look to revamp its 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 used 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 5.4 % 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 2018/19 MTREF (classified by main revenue source):

EC136 Emalahleni (Ec) - Table B1 Adjustments Budget Summary -

| Description | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | A | 1 A1 | 2 B | 3 C | 4 D | 5 E | 6 F | 7 G | 8 H | | |
| R thousands | | | | | | | | | | | |
| Financial Performance | | | | | | | | | | | |
| Property rates | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 9,541 |
| Service charges | 23,342 | - | - | - | - | - | 4,002 | 4,002 | 27,343 | 29,715 | 32,277 |
| Investment revenue | 1,147 | - | - | - | - | - | - | - | 1,147 | 1,200 | 1,202 |
| Transfers recognised - operational | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 |
| Other own revenue | 12,568 | - | - | - | - | - | 5,415 | 5,415 | 17,983 | 18,543 | 19,976 |
| Total Revenue (excluding capital transfers and contributions) | 180,567 | - | - | - | - | - | 12,951 | 12,951 | 193,519 | 199,503 | 212,119 |

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. 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.

EC136 Emalahleni (Ec) - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-----------------|-----------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjus. | Total Adjus. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | 1 | A | A1 | B | C | D | E | F | G | H | | |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | 2 | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 9,541 |
| Service charges - electricity revenue | 2 | 16,355 | - | - | - | - | - | 2,939 | 2,939 | 19,293 | 20,962 | 22,771 |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2 | 6,987 | - | - | - | - | - | 1,063 | 1,063 | 8,050 | 8,754 | 9,506 |
| Rental of facilities and equipment | | 1,468 | - | - | - | - | - | - | - | 1,468 | 1,561 | 1,616 |
| Interest earned - external investments | | 1,147 | - | - | - | - | - | - | - | 1,147 | 1,200 | 1,202 |
| Interest earned - outstanding debtors | | 6,127 | - | - | - | - | - | - | - | 6,127 | 6,557 | 7,014 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 115 | - | - | - | - | - | - | - | 115 | 118 | 123 |
| Licences and permits | | 1,514 | - | - | - | - | - | 4,620 | 4,620 | 6,134 | 6,738 | 7,403 |
| Agency services | | 1,384 | - | - | - | - | - | 796 | 796 | 2,179 | 2,402 | 2,647 |
| Transfers and subsidies | | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 |
| Other revenue | 2 | 1,960 | - | - | - | - | - | - | - | 1,960 | 1,167 | 1,174 |
| Gains on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 180,567 | - | - | - | - | - | 12,951 | 12,951 | 193,519 | 199,503 | 212,119 |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | | 96,117 | - | - | - | - | - | (5,020) | (5,020) | 91,098 | 96,680 | 105,099 |
| Remuneration of councillors | | 14,070 | - | - | - | - | - | - | - | 14,070 | 14,816 | 16,001 |
| Debt impairment | | 6,000 | - | - | - | - | - | - | - | 6,000 | 7,200 | 8,640 |
| Depreciation & asset impairment | | 24,256 | - | - | - | - | - | - | - | 24,256 | 25,469 | 26,743 |
| Finance charges | | 271 | - | - | - | - | - | - | - | 271 | 271 | 298 |
| Bulk purchases | | 16,070 | - | - | - | - | - | (1,500) | (1,500) | 14,570 | 15,736 | 16,994 |
| Other materials | | 2,767 | - | - | - | - | - | (250) | (250) | 2,517 | 1,163 | 1,170 |
| Contracted services | | 17,126 | - | - | - | - | - | 4,670 | 4,670 | 21,796 | 18,106 | 13,633 |
| Transfers and subsidies | | 230 | - | - | - | - | - | - | - | 230 | 235 | 240 |
| Other expenditure | | 20,011 | - | - | - | - | - | (1,988) | (1,988) | 18,023 | 18,202 | 18,211 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 196,918 | - | - | - | - | - | (4,088) | (4,088) | 192,830 | 197,877 | 207,028 |
| Surplus/(Deficit) | | (16,350) | - | - | - | - | - | 17,039 | 17,039 | 689 | 1,625 | 5,091 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 31,848 | - | - | - | - | - | - | - | 31,848 | 33,484 | 35,837 |
| allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) before taxation | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Taxation | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |

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 (Net of) 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 SB1 Supporting detail to 'Budgeted Financial Performance' - | | | | | | | | | | | | |
|---|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | A | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | | |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| REVENUE ITEMS | | | | | | | | | | | | |
| Property rates | | | | | | | | | | | | |
| Total Property Rates | | 5,849 | - | - | - | - | - | 4,264 | 4,264 | 10,114 | 10,822 | 10,628 |
| less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) | | 1,050 | - | - | - | - | - | 730 | 730 | 1,780 | 1,904 | 2,038 |
| Net Property Rates | | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 8,590 |
| Service charges - electricity revenue | | | | | | | | | | | | |
| Total Service charges - electricity revenue | | 19,255 | - | - | - | - | - | 2,939 | 2,939 | 22,193 | 23,962 | 25,871 |
| less Revenue Foregone (in excess of 50 kwh per indigent household per month) | | - | - | - | - | - | - | - | - | - | - | - |
| less Cost of Free Basis Services (50 kwh per indigent household per month) | | 2,900 | - | - | - | - | - | - | - | 2,900 | 3,000 | 3,100 |
| Net Service charges - electricity revenue | | 16,355 | - | - | - | - | - | 2,939 | 2,939 | 19,293 | 20,962 | 22,771 |
| Service charges - water revenue | | | | | | | | | | | | |
| Service charges - sanitation revenue | | | | | | | | | | | | |
| Service charges - refuse revenue | | | | | | | | | | | | |
| Total refuse removal revenue | | 8,987 | - | - | - | - | - | 1,063 | 1,063 | 10,050 | 10,754 | 11,506 |
| Total landfill revenue | | - | - | - | - | - | - | - | - | - | - | - |
| less Revenue Foregone (in excess of one removal a week to indigent households) | | - | - | - | - | - | - | - | - | - | - | - |
| less Cost of Free Basis Services (removed once a week to indigent households) | | 2,000 | - | - | - | - | - | - | - | 2,000 | 2,000 | 2,000 |
| Net Service charges - refuse revenue | | 6,987 | - | - | - | - | - | 1,063 | 1,063 | 8,050 | 8,754 | 9,506 |
| Other Revenue By Source | | | | | | | | | | | | |
| List other revenue by source | | | | | | | | | - | - | - | - |
| Fuel Levy | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | 0 | 0 |
| Other Revenue | | 1,960 | 0 | 0 | 0 | 0 | 0 | 0 | - | 1,960 | 1,167 | 1,174 |
| Total 'Other' Revenue | 1 | 1,960 | - | - | - | - | - | - | - | 1,960 | 1,167 | 1,174 |

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 R80 000 |
| 2 | 50 kWh free electricity per month |
| 3 | Free refuse x 4 removal per month |

Operating grants and transfers totals R138 263 million for the adjusted budget which equals the original budget amount. 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 SB8 Adjustments Budget - expenditure on transfers and grant programme -

| Description | Ref | Budget Year 2019/20 | | | | | | Budget Year | Budget Year |
|---|-----|---------------------|----------|------------|---------------|----------|----------|-------------|-------------|
| | | Original | Prior | Multi-year | Nat. or Prov. | Other | Total | Adjusted | Adjusted |
| | | Budget | Adjusted | capital | Govt | Adjusts. | Adjusts. | Budget | Budget |
| R thousands | | A | A1 | B | C | D | E | F | |
| EXPENDITURE ON TRANSFERS AND GRANT PROGRAM: | 1 | | | | | | | | |
| <u>Operating expenditure of Transfers and Grants</u> | | | | | | | | | |
| National Government: | | 134,956 | - | - | - | - | - | 134,956 | 139,172 |
| Local Government Equitable Share | | 123,739 | | | | | - | 123,739 | 130,898 |
| Finance Management | | 2,880 | | | | | - | 2,880 | 3,312 |
| EPWP Incentive | | 2,261 | | | | | - | 2,261 | |
| Municipal Infrastructure Grant | | 1,676 | | | | | - | 1,676 | 1,886 |
| Integrated National Electrification Programme | | 4,400 | | | | | - | 4,400 | 3,200 |
| | | | | | | | - | - | |
| Other transfers and grants [insert description] | | | | | | | - | - | |
| Provincial Government: | | 1,957 | - | - | - | - | - | 1,957 | 952 |
| Libraries, Archives and Museums - Library Service | | 952 | | | | | - | 952 | 958 |
| Department of Economic Development, Tourism and Agriculture | | 1,005 | | | | | - | 1,005 | |
| | | | | | | | - | - | |
| Other transfers and grants [insert description] | | | | | | | - | - | |
| District Municipality: | | 1,350 | - | - | - | - | - | 1,350 | - |
| Chris Hani | | 1,350 | | | | | - | 1,350 | |
| | | | | | | | - | - | |
| Other grant providers: | | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | - | - | |
| | | | | | | | - | - | |
| Total operating expenditure of Transfers and Grants: | | 138,263 | - | - | - | - | - | 138,263 | 140,124 |
| | | | | | | | | | 148,262 |

Revenue from capital transfers increased from R31 848 in 2the original budget to R32 198 million. This is due to the R 350 000 not spent last financial year on the DEDEAT grant.

| | | | | | | | | | |
|---|---------------|----------|----------|----------|------------|------------|---------------|---------------|---------------|
| <u>Capital expenditure of Transfers and Grants</u> | | | | | | | | | |
| National Government: | 31,848 | - | - | - | - | - | 31,848 | 33,484 | 35,837 |
| Municipal Infrastructure Grant | 31,848 | | | | | - | 31,848 | 33,484 | 35,837 |
| | | | | | | - | - | | |
| | | | | | | - | - | | |
| | | | | | | - | - | | |
| Other capital transfers [insert description] | | | | | | - | - | | |
| Provincial Government: | - | - | - | - | 350 | 350 | 350 | - | - |
| Department of Economic Development, Tourism and Agriculture | | | | | 350 | 350 | 350 | | |
| | | | | | | - | - | | |
| District Municipality: | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | - | - | | |
| | | | | | | - | - | | |
| Other grant providers: | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | - | - | | |
| | | | | | | - | - | | |
| Total capital expenditure of Transfers and Grants | 31,848 | - | - | - | 350 | 350 | 32,198 | 33,484 | 35,837 |

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

EC136 Emalahleni (Ec) - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

| Vote Description [Insert departmental structure etc] | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|----------|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | A | 3 A1 | 4 B | 5 C | 6 D | 7 E | 8 F | 9 G | 10 H | | |
| R thousands | | | | | | | | | | | | |
| Revenue by Vote | 1 | | | | | | | | | | | |
| Vote 1 - Executive and council | | 7,254 | - | - | - | - | - | - | - | 7,254 | 7,597 | 7,959 |
| Vote 2 - Corporate Services | | 1,005 | - | - | - | - | - | - | - | 1,005 | 1,005 | 1,005 |
| Vote 3 - Budget and Treasury | | 131,026 | - | - | - | - | - | 4,264 | 4,264 | 135,290 | 142,635 | 150,960 |
| Vote 4 - PEDTA | | (1,044) | - | - | - | - | - | (730) | (730) | (1,774) | (1,899) | (2,032) |
| Vote 5 - Community Services and Social Services | | 16,847 | - | - | - | - | - | 6,478 | 6,478 | 23,325 | 23,383 | 25,438 |
| Vote 6 - Infrastructure Development and Human Settlement | | 57,328 | - | - | - | - | - | 2,939 | 2,939 | 60,267 | 60,265 | 64,626 |

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 5.4 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 maintained at R6 million in 2019/20 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.

1.3.1 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 80 000;
- 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 2019/20 financial year based on a general 12% per cent increase from 1 July 2019.

1.3.2 Sale of Electricity and Impact of Tariff Increases

Electricity has been increased by an average of 13.07% in line with NERSA guidelines.

Considering the Eskom increases, the consumer tariff had to be increased by 13.07% per cent to offset the additional bulk purchase cost from 1 July 2019. 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

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

Implementation subject to NERSA approval

Tariffs are applicable throughout Emalahleni Municipality unless indicated otherwise

| Electricity tariffs | | | | | | | | | |
|---------------------------------------|----------------------|--|--------|--------|--------|--------|--------|--------|--------|
| Domestic | | | | | | | | | |
| Basic charge/ fixed fee (Rands/month) | | | 50 kWh | 50 kWh | 50 kWh | 50 kWh | 50 kWh | 50 kWh | 50 kWh |
| Fiat rate tariff - meter (c/kwh) | | | 0.83 | 0.88 | 0.90 | 0.96 | 1.09 | 1.15 | 1.21 |
| Fiat rate tariff - prepaid(c/kwh) | | | 1.04 | 1.12 | 1.14 | 1.22 | 1.38 | 1.45 | 1.53 |
| Meter - IBT Block 1 (c/kwh) | (fill in thresholds) | | 1.41 | 1.52 | 1.55 | 1.65 | 1.87 | 1.97 | 2.08 |
| Meter - IBT Block 2 (c/kwh) | (fill in thresholds) | | 1.66 | 1.79 | 1.82 | 1.95 | 2.20 | 2.32 | 2.45 |
| Meter - IBT Block 3 (c/kwh) | (fill in thresholds) | | | | | | | | |
| Meter - IBT Block 4 (c/kwh) | (fill in thresholds) | | 0.83 | 0.88 | 0.90 | 0.96 | 1.09 | 1.15 | 1.21 |
| Meter - IBT Block 5 (c/kwh) | (fill in thresholds) | | 1.04 | 1.12 | 1.14 | 1.22 | 1.38 | 1.45 | 1.53 |
| Prepaid - IBT Block 1 (c/kwh) | (fill in thresholds) | | 1.37 | 1.48 | 1.50 | 1.61 | 1.82 | 1.92 | 2.02 |
| Prepaid - IBT Block 2 (c/kwh) | (fill in thresholds) | | 1.62 | 1.75 | 1.78 | 1.90 | 2.15 | 2.27 | 2.39 |

| Electricity tariffs | | | | | | | | | |
|-------------------------------------|--------------|--------|--------|--------|--------|--------|--------|--------|--|
| Small Commercial Consumers Metered | Basic charge | 333.75 | 359.25 | 381.52 | 401.36 | 453.82 | 478.78 | 504.64 | |
| Small Commercial Consumers Metered | Single Phase | 1.28 | 1.38 | 1.46 | 1.56 | 1.77 | 1.86 | 1.96 | |
| Small Commercial Consumers Metered | Basic charge | 682.62 | 734.77 | 748.58 | 787.51 | 830.03 | 875.68 | 922.97 | |
| Small Commercial Consumers Metered | Three Phase | 1.28 | 1.38 | 1.40 | 1.50 | 1.69 | 1.79 | 1.88 | |
| Small Commercial Consumers Pre-Paid | Single Phase | 1.71 | 1.84 | 1.88 | 2.00 | 2.27 | 2.39 | 2.52 | |
| Small Commercial Consumers Pre-Paid | Three Phase | 1.74 | 1.87 | 1.91 | 2.04 | 2.30 | 2.43 | 2.56 | |
| Large Commercial Consumers Metered | Basic charge | 686.71 | 739.17 | 753.07 | 792.23 | 895.77 | 945.04 | 996.07 | |
| Large Commercial Consumers Metered | kWh | 0.75 | 0.81 | 0.83 | 0.88 | 1.00 | 1.05 | 1.11 | |
| Large Commercial Consumers Metered | kVa | 178.47 | 192.11 | 195.72 | 209.10 | 236.43 | 249.44 | 262.91 | |

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.

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.

1.3.3 Waste Removal and Impact of Tariff Increases

The Municipality should 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.

Due to this deficit the Municipality did a benchmarking exercise with similar municipalities of the same size and magnitude and identified all services that were under charged and those that were over charged and aligned its own tariffs to these tariffs in order to attempt to at least reduce the loss/deficit currently endured from offering these services.

The following table compares current and proposed amounts payable from 1 July 2019.

Comparison between current waste removal fees and increases

| <u>Waste management tariffs</u> | | | | | | | | |
|---------------------------------|--|--|--|--|--------|--------|--------|--------|
| <i>Domestic</i> | | | | | | | | |
| Street cleaning charge | | | | | | | | |
| Basic charge/fixed fee | | | | | 107.65 | 120.57 | 132.63 | 145.89 |
| 80l bin - once a week | | | | | | | | |
| 250l bin - once a week | | | | | | | | |

1.3.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households.

Note that in all instances the overall impact of the tariff increases on household's bills has a net average effect of about 11.2%.

EC136 Emalahleni (Ec) - Supporting Table SA14 Household bills

| Description | Ref | 2015/16 | 2016/17 | 2017/18 | Current Year 2018/19 | | | 2019/20 Medium Term Revenue & Expenditure Framework | | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2019/20 % incr. | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| Rand/cent | | | | | | | | | | | |
| Monthly Account for Household - 'Middle Income Range' | 1 | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | | |
| Property rates | | 468.08 | 496.17 | 526.93 | 388.03 | 388.03 | 388.03 | 5.4% | 408.99 | 431.48 | 454.78 |
| Electricity: Basic levy | | | | | | | | | | | |
| Electricity: Consumption | | 1,370.00 | 1,449.71 | 1,474.17 | 1,605.45 | 1,605.45 | 1,605.45 | 13.1% | 1,815.28 | 1,915.12 | 2,018.54 |
| Water: Basic levy | | | | | | | | | | | |
| Water: Consumption | | | | | | | | | | | |
| Sanitation | | | | | | | | | | | |
| Refuse removal | | 70.55 | 74.78 | 79.42 | 107.65 | 107.65 | 107.65 | 12.0% | 120.57 | 132.63 | 145.89 |
| Other | | | | | | | | | | | |
| sub-total | | 1,908.63 | 2,020.66 | 2,080.52 | 2,101.13 | 2,101.13 | 2,101.13 | 11.6% | 2,344.84 | 2,479.23 | 2,619.21 |
| VAT on Services | | | | | | | | | | | |
| Total large household bill: | | 1,908.63 | 2,020.66 | 2,080.52 | 2,101.13 | 2,101.13 | 2,101.13 | 11.6% | 2,344.84 | 2,479.23 | 2,619.21 |
| % increase/-decrease | | | 5.9% | 3.0% | 1.0% | - | - | | 11.6% | 5.7% | 5.6% |
| Monthly Account for Household - 'Affordable Range' | 2 | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | | |
| Property rates | | 331.42 | 351.30 | 373.08 | 274.74 | 274.74 | 274.74 | 5.4% | 289.57 | 305.50 | 322.00 |
| Electricity: Basic levy | | | | | | | | | | | |
| Electricity: Consumption | | 565.00 | 601.71 | 612.61 | 661.55 | 661.55 | 661.55 | 13.1% | 748.01 | 789.15 | 831.77 |
| Water: Basic levy | | | | | | | | | | | |
| Water: Consumption | | | | | | | | | | | |
| Sanitation | | | | | | | | | | | |
| Refuse removal | | 70.55 | 74.78 | 79.42 | 107.65 | 107.65 | 107.65 | 12.0% | 120.57 | 132.63 | 145.89 |
| Other | | | | | | | | | | | |
| sub-total | | 966.97 | 1,027.80 | 1,065.12 | 1,043.94 | 1,043.94 | 1,043.94 | 10.9% | 1,158.16 | 1,227.28 | 1,299.66 |
| VAT on Services | | | | | | | | | | | |
| Total small household bill: | | 966.97 | 1,027.80 | 1,065.12 | 1,043.94 | 1,043.94 | 1,043.94 | 10.9% | 1,158.16 | 1,227.28 | 1,299.66 |
| % increase/-decrease | | | 6.3% | 3.6% | (2.0%) | - | - | | 10.9% | 6.0% | 5.9% |
| Monthly Account for Household - 'Indigent' Household receiving free basic services | 3 | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | | |
| Property rates | | 184.50 | 195.57 | 207.70 | 124.62 | 124.62 | 124.62 | 5.4% | 131.35 | 138.58 | 146.06 |
| Electricity: Basic levy | | | | | | | | | | | |
| Electricity: Consumption | | 301.50 | 323.76 | 330.08 | 352.65 | 352.65 | 352.65 | 13.1% | 398.74 | 420.67 | 443.38 |
| Water: Basic levy | | | | | | | | | | | |
| Water: Consumption | | | | | | | | | | | |
| Sanitation | | | | | | | | | | | |
| Refuse removal | | - | - | - | 0 | 0 | 0 | | 0 | 0 | 0 |
| Other | | | | | | | | | | | |
| sub-total | | 486.00 | 519.33 | 537.78 | 477.27 | 477.27 | 477.27 | 11.1% | 530.09 | 559.25 | 589.45 |
| VAT on Services | | | | | | | | | | | |
| Total small household bill: | | 486.00 | 519.33 | 537.78 | 477.27 | 477.27 | 477.27 | 11.1% | 530.09 | 559.25 | 589.45 |
| % increase/-decrease | | | 6.9% | 3.6% | (11.3%) | - | - | | 11.1% | 5.5% | 5.4% |

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 71, 82, 93 and 94.
- 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 2019/20 budget and MTREF (classified per main type of operating expenditure):

EC136 Emalahleni (Ec) - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|-----|---------------------|------------------------|----------------------|----------------------------|--------------------------|----------------------------|------------------------|------------------------|--------------------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted 3 | Accum. Funds 4 | Multi-year capital 5 | Unfore. Unavoid. 6 | Nat. or Prov. Govt 7 | Other Adjusts. 8 | Total Adjusts. 9 | Adjusted Budget 10 | Adjusted Budget | Adjusted Budget | |
| R thousands | 1 | A | A1 | B | C | D | E | F | G | H | | | |
| Revenue By Source | | | | | | | | | | | | | |
| Property rates | 2 | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 9,541 | |
| Service charges - electricity revenue | 2 | 16,355 | - | - | - | - | - | 2,939 | 2,939 | 19,293 | 20,962 | 22,771 | |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - | - | |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - | - | |
| Service charges - refuse revenue | 2 | 6,987 | - | - | - | - | - | 1,063 | 1,063 | 8,050 | 8,754 | 9,506 | |
| Rental of facilities and equipment | | 1,468 | - | - | - | - | - | - | - | 1,468 | 1,561 | 1,616 | |
| Interest earned - external investments | | 1,147 | - | - | - | - | - | - | - | 1,147 | 1,200 | 1,202 | |
| Interest earned - outstanding debtors | | 6,127 | - | - | - | - | - | - | - | 6,127 | 6,557 | 7,014 | |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - | |
| Fines, penalties and forfeits | | 115 | - | - | - | - | - | - | - | 115 | 118 | 123 | |
| Licences and permits | | 1,514 | - | - | - | - | - | 4,620 | 4,620 | 6,134 | 6,738 | 7,403 | |
| Agency services | | 1,384 | - | - | - | - | - | 796 | 796 | 2,179 | 2,402 | 2,647 | |
| Transfers and subsidies | | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 | |
| Other revenue | 2 | 1,960 | - | - | - | - | - | - | - | 1,960 | 1,167 | 1,174 | |
| Gains on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - | |
| Total Revenue (excluding capital transfers and contributions) | | 180,567 | - | - | - | - | - | 12,951 | 12,951 | 193,519 | 199,503 | 212,119 | |
| Expenditure By Type | | | | | | | | | | | | | |
| Employee related costs | | 96,117 | - | - | - | - | - | (5,020) | (5,020) | 91,098 | 96,680 | 105,099 | |
| Remuneration of councillors | | 14,070 | - | - | - | - | - | - | - | 14,070 | 14,816 | 16,001 | |
| Debt impairment | | 6,000 | - | - | - | - | - | - | - | 6,000 | 7,200 | 8,640 | |
| Depreciation & asset impairment | | 24,256 | - | - | - | - | - | - | - | 24,256 | 25,469 | 26,743 | |
| Finance charges | | 271 | - | - | - | - | - | - | - | 271 | 271 | 298 | |
| Bulk purchases | | 16,070 | - | - | - | - | - | (1,500) | (1,500) | 14,570 | 15,736 | 16,994 | |
| Other materials | | 2,767 | - | - | - | - | - | (250) | (250) | 2,517 | 1,163 | 1,170 | |
| Contracted services | | 17,126 | - | - | - | - | - | 4,670 | 4,670 | 21,796 | 18,106 | 13,633 | |
| Transfers and subsidies | | 230 | - | - | - | - | - | - | - | 230 | 235 | 240 | |
| Other expenditure | | 20,011 | - | - | - | - | - | (1,988) | (1,988) | 18,023 | 18,202 | 18,211 | |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - | |
| Total Expenditure | | 196,918 | - | - | - | - | - | (4,088) | (4,088) | 192,830 | 197,877 | 207,028 | |
| Surplus/(Deficit) | | (16,350) | - | - | - | - | - | 17,039 | 17,039 | 689 | 1,625 | 5,091 | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 31,848 | - | - | - | - | - | - | - | 31,848 | 33,484 | 35,837 | |
| allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher | | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - | - | |
| Surplus/(Deficit) before taxation | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 | |
| Taxation | | - | - | - | - | - | - | - | - | - | - | - | |
| Surplus/(Deficit) after taxation | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 | |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - | - | |
| Surplus/(Deficit) attributable to municipality | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 | |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - | - | - | |
| Surplus/ (Deficit) for the year | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 | |

The budgeted allocation for employee related costs for the 2019/20 financial year totals R91 098 million, which equals 47 per cent of the total operating expenditure. This percentage increases to 49 and 51 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 59 per cent of the expenditure in 2019/20 and changes to 62 and 65 per cent in the outer years. Based on the guidance provided by National Treasury in Circular 93 and 94 and The *Salary and Wage Collective Agreement* for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 6 of 2018, salary increases have been factored into this budget at a percentage increase slightly higher than the Agreement to include the notch increases of 2.5 % for the 2019/20 financial year for municipal officials and 10% for Senior Managers. An annual increase of 8 per cent for municipal officials and 10% for Senior Managers has been included in the two outer years of the MTREF. Due to some of the mSCOA projects having a labour component and also Repairs and Maintenance having a labour

component, those labour costs also pull to this line item resulting in a higher percentage increase than it would have been had it only been the direct municipal official employee related costs.

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 considered in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 51 per cent and the Debt Write-off Policy of the Municipality. For the 2019/20 financial year, this amount equates to R6 million and is kept the same for outer years as well. The amount has been conservatively estimated and there has been no write-offs in the current year, however the economy is on a downhill owing to high fuel prices and high food prices and is well known that consumers do not prioritise the paying of their municipal accounts and therefore these economic conditions will most probably be felt by the municipality and hence the increased provision for doubtful debts. While this expenditure is a non-cash flow item, it informs 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 R24 256 million for the 2019/20 financial and equates to 13 per cent of the total operating expenditure. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 14 per cent of the expenditure. The average for local municipalities in recent research is 13,65 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 7.6 per cent of expenditure and increases to 8 per cent and 8.3 per cent in the outer years. If depreciation is excluded, the percentage is 8.6 per cent for the budget year.

National Treasury has introduced 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 2019/20 financial year

1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/20 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.

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

| EC136 Emalahleni (Ec) - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class - | | | | | | | | | | | | |
|---|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|------------------------|------------------------|
| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | A | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | | |
| R thousands | | A1 | | B | C | D | E | F | G | H | | |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | | | | |
| Infrastructure | | 2,613 | - | - | - | - | - | - | - | 2,613 | 2,701 | 2,613 |
| Roads Infrastructure | | 636 | - | - | - | - | - | - | - | 636 | 600 | 636 |
| Roads | | 636 | - | - | - | - | - | - | - | 636 | 600 | 636 |
| Storm water Infrastructure | | 1,517 | - | - | - | - | - | - | - | 1,517 | 1,641 | 1,517 |
| Storm water Conveyance | | 1,517 | - | - | - | - | - | - | - | 1,517 | 1,641 | 1,517 |
| Electrical Infrastructure | | 460 | - | - | - | - | - | - | - | 460 | 460 | 460 |
| MV Substations | | 93 | - | - | - | - | - | - | - | 93 | 93 | 93 |
| MV Networks | | 175 | - | - | - | - | - | - | - | 175 | 175 | 175 |
| LV Networks | | 193 | - | - | - | - | - | - | - | 193 | 193 | 193 |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | | 974 | - | - | - | - | - | (20) | (20) | 954 | 580 | 954 |
| Community Facilities | | 914 | - | - | - | - | - | (20) | (20) | 894 | 520 | 894 |
| Halls | | 514 | - | - | - | - | - | - | - | 514 | 130 | 514 |
| Cemeteries/Crematoria | | 130 | - | - | - | - | - | (20) | (20) | 110 | 110 | 110 |
| Parks | | 190 | - | - | - | - | - | - | - | 190 | 200 | 190 |
| Public Open Space | | 80 | - | - | - | - | - | - | - | 80 | 80 | 80 |
| Sport and Recreation Facilities | | 60 | - | - | - | - | - | - | - | 60 | 60 | 60 |
| Outdoor Facilities | | 60 | - | - | - | - | - | - | - | 60 | 60 | 60 |
| Heritage assets | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | | 654 | - | - | - | - | - | - | - | 654 | 300 | 654 |
| Operational Buildings | | 654 | - | - | - | - | - | - | - | 654 | 300 | 654 |
| Municipal Offices | | 654 | - | - | - | - | - | - | - | 654 | 300 | 654 |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Licences and Rights | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Computer Software and Applications | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | 246 | - | - | - | - | - | - | - | 246 | 246 | 246 |
| Machinery and Equipment | | 246 | - | - | - | - | - | - | - | 246 | 246 | 246 |
| Transport Assets | | 980 | - | - | - | - | - | - | - | 980 | 980 | 980 |
| Transport Assets | | 980 | - | - | - | - | - | - | - | 980 | 980 | 980 |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |
| Total Repairs and Maintenance Expenditure to be adjusted | 1 | 5,597 | - | - | - | - | - | (20) | (20) | 5,577 | 4,937 | 5,577 |

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 2019/20 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.

The cost of the social package of the registered indigent households is financed by the municipality 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 provided for free basic services totals R6.680 million comprising of R2.9 million for electricity, R 1 780 million for Property rates and R2 million for refuse for the 2019/20 financial year and increases to R 7.138 million over the MTREF.

| EC136 Emalahleni (Ec) - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' - | | | | | | | | | | | | Budget Year | Budget Year |
|---|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Description | Ref | Budget Year 2019/20 | | | | | | | | | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | | | |
| | | A | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | | | |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | | |
| REVENUE ITEMS | | | | | | | | | | | | | |
| Property rates | | | | | | | | | | | | | |
| Total Property Rates | | 5,849 | - | - | - | - | - | 4,264 | 4,264 | 10,114 | 10,822 | 10,628 | |
| less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) | | 1,050 | - | - | - | - | - | 730 | 730 | 1,780 | 1,904 | 2,038 | |
| Net Property Rates | | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 8,590 | |
| Service charges - electricity revenue | | | | | | | | | | | | | |
| Total Service charges - electricity revenue | | 19,255 | - | - | - | - | - | 2,939 | 2,939 | 22,193 | 23,962 | 25,871 | |
| less revenue foregone (in excess of 30 kwh per indigent household per month) | | - | - | - | - | - | - | - | - | - | - | - | |
| less Cost of Free Basis Services (50 kwh per indigent household per month) | | 2,900 | - | - | - | - | - | - | - | 2,900 | 3,000 | 3,100 | |
| Net Service charges - electricity revenue | | 16,355 | - | - | - | - | - | 2,939 | 2,939 | 19,293 | 20,962 | 22,771 | |
| Service charges - water revenue | | | | | | | | | | | | | |
| Service charges - sanitation revenue | | | | | | | | | | | | | |
| Service charges - refuse revenue | | | | | | | | | | | | | |
| Total refuse removal revenue | | 8,987 | - | - | - | - | - | 1,063 | 1,063 | 10,050 | 10,754 | 11,506 | |
| Total landfill revenue | | - | - | - | - | - | - | - | - | - | - | - | |
| less Revenue Foregone (in excess of one removal a week to indigent households) | | - | - | - | - | - | - | - | - | - | - | - | |
| less Cost of Free Basis Services (removed once a week to indigent households) | | 2,000 | - | - | - | - | - | - | - | 2,000 | 2,000 | 2,000 | |
| Net Service charges - refuse revenue | | 6,987 | - | - | - | - | - | 1,063 | 1,063 | 8,050 | 8,754 | 9,506 | |
| Other Revenue By Source | | | | | | | | | | | | | |
| List other revenue by source | | | | | | | | | | | | | |
| Fuel Levy | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | 0 | 0 | |
| Other Revenue | | 1,960 | 0 | 0 | 0 | 0 | 0 | 0 | - | 1,960 | 1,167 | 1,174 | |

1.5 Capital expenditure

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

| EC136 Emalahleni (Ec) - Table B5 Adjustments Capital Expenditure Budget by vote and funding - | | | | | | | | | | | | |
|---|-----|---------------------|----------|----------|------------|----------|------------|----------------|----------------|---------------|---------------|---------------|
| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year | Budget Year |
| | | Original | Prior | Accum. | Multi-year | Unfore. | Nat. or | Other | Total | Adjusted | Adjusted | Adjusted |
| | | Budget | Adjusted | Funds | capital | Unavoid. | Prov. Govt | Adjusts. | Adjusts. | Budget | Budget | Budget |
| | | | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| Capital expenditure - Vote | | | | | | | | | | | | |
| Multi-year expenditure to be adjusted | 2 | | | | | | | | | | | |
| Vote 1 - Executive and council | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Vote 2 - Corporate Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Budget and Treasury | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - PEDTA | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Community Services and Social Services | | 13,708 | - | - | - | - | - | (2,267) | (2,267) | 11,441 | 11,595 | 3,828 |
| Vote 6 - Infrastructure Development and Human Settlement | | 18,490 | - | - | - | - | - | 2,253 | 2,253 | 20,743 | 21,889 | 32,009 |
| Capital multi-year expenditure sub-total | 3 | 34,198 | - | - | - | - | - | (2,014) | (2,014) | 32,184 | 33,484 | 35,837 |
| Single-year expenditure to be adjusted | 2 | | | | | | | | | | | |
| Vote 1 - Executive and council | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Corporate Services | | 716 | - | - | - | - | - | - | - | 716 | 300 | 350 |
| Vote 3 - Budget and Treasury | | - | - | - | - | - | - | 1,070 | 1,070 | 1,070 | - | - |
| Vote 4 - PEDTA | | - | - | - | - | - | - | 14 | 14 | 14 | - | - |
| Vote 5 - Community Services and Social Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Infrastructure Development and Human Settlement | | - | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | 716 | - | - | - | - | - | 1,084 | 1,084 | 1,799 | 300 | 350 |
| Total Capital Expenditure - Vote | | 34,913 | - | - | - | - | - | (930) | (930) | 33,983 | 33,784 | 36,187 |
| Capital Expenditure - Functional | | | | | | | | | | | | |
| Governance and administration | | 2,716 | - | - | - | - | - | (930) | (930) | 1,786 | 300 | 350 |
| Executive and council | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Finance and administration | | 716 | - | - | - | - | - | 1,070 | 1,070 | 1,786 | 300 | 350 |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - |
| Community and public safety | | 13,358 | - | - | - | - | - | (2,585) | (2,585) | 10,773 | 11,595 | 3,828 |
| Community and social services | | 5,294 | - | - | - | - | - | (2,800) | (2,800) | 2,494 | 8,866 | 3,828 |
| Sport and recreation | | 8,064 | - | - | - | - | - | 215 | 215 | 8,279 | 2,728 | - |
| Public safety | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 12,887 | - | - | - | - | - | 1,148 | 1,148 | 14,034 | 11,079 | 32,009 |
| Planning and development | | - | - | - | - | - | - | - | - | - | - | - |
| Road transport | | 12,887 | - | - | - | - | - | 1,148 | 1,148 | 14,034 | 11,079 | 32,009 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - |
| Trading services | | 5,953 | - | - | - | - | - | 1,106 | 1,106 | 7,059 | 10,810 | - |
| Energy sources | | - | - | - | - | - | - | - | - | - | 5,000 | - |
| Water management | | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | 5,603 | - | - | - | - | - | 1,106 | 1,106 | 6,709 | 5,810 | - |
| Waste management | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| Other | | 0 | - | - | - | - | - | 332 | 332 | 332 | - | - |
| Total Capital Expenditure - Functional | 3 | 34,913 | - | - | - | - | - | (930) | (930) | 33,983 | 33,784 | 36,187 |
| Funded by: | | | | | | | | | | | | |
| National Government | | 31,848 | - | - | - | - | - | (0) | (0) | 31,848 | 33,484 | 35,837 |
| Provincial Government | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 32,198 | - | - | - | - | - | (0) | (0) | 32,198 | 33,484 | 35,837 |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | 2,716 | - | - | - | - | - | (930) | (930) | 1,786 | 300 | 350 |
| Total Capital Funding | | 34,913 | - | - | - | - | - | (930) | (930) | 33,983 | 33,784 | 36,187 |

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

EC136 Emalahleni (Ec) - Supporting Table SB18a Adjustments Budget - capital expenditure on new assets by asset class -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|-----|---------------------|------------------------|----------------------|----------------------------|---------------------------|-----------------------------|-------------------------|-------------------------|--------------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted 7 | Accum. Funds 8 | Multi-year capital 9 | Unfore. Unavoid. 10 | Nat. or Prov. Govt 11 | Other Adjusts. 12 | Total Adjusts. 13 | Adjusted Budget 14 | Adjusted Budget | Adjusted Budget |
| | | A | A1 | B | C | D | E | F | G | H | | |
| R thousands | | | | | | | | | | | | |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | | | | |
| Infrastructure | | 1,729 | - | - | - | - | - | (186) | (186) | 1,543 | - | - |
| Roads Infrastructure | | 1,729 | - | - | - | - | - | (186) | (186) | 1,543 | - | - |
| Roads | | 1,729 | - | - | - | - | - | (186) | (186) | 1,543 | - | - |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | | 7,867 | - | - | - | - | - | (2,455) | (2,455) | 5,412 | 8,866 | 3,828 |
| Community Facilities | | 7,867 | - | - | - | - | - | (2,455) | (2,455) | 5,412 | 8,866 | 3,828 |
| Centres | | 3,032 | - | - | - | - | - | (3,032) | (3,032) | - | 8,866 | 3,828 |
| Testing Stations | | - | - | - | - | - | - | 332 | 332 | 332 | - | - |
| Cemeteries/Crematoria | | 2,262 | - | - | - | - | - | 218 | 218 | 2,480 | - | - |
| Public Open Space | | 2,572 | - | - | - | - | - | 28 | 28 | 2,600 | - | - |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Operational Buildings | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Municipal Offices | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | 716 | - | - | - | - | - | 796 | 796 | 1,512 | 300 | 350 |
| Furniture and Office Equipment | | 716 | - | - | - | - | - | 796 | 796 | 1,512 | 300 | 350 |
| Machinery and Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Transport Assets | | - | - | - | - | - | - | 720 | 720 | 720 | - | - |
| Transport Assets | | - | - | - | - | - | - | 720 | 720 | 720 | - | - |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | 14 | 14 | 14 | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | 14 | 14 | 14 | - | - |
| Total Capital Expenditure on new assets to be adjus | 1 | 12,311 | - | - | - | - | - | (3,111) | (3,111) | 9,200 | 9,166 | 4,178 |

EC136 Emalahleni (Ec) - Supporting Table SB18b Adjustments Budget - capital expenditure on renewal of existing assets by asset class -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | A | 7 A1 | 8 B | 9 C | 10 D | 11 E | 12 F | 13 G | 14 H | | |
| R thousands | | | | | | | | | | | | |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | | | | |
| Infrastructure | | 350 | - | - | - | - | - | 2,000 | 2,000 | 2,350 | 5,000 | 26,837 |
| Roads Infrastructure | | - | - | - | - | - | - | 2,000 | 2,000 | 2,000 | - | 26,837 |
| Roads | | - | - | - | - | - | - | 2,000 | 2,000 | 2,000 | - | 26,837 |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | 5,000 | - |
| LV Networks | | - | - | - | - | - | - | - | - | - | 5,000 | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| Waste Processing Facilities | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | | 0 | - | - | - | - | - | 1,082 | 1,082 | 1,082 | - | - |
| Community Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities | | 0 | - | - | - | - | - | 1,082 | 1,082 | 1,082 | - | - |
| Outdoor Facilities | | 0 | - | - | - | - | - | 1,082 | 1,082 | 1,082 | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Transport Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure on renewal of existing assets to be | 1 | 350 | - | - | - | - | - | 3,082 | 3,082 | 3,432 | 5,000 | 26,837 |

EC136 Emalahleni (Ec) - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | A | 7 A1 | 8 B | 9 C | 10 D | 11 E | 12 F | 13 G | 14 H | | |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | | | | |
| Infrastructure | | 2,613 | - | - | - | - | - | - | - | 2,613 | 2,701 | 2,836 |
| Roads Infrastructure | | 636 | - | - | - | - | - | - | - | 636 | 600 | 600 |
| Roads | | 636 | - | - | - | - | - | - | - | 636 | 600 | 600 |
| Storm water Infrastructure | | 1,517 | - | - | - | - | - | - | - | 1,517 | 1,641 | 1,776 |
| Storm water Conveyance | | 1,517 | - | - | - | - | - | - | - | 1,517 | 1,641 | 1,776 |
| Electrical Infrastructure | | 460 | - | - | - | - | - | - | - | 460 | 460 | 460 |
| MV Substations | | 93 | - | - | - | - | - | - | - | 93 | 93 | 93 |
| MV Networks | | 175 | - | - | - | - | - | - | - | 175 | 175 | 175 |
| LV Networks | | 193 | - | - | - | - | - | - | - | 193 | 193 | 193 |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | | 590 | - | - | - | - | - | (20) | (20) | 570 | 580 | 590 |
| Community Facilities | | 530 | - | - | - | - | - | (20) | (20) | 510 | 520 | 530 |
| Halls | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Puris | | 190 | - | - | - | - | - | - | - | 190 | 200 | 210 |
| Public Open Space | | 80 | - | - | - | - | - | - | - | 80 | 80 | 80 |
| Sport and Recreation Facilities | | 60 | - | - | - | - | - | - | - | 60 | 60 | 60 |
| Outdoor Facilities | | 60 | - | - | - | - | - | - | - | 60 | 60 | 60 |
| Heritage assets | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | | 300 | - | - | - | - | - | - | - | 300 | 300 | 300 |
| Operational Buildings | | 300 | - | - | - | - | - | - | - | 300 | 300 | 300 |
| Municipal Offices | | 300 | - | - | - | - | - | - | - | 300 | 300 | 300 |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Computer Software and Applications | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | 246 | - | - | - | - | - | - | - | 246 | 246 | 246 |
| Machinery and Equipment | | 246 | - | - | - | - | - | - | - | 246 | 246 | 246 |
| Transport Assets | | 980 | - | - | - | - | - | - | - | 980 | 980 | 980 |
| Transport Assets | | 980 | - | - | - | - | - | - | - | 980 | 980 | 980 |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |
| Total Repairs and Maintenance Expenditure to be | 1 | 4,859 | - | - | - | - | - | (20) | (20) | 4,839 | 4,937 | 5,082 |

EC136 Emalahleni (Ec) - Adjustments Budget - capital expenditure on upgrading of existing assets by asset class -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | A | 7 A1 | 8 B | 9 C | 10 D | 11 E | 12 F | 13 G | 14 H | | |
| <u>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</u> | | | | | | | | | | | | |
| <u>Infrastructure</u> | | 16,761 | - | - | - | - | - | 440 | 440 | 17,201 | 16,889 | 5,172 |
| Roads Infrastructure | | 11,158 | - | - | - | - | - | 440 | 440 | 11,598 | 11,079 | 5,172 |
| Roads | | 1,072 | - | - | - | - | - | (666) | (666) | 407 | - | - |
| Road Structures | | 10,085 | - | - | - | - | - | 1,106 | 1,106 | 11,191 | 11,079 | 5,172 |
| Storm water Infrastructure | | 5,603 | - | - | - | - | - | - | - | 5,603 | 5,810 | - |
| Storm water Conveyance | | 5,603 | - | - | - | - | - | - | - | 5,603 | 5,810 | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Community Assets</u> | | 5,491 | - | - | - | - | - | (894) | (894) | 4,597 | 2,728 | - |
| Community Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities | | 5,491 | - | - | - | - | - | (894) | (894) | 4,597 | 2,728 | - |
| Outdoor Facilities | | 5,491 | - | - | - | - | - | (894) | (894) | 4,597 | 2,728 | - |
| <u>Heritage assets</u> | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Investment properties</u> | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Other assets</u> | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Biological or Cultivated Assets</u> | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Intangible Assets</u> | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Computer Equipment</u> | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Furniture and Office Equipment</u> | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Machinery and Equipment</u> | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Transport Assets</u> | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Land</u> | | - | - | - | - | - | - | - | - | - | - | - |
| <u>Zoo's, Marine and Non-biological Animals</u> | | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure on upgrading of existing assets to be adjusted | 1 | 22,252 | - | - | - | - | - | (454) | (454) | 21,798 | 19,617 | 5,172 |

1.5.1 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. This table shows that future operational costs associated with the capital programme totals R34 468 million in 2019/20 and R35 784 million in 2020/21. This concomitant operational expenditure is expected to escalate to R38.187 million by 2021/22. It needs to be noted that as part of the 2019/20 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 | 2019/20 Medium Term Revenue & Expenditure Framework | | | Forecasts | | | |
| | | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 | Forecast 2022/23 | Forecast 2023/24 | Forecast 2024/25 | Present value |
| R thousand | | | | | | | | |
| Capital expenditure | 1 | | | | | | | |
| Vote 1 - Executive and council | | - | - | - | | | | |
| Vote 2 - Corporate Services | | 1,066 | 300 | 350 | | | | |
| Vote 3 - Budget and Treasury | | - | - | - | | | | |
| Vote 4 - PEDTA | | - | - | - | | | | |
| Vote 5 - Community Services and Social Services | | 13,708 | 11,595 | 3,828 | | | | |
| Vote 6 - Infrastructure Development and Human Settlement | | 18,490 | 21,889 | 32,009 | | | | |
| Total Capital Expenditure | | 33,263 | 33,784 | 36,187 | - | - | - | - |

1.6 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 2019/20 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.)

EC136 Emalahleni (Ec) - Table B1 Adjustments Budget Summary -

| Description | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|---------------------|------------------------|----------------------|----------------------------|--------------------------|----------------------------|------------------------|------------------------|-------------------------|---------------------------|---------------------------|
| | Original Budget | Prior Adjusted 1 | Accum. Funds 2 | Multi-year capital 3 | Unfore. Unavoid. 4 | Nat. or Prov. Govt 5 | Other Adjusts. 6 | Total Adjusts. 7 | Adjusted Budget 8 | Adjusted Budget | Adjusted Budget |
| R thousands | A | A1 | B | C | D | E | F | G | H | | |
| Financial Performance | | | | | | | | | | | |
| Property rates | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 9,541 |
| Service charges | 23,342 | - | - | - | - | - | 4,002 | 4,002 | 27,343 | 29,715 | 32,277 |
| Investment revenue | 1,147 | - | - | - | - | - | - | - | 1,147 | 1,200 | 1,202 |
| Transfers recognised - operational | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 |
| Other own revenue | 12,568 | - | - | - | - | - | 5,415 | 5,415 | 17,983 | 18,543 | 19,976 |
| Total Revenue (excluding capital transfers and contributions) | 180,567 | - | - | - | - | - | 12,951 | 12,951 | 193,519 | 199,503 | 212,119 |
| Employee costs | 96,117 | - | - | - | - | - | (5,020) | (5,020) | 91,098 | 96,680 | 105,099 |
| Remuneration of councillors | 14,070 | - | - | - | - | - | - | - | 14,070 | 14,816 | 16,001 |
| Depreciation & asset impairment | 24,256 | - | - | - | - | - | - | - | 24,256 | 25,469 | 26,743 |
| Finance charges | 271 | - | - | - | - | - | - | - | 271 | 271 | 298 |
| Materials and bulk purchases | 18,837 | - | - | - | - | - | (1,750) | (1,750) | 17,087 | 16,899 | 18,164 |
| Transfers and grants | 230 | - | - | - | - | - | - | - | 230 | 235 | 240 |
| Other expenditure | 43,137 | - | - | - | - | - | 2,682 | 2,682 | 45,819 | 43,508 | 40,483 |
| Total Expenditure | 196,918 | - | - | - | - | - | (4,088) | (4,088) | 192,830 | 197,877 | 207,028 |
| Surplus/(Deficit) | (16,350) | - | - | - | - | - | 17,039 | 17,039 | 689 | 1,625 | 5,091 |
| Transfers recognised - capital | 31,848 | - | - | - | - | - | - | - | 31,848 | 33,484 | 35,837 |
| Contributions recognised - capital & contributed assets | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Capital expenditure & funds sources | | | | | | | | | | | |
| Capital expenditure | 34,913 | - | - | - | - | - | (1,014) | (1,014) | 33,900 | 33,784 | 36,187 |
| Transfers recognised - capital | 32,198 | - | - | - | - | - | (84) | (84) | 32,114 | 33,484 | 35,837 |
| Borrowing | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 2,716 | - | - | - | - | - | (930) | (930) | 1,786 | 300 | 350 |
| Total sources of capital funds | 34,913 | - | - | - | - | - | (1,014) | (1,014) | 33,900 | 33,784 | 36,187 |
| Financial position | | | | | | | | | | | |
| Total current assets | 185,443 | - | - | - | - | - | (151,536) | (151,536) | 33,908 | 49,815 | 69,995 |
| Total non current assets | 490,549 | - | - | - | - | - | (39,246) | (39,246) | 451,302 | 459,617 | 469,062 |
| Total current liabilities | 86,755 | - | - | - | - | - | (44,683) | (44,683) | 42,072 | 40,249 | 40,249 |
| Total non current liabilities | 14,800 | - | - | - | - | - | 2,950 | 2,950 | 17,751 | 17,751 | 17,751 |
| Community wealth/Equity | 329,543 | - | - | - | - | - | 95,845 | 95,845 | 425,388 | 451,434 | 481,059 |
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | 35,597 | - | - | - | - | - | 13,747 | 13,747 | 49,344 | 49,925 | 56,478 |
| Net cash from (used) investing | (31,848) | - | - | - | - | - | 1,035 | 1,035 | (30,813) | (33,784) | (36,187) |
| Net cash from (used) financing | - | - | - | - | - | - | (407) | (407) | (407) | (244) | (122) |
| Cash/cash equivalents at the year end | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |
| Cash backing/surplus reconciliation | | | | | | | | | | | |
| Cash and investments available | 90,925 | - | - | - | - | - | (68,652) | (68,652) | 22,272 | 38,169 | 58,338 |
| Application of cash and investments | 23,660 | - | - | - | - | - | (11,542) | (11,542) | 12,118 | 10,330 | 10,430 |
| Balance - surplus (shortfall) | 67,265 | - | - | - | - | - | (57,110) | (57,110) | 10,155 | 27,839 | 47,908 |
| Asset Management | | | | | | | | | | | |
| Asset register summary (WDV) | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation & asset impairment | - | - | - | - | - | - | - | - | - | - | - |
| Renewal and Upgrading of Existing Assets | 350 | - | - | - | - | - | 2,533 | 2,533 | 2,883 | 5,000 | 2,883 |
| Repairs and Maintenance | 5,597 | - | - | - | - | - | (20) | (20) | 5,577 | 4,937 | 5,577 |
| Free services | | | | | | | | | | | |
| Cost of Free Basic Services provided | 4,900 | - | - | - | - | - | - | - | 4,900 | 5,000 | 5,100 |
| Revenue cost of free services provided | 1,050 | - | - | - | - | - | 730 | 730 | 1,780 | 1,904 | 2,038 |
| Households below minimum service level | | | | | | | | | | | |
| Water: | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation/sewerage: | - | - | - | - | - | - | - | - | - | - | - |
| Energy: | - | - | - | - | - | - | - | - | - | - | - |
| Refuse: | - | - | - | - | - | - | - | - | - | - | - |

Explanatory notes to MBRR Table B1 - Budget Summary

1. Table B1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. There is no provision for any borrowing in the cash flows;
 - iii. 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 B2 Adjustments Budget Financial Performance (functional classification) -

| Standard Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|------|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-----------------|-----------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjus. | Total Adjus. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | 1, 4 | A | A1 | B | C | D | E | F | G | H | | |
| Revenue - Functional | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 137,307 | - | - | - | - | - | 3,534 | 3,534 | 140,841 | 148,364 | 156,924 |
| Executive and council | | 7,254 | - | - | - | - | - | - | - | 7,254 | 7,597 | 7,959 |
| Finance and administration | | 130,053 | - | - | - | - | - | 3,534 | 3,534 | 133,587 | 140,767 | 148,965 |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - |
| <i>Community and public safety</i> | | 2,812 | - | - | - | - | - | - | - | 2,812 | 2,918 | 3,016 |
| Community and social services | | 1,630 | - | - | - | - | - | - | - | 1,630 | 1,681 | 1,775 |
| Sport and recreation | | 12 | - | - | - | - | - | - | - | 12 | 13 | 14 |
| Public safety | | 1,140 | - | - | - | - | - | - | - | 1,140 | 1,192 | 1,192 |
| Housing | | 30 | - | - | - | - | - | - | - | 30 | 32 | 35 |
| Health | | - | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 35,838 | - | - | - | - | - | - | - | 35,838 | 35,301 | 37,781 |
| Planning and development | | 35,838 | - | - | - | - | - | - | - | 35,838 | 35,301 | 37,781 |
| Road transport | | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 33,609 | - | - | - | - | - | 4,002 | 4,002 | 37,611 | 37,315 | 40,237 |
| Energy sources | | 21,461 | - | - | - | - | - | 2,939 | 2,939 | 24,400 | 24,931 | 26,810 |
| Water management | | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | | 12,148 | - | - | - | - | - | 1,063 | 1,063 | 13,211 | 12,384 | 13,427 |
| <i>Other</i> | | 2,850 | - | - | - | - | - | 5,415 | 5,415 | 8,265 | 9,087 | 9,998 |
| Total Revenue - Functional | 2 | 212,415 | - | - | - | - | - | 12,951 | 12,951 | 225,367 | 232,986 | 247,956 |
| Expenditure - Functional | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 90,120 | - | - | - | - | - | 5,690 | 5,690 | 95,809 | 99,171 | 101,745 |
| Executive and council | | 31,646 | - | - | - | - | - | (706) | (706) | 30,939 | 32,687 | 34,915 |
| Finance and administration | | 56,110 | - | - | - | - | - | 6,396 | 6,396 | 62,506 | 63,981 | 64,136 |
| Internal audit | | 2,364 | - | - | - | - | - | - | - | 2,364 | 2,503 | 2,693 |
| <i>Community and public safety</i> | | 19,240 | - | - | - | - | - | (817) | (817) | 18,423 | 18,484 | 19,663 |
| Community and social services | | 11,026 | - | - | - | - | - | (689) | (689) | 10,337 | 9,785 | 10,543 |
| Sport and recreation | | 2,265 | - | - | - | - | - | (50) | (50) | 2,215 | 2,372 | 2,533 |
| Public safety | | 3,079 | - | - | - | - | - | - | - | 3,079 | 3,293 | 3,293 |
| Housing | | 2,870 | - | - | - | - | - | (78) | (78) | 2,792 | 3,035 | 3,295 |
| Health | | - | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 43,789 | - | - | - | - | - | (1,970) | (1,970) | 41,819 | 41,748 | 44,370 |
| Planning and development | | 39,906 | - | - | - | - | - | (1,950) | (1,950) | 37,956 | 40,718 | 43,304 |
| Road transport | | 3,883 | - | - | - | - | - | (20) | (20) | 3,863 | 1,030 | 1,066 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 40,088 | - | - | - | - | - | (6,990) | (6,990) | 33,098 | 34,549 | 37,022 |
| Energy sources | | 25,531 | - | - | - | - | - | (5,900) | (5,900) | 19,631 | 21,089 | 22,662 |
| Water management | | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | 1,527 | - | - | - | - | - | - | - | 1,527 | 1,652 | 1,787 |
| Waste management | | 13,030 | - | - | - | - | - | (1,090) | (1,090) | 11,940 | 11,808 | 12,573 |
| <i>Other</i> | | 3,682 | - | - | - | - | - | - | - | 3,682 | 3,924 | 4,228 |
| Total Expenditure - Functional | 3 | 196,918 | - | - | - | - | - | (4,088) | (4,088) | 192,830 | 197,877 | 207,028 |
| Surplus/ (Deficit) for the year | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |

Explanatory notes to MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table B2 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 B4.

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

| EC136 Emalahleni (Ec) - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - | | | | | | | | | | | | |
|---|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| Vote Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| <i>[Insert departmental structure etc]</i> | | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| Revenue by Vote | 1 | | | | | | | | | | | |
| Vote 1 - Executive and council | | 7,254 | - | - | - | - | - | - | - | 7,254 | 7,597 | 7,959 |
| Vote 2 - Corporate Services | | 1,005 | - | - | - | - | - | - | - | 1,005 | 1,005 | 1,005 |
| Vote 3 - Budget and Treasury | | 131,026 | - | - | - | - | - | 4,264 | 4,264 | 135,290 | 142,635 | 150,009 |
| Vote 4 - PEDTA | | (1,044) | - | - | - | - | - | (730) | (730) | (1,774) | (1,899) | (2,032) |
| Vote 5 - Community Services and Social Services | | 16,847 | - | - | - | - | - | 6,478 | 6,478 | 23,325 | 23,383 | 25,438 |
| Vote 6 - Infrastructure Development and Human Settlement | | 57,328 | - | - | - | - | - | 2,939 | 2,939 | 60,267 | 60,265 | 64,626 |
| Total Revenue by Vote | 2 | 212,415 | - | - | - | - | - | 12,951 | 12,951 | 225,367 | 232,986 | 247,005 |
| Expenditure by Vote | 1 | | | | | | | | | | | |
| Vote 1 - Executive and council | | 34,512 | - | - | - | - | - | (636) | (636) | 33,875 | 35,549 | 38,187 |
| Vote 2 - Corporate Services | | 18,825 | - | - | - | - | - | 5,181 | 5,181 | 24,007 | 24,680 | 21,531 |
| Vote 3 - Budget and Treasury | | 29,393 | - | - | - | - | - | (900) | (900) | 28,493 | 27,727 | 29,108 |
| Vote 4 - PEDTA | | 9,600 | - | - | - | - | - | (529) | (529) | 9,071 | 9,330 | 9,818 |
| Vote 5 - Community Services and Social Services | | 38,116 | - | - | - | - | - | 665 | 665 | 38,781 | 39,457 | 41,635 |
| Vote 6 - Infrastructure Development and Human Settlement | | 66,471 | - | - | - | - | - | (7,868) | (7,868) | 58,603 | 59,935 | 64,109 |
| Vote 7 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 2 | 196,918 | - | - | - | - | - | (4,088) | (4,088) | 192,830 | 196,677 | 204,388 |
| Surplus/ (Deficit) for the year | 2 | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 36,309 | 42,617 |

Explanatory notes to MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table B3 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.
- 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 B4 Adjustments Budget Financial Performance (revenue and expenditure) -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | 1 | A | A1 | B | C | D | E | F | G | H | | |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | 2 | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 9,541 |
| Service charges - electricity revenue | 2 | 16,355 | - | - | - | - | - | 2,939 | 2,939 | 19,293 | 20,962 | 22,771 |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2 | 6,987 | - | - | - | - | - | 1,063 | 1,063 | 8,050 | 8,754 | 9,506 |
| Rental of facilities and equipment | | 1,468 | - | - | - | - | - | - | - | 1,468 | 1,561 | 1,616 |
| Interest earned - external investments | | 1,147 | - | - | - | - | - | - | - | 1,147 | 1,200 | 1,202 |
| Interest earned - outstanding debtors | | 6,127 | - | - | - | - | - | - | - | 6,127 | 6,557 | 7,014 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 115 | - | - | - | - | - | - | - | 115 | 118 | 123 |
| Licences and permits | | 1,514 | - | - | - | - | - | 4,620 | 4,620 | 6,134 | 6,738 | 7,403 |
| Agency services | | 1,384 | - | - | - | - | - | 796 | 796 | 2,179 | 2,402 | 2,647 |
| Transfers and subsidies | | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 |
| Other revenue | 2 | 1,960 | - | - | - | - | - | - | - | 1,960 | 1,167 | 1,174 |
| Gains on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 180,567 | - | - | - | - | - | 12,951 | 12,951 | 193,519 | 199,503 | 212,119 |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | | 96,117 | - | - | - | - | - | (5,020) | (5,020) | 91,098 | 96,680 | 105,099 |
| Remuneration of councillors | | 14,070 | - | - | - | - | - | - | - | 14,070 | 14,816 | 16,001 |
| Debt impairment | | 6,000 | - | - | - | - | - | - | - | 6,000 | 7,200 | 8,640 |
| Depreciation & asset impairment | | 24,256 | - | - | - | - | - | - | - | 24,256 | 25,469 | 26,743 |
| Finance charges | | 271 | - | - | - | - | - | - | - | 271 | 271 | 298 |
| Bulk purchases | | 16,070 | - | - | - | - | - | (1,500) | (1,500) | 14,570 | 15,736 | 16,994 |
| Other materials | | 2,767 | - | - | - | - | - | (250) | (250) | 2,517 | 1,163 | 1,170 |
| Contracted services | | 17,126 | - | - | - | - | - | 4,670 | 4,670 | 21,796 | 18,106 | 13,633 |
| Transfers and subsidies | | 230 | - | - | - | - | - | - | - | 230 | 235 | 240 |
| Other expenditure | | 20,011 | - | - | - | - | - | (1,988) | (1,988) | 18,023 | 18,202 | 18,211 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 196,918 | - | - | - | - | - | (4,088) | (4,088) | 192,830 | 197,877 | 207,028 |
| Surplus/(Deficit) | | (16,350) | - | - | - | - | - | 17,039 | 17,039 | 689 | 1,625 | 5,091 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 31,848 | - | - | - | - | - | - | - | 31,848 | 33,484 | 35,837 |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) before taxation | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Taxation | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | | 15,497 | - | - | - | - | - | 17,039 | 17,039 | 32,536 | 35,109 | 40,928 |

Explanatory notes to Table B4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue, excluding capital transfers, is estimated at R193 519 million for 2019/20 and escalates to R 199 503 million in 2020/21 and R 212 119 million in 2021/22. This represents an increase of 3 and 6 per cent throughout the MTREF.
2. Revenue to be generated from property rates is R8 334 million in the 2019/20 financial year and increases to R9.541 million by 2021/22 which represents 15 per cent of the operating revenue base (excluding capital transfers) of the Municipality and therefore does not represent a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 7 per cent for each of the respective financial years of the MTREF.

3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R27 343 million for the 2019/20 financial year and increasing to R32 277 million by 2021/22. For the 2018/19 financial year services charges amount to 50 per cent of the total internal revenue base and increases to 52 percent 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.

Expenditure by major type

5. Bulk purchases have decreased from the 2019/20 original budget of R16 070 million to R 14 570 million. The decrease is informed by the actual amount paid in the prior year.
6. Employee related costs, depreciation, contracted services, other operating 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.

MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| EC136 Emalahleni (Ec) - Table B5 Adjustments Capital Expenditure Budget by vote and funding - | | | | | | | | | | | | |
|---|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|------------------------|------------------------|
| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | A | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | |
| | | A | A1 | B | C | D | E | F | G | H | | |
| Capital expenditure - Vote | | | | | | | | | | | | |
| Multi-year expenditure to be adjusted | 2 | | | | | | | | | | | |
| Vote 1 - Executive and council | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Vote 2 - Corporate Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Budget and Treasury | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - PEDTA | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Community Services and Social Services | | 13,708 | - | - | - | - | - | (2,267) | (2,267) | 11,441 | 11,595 | 3,828 |
| Vote 6 - Infrastructure Development and Human Settlement | | 18,490 | - | - | - | - | - | 2,253 | 2,253 | 20,743 | 21,889 | 32,009 |
| Capital multi-year expenditure sub-total | 3 | 34,198 | - | - | - | - | - | (2,014) | (2,014) | 32,184 | 33,484 | 35,837 |
| Single-year expenditure to be adjusted | 2 | | | | | | | | | | | |
| Vote 1 - Executive and council | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Corporate Services | | 716 | - | - | - | - | - | - | - | 716 | 300 | 350 |
| Vote 3 - Budget and Treasury | | - | - | - | - | - | - | 1,070 | 1,070 | 1,070 | - | - |
| Vote 4 - PEDTA | | - | - | - | - | - | - | 14 | 14 | 14 | - | - |
| Vote 5 - Community Services and Social Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Infrastructure Development and Human Settlement | | - | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | 716 | - | - | - | - | - | 1,084 | 1,084 | 1,799 | 300 | 350 |
| Total Capital Expenditure - Vote | | 34,913 | - | - | - | - | - | (930) | (930) | 33,983 | 33,784 | 36,187 |
| Capital Expenditure - Functional | | | | | | | | | | | | |
| Governance and administration | | 2,716 | - | - | - | - | - | (930) | (930) | 1,786 | 300 | 350 |
| Executive and council | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Finance and administration | | 716 | - | - | - | - | - | 1,070 | 1,070 | 1,786 | 300 | 350 |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - |
| Community and public safety | | 13,358 | - | - | - | - | - | (2,585) | (2,585) | 10,773 | 11,595 | 3,828 |
| Community and social services | | 5,294 | - | - | - | - | - | (2,800) | (2,800) | 2,494 | 8,866 | 3,828 |
| Sport and recreation | | 8,064 | - | - | - | - | - | 215 | 215 | 8,279 | 2,728 | - |
| Public safety | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 12,887 | - | - | - | - | - | 1,148 | 1,148 | 14,034 | 11,079 | 32,009 |
| Planning and development | | - | - | - | - | - | - | - | - | - | - | - |
| Road transport | | 12,887 | - | - | - | - | - | 1,148 | 1,148 | 14,034 | 11,079 | 32,009 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - |
| Trading services | | 5,953 | - | - | - | - | - | 1,106 | 1,106 | 7,059 | 10,810 | - |
| Energy sources | | - | - | - | - | - | - | - | - | - | 5,000 | - |
| Water management | | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | 5,603 | - | - | - | - | - | 1,106 | 1,106 | 6,709 | 5,810 | - |
| Waste management | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| Other | | 0 | - | - | - | - | - | 332 | 332 | 332 | - | - |
| Total Capital Expenditure - Functional | 3 | 34,913 | - | - | - | - | - | (930) | (930) | 33,983 | 33,784 | 36,187 |
| Funded by: | | | | | | | | | | | | |
| National Government | | 31,848 | - | - | - | - | - | (0) | (0) | 31,848 | 33,484 | 35,837 |
| Provincial Government | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 32,198 | - | - | - | - | - | (0) | (0) | 32,198 | 33,484 | 35,837 |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | 2,716 | - | - | - | - | - | (930) | (930) | 1,786 | 300 | 350 |
| Total Capital Funding | | 34,913 | - | - | - | - | - | (930) | (930) | 33,983 | 33,784 | 36,187 |

Explanatory notes to Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table B5 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.
- 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.

- 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 B6 -Budgeted Financial Position

EC136 Emalahleni (Ec) - Table B6 Adjustments Budget Financial Position -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|-----|-------------------------|------------------------------|---------------------------|---------------------------------|-------------------------------|---------------------------------|-----------------------------|-----------------------------|-------------------------------|---------------------------|---------------------------|
| | | Original Budget A | Prior Adjusted 3 A1 | Accum. Funds 4 B | Multi-year capital 5 C | Unfore. Unavoid. 6 D | Nat. or Prov. Govt 7 E | Other Adjusts. 8 F | Total Adjusts. 9 G | Adjusted Budget 10 H | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | |
| Cash | | 88,321 | - | - | - | - | - | (82,599) | (82,599) | 5,722 | 13,633 | 21,736 |
| Call investment deposits | 1 | 2,604 | - | - | - | - | - | 13,947 | 13,947 | 16,551 | 24,536 | 36,601 |
| Consumer debtors | 1 | 66,295 | - | - | - | - | - | (54,698) | (54,698) | 11,598 | 11,618 | 11,637 |
| Other debtors | | 26,923 | - | - | - | - | - | (26,885) | (26,885) | 38 | 28 | 21 |
| Current portion of long-term receivables | | - | - | - | - | - | - | - | - | - | - | - |
| Inventory | | 1,301 | - | - | - | - | - | (1,301) | (1,301) | 0 | 0 | 0 |
| Total current assets | | 185,443 | - | - | - | - | - | (151,536) | (151,536) | 33,908 | 49,815 | 69,995 |
| Non current assets | | | | | | | | | | | | |
| Long-term receivables | | - | - | - | - | - | - | - | - | - | - | - |
| Investments | | - | - | - | - | - | - | - | - | - | - | - |
| Investment property | | 4,543 | - | - | - | - | - | (394) | (394) | 4,149 | 4,149 | 4,149 |
| Investment in Associate | | - | - | - | - | - | - | - | - | - | - | - |
| Property, plant and equipment | 1 | 485,268 | - | - | - | - | - | (38,698) | (38,698) | 446,570 | 454,884 | 464,329 |
| Biological | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible | | 556 | - | - | - | - | - | (155) | (155) | 401 | 401 | 401 |
| Other non-current assets | | 183 | - | - | - | - | - | - | - | 183 | 183 | 183 |
| Total non current assets | | 490,549 | - | - | - | - | - | (39,246) | (39,246) | 451,302 | 459,617 | 469,062 |
| TOTAL ASSETS | | 675,992 | - | - | - | - | - | (190,782) | (190,782) | 485,210 | 509,432 | 539,057 |
| LIABILITIES | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | |
| Bank overdraft | | - | - | - | - | - | - | - | - | - | - | - |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | - |
| Consumer deposits | | 46 | - | - | - | - | - | (46) | (46) | 0 | 0 | 0 |
| Trade and other payables | | 70,656 | - | - | - | - | - | (50,461) | (50,461) | 20,195 | 18,372 | 18,372 |
| Provisions | | 16,053 | - | - | - | - | - | 5,824 | 5,824 | 21,877 | 21,877 | 21,877 |
| Total current liabilities | | 86,755 | - | - | - | - | - | (44,683) | (44,683) | 42,072 | 40,249 | 40,249 |
| Non current liabilities | | | | | | | | | | | | |
| Borrowing | 1 | 1,407 | - | - | - | - | - | (1,034) | (1,034) | 373 | 373 | 373 |
| Provisions | 1 | 13,394 | - | - | - | - | - | 3,984 | 3,984 | 17,378 | 17,378 | 17,378 |
| Total non current liabilities | | 14,800 | - | - | - | - | - | 2,950 | 2,950 | 17,751 | 17,751 | 17,751 |
| TOTAL LIABILITIES | | 101,556 | - | - | - | - | - | (41,733) | (41,733) | 59,823 | 58,000 | 58,000 |
| NET ASSETS | 2 | 574,437 | - | - | - | - | - | (149,049) | (149,049) | 425,387 | 451,433 | 481,058 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 329,543 | - | - | - | - | - | 95,845 | 95,845 | 425,388 | 451,434 | 481,059 |
| Reserves | | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL COMMUNITY WEALTH/EQUITY | | 329,543 | - | - | - | - | - | 95,845 | 95,845 | 425,388 | 451,434 | 481,059 |

Explanatory notes to Table B6 - 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.

3. 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 B7 - Budgeted Cash Flow Statement

EC136 Emalahleni (Ec) - Table B7 Adjustments Budget Cash Flows -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|-----|---------------------|------------------------|----------------------|----------------------------|--------------------------|----------------------------|------------------------|------------------------|--------------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted 3 | Accum. Funds 4 | Multi-year capital 5 | Unfore. Unavoid. 6 | Nat. or Prov. Govt 7 | Other Adjusts. 8 | Total Adjusts. 9 | Adjusted Budget 10 | Adjusted Budget | Adjusted Budget |
| | | A | A1 | B | C | D | E | F | G | H | | |
| R thousands | | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Property rates | | 1,920 | - | - | - | - | - | 3,164 | 3,164 | 5,084 | 5,439 | 5,240 |
| Service charges | | 13,894 | - | - | - | - | - | 6,395 | 6,395 | 20,289 | 21,995 | 23,836 |
| Other revenue | | 4,710 | - | - | - | - | - | 7,168 | 7,168 | 11,878 | 12,048 | 13,021 |
| Government - operating | 1 | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 |
| Government - capital | 1 | 31,848 | - | - | - | - | - | 350 | 350 | 32,198 | 33,484 | 35,837 |
| Interest | | 3,904 | - | - | - | - | - | (2,757) | (2,757) | 1,147 | 1,200 | 1,202 |
| Dividends | | | | | | | | | - | - | | |
| Payments | | | | | | | | | | | | |
| Suppliers and employees | | (158,890) | - | - | - | - | - | (573) | (573) | (159,463) | (164,863) | (171,243) |
| Finance charges | | (271) | - | - | - | - | - | - | - | (271) | (271) | (298) |
| Transfers and Grants | 1 | (230) | - | - | - | - | - | - | - | (230) | (235) | (240) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 35,597 | - | - | - | - | - | 13,747 | 13,747 | 49,344 | 49,925 | 56,478 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | | | | - | - | | |
| Decrease (Increase) in non-current debtors | | - | - | - | - | - | - | 3,170 | 3,170 | 3,170 | - | - |
| Decrease (increase) other non-current receivables | | | | | | | | | - | - | | |
| Decrease (increase) in non-current investments | | | | | | | | | - | - | | |
| Payments | | | | | | | | | | | | |
| Capital assets | | (31,848) | - | - | - | - | - | (2,135) | (2,135) | (33,983) | (33,784) | (36,187) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (31,848) | - | - | - | - | - | 1,035 | 1,035 | (30,813) | (33,784) | (36,187) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Short term loans | | | | | | | | | - | - | | |
| Borrowing long term/refinancing | | | | | | | | | - | - | | |
| Increase (decrease) in consumer deposits | | | | | | | | | - | - | | |
| Payments | | | | | | | | | | | | |
| Repayment of borrowing | | - | - | - | - | - | - | (407) | (407) | (407) | (244) | (122) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | - | - | - | - | - | - | (407) | (407) | (407) | (244) | (122) |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 3,749 | - | - | - | - | - | 14,374 | 14,374 | 18,123 | 15,897 | 20,169 |
| Cash/cash equivalents at the year begin: | 2 | 1,569 | - | - | - | - | - | 2,580 | 2,580 | 4,149 | 22,272 | 38,169 |
| Cash/cash equivalents at the year end: | 2 | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |

Explanatory notes to Table B7 - 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 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents is estimated to total R 22 272 million as at the end of the 2019/20 financial year and increases to R58 338 million by 2021/22.

MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC136 Emalahleni (Ec) - Table B8 Cash backed reserves/accumulated surplus reconciliation -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year | Budget Year |
|---|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | | | | | | | | | | | +1 2020/21 | +2 2021/22 |
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| Cash and investments available | | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |
| Other current investments > 90 days | | - | - | - | - | - | - | (0) | (0) | (0) | - | - |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |
| Applications of cash and investments | | | | | | | | | | | | |
| Unspent conditional transfers | | 1,000 | - | - | - | - | - | 533 | 533 | 1,533 | - | - |
| Unspent borrowing | | | | | | | | | - | - | | |
| Statutory requirements | | | | | | | | (850) | (850) | (850) | (791) | (758) |
| Other working capital requirements | 2 | 3,671 | - | | | | | 6,914 | 6,914 | 10,585 | 10,329 | 10,306 |
| Other provisions | | | | | | | | 9,558 | 9,558 | 9,558 | 21,877 | 21,877 |
| Long term investments committed | | - | - | | | | | - | - | - | - | - |
| Reserves to be backed by cash/investments | | - | - | | | | | - | - | - | - | - |
| Total Application of cash and investments: | | 4,671 | - | - | - | - | - | 16,156 | 16,156 | 20,827 | 31,416 | 31,425 |
| Surplus(shortfall) | | 647 | - | - | - | - | - | 799 | 799 | 1,446 | 6,753 | 26,913 |

Explanatory notes to Table B8 - 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 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded and aligned to section 18 of the MFMA.

MBRR Table B9 - Asset Management

EC136 Emalahleni (Ec) - Table B9 Asset Management -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| CAPITAL EXPENDITURE | | | | | | | | | | | | |
| Total New Assets to be adjusted | 1 | 12,311 | - | - | - | - | - | (3,111) | (3,111) | 9,200 | 9,166 | 4,178 |
| Roads Infrastructure | | 1,729 | - | - | - | - | - | (186) | (186) | 1,543 | - | - |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 1,729 | - | - | - | - | - | (186) | (186) | 1,543 | - | - |
| Community Facilities | | 7,867 | - | - | - | - | - | (2,455) | (2,455) | 5,412 | 8,866 | 3,828 |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | | 7,867 | - | - | - | - | - | (2,455) | (2,455) | 5,412 | 8,866 | 3,828 |
| Heritage Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 6 | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | 716 | - | - | - | - | - | 796 | 796 | 1,512 | 300 | 350 |
| Machinery and Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Transport Assets | | - | - | - | - | - | - | 720 | 720 | 720 | - | - |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | 14 | 14 | 14 | - | - |
| Total Renewal of Existing Assets to be adjusted | 2 | 350 | - | - | - | - | - | 3,082 | 3,082 | 3,432 | 5,000 | 26,837 |
| Roads Infrastructure | | - | - | - | - | - | - | 2,000 | 2,000 | 2,000 | - | 26,837 |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | 5,000 | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 350 | - | - | - | - | - | 2,000 | 2,000 | 2,350 | 5,000 | 26,837 |
| Community Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities | | 0 | - | - | - | - | - | 1,082 | 1,082 | 1,082 | - | - |
| Community Assets | | 0 | - | - | - | - | - | 1,082 | 1,082 | 1,082 | - | - |
| Heritage Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 6 | - | - | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Transport Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | | | |
|--|-----------|---------------|---|---|---|---|---|--------------|--------------|---------------|---------------|---------------|
| Total Upgrading of Existing Assets to be adjusted | 2a | 22,252 | - | - | - | - | - | (454) | (454) | 21,798 | 19,617 | 5,172 |
| Roads Infrastructure | | 11,158 | - | - | - | - | - | 440 | 440 | 11,598 | 11,079 | 5,172 |
| Storm water Infrastructure | | 5,603 | - | - | - | - | - | - | - | 5,603 | 5,810 | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 16,761 | - | - | - | - | - | 440 | 440 | 17,201 | 16,889 | 5,172 |
| Community Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities | | 5,491 | - | - | - | - | - | (894) | (894) | 4,597 | 2,728 | - |
| Community Assets | | 5,491 | - | - | - | - | - | (894) | (894) | 4,597 | 2,728 | - |
| Heritage Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 6 | - | - | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Transport Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure to be adjusted | 4 | 34,913 | - | - | - | - | - | (484) | (484) | 34,429 | 33,784 | 36,187 |
| Roads Infrastructure | | 12,887 | - | - | - | - | - | 2,254 | 2,254 | 15,141 | 11,079 | 32,009 |
| Storm water Infrastructure | | 5,603 | - | - | - | - | - | - | - | 5,603 | 5,810 | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | 5,000 | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | 350 | - | - | - | - | - | - | - | 350 | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 18,840 | - | - | - | - | - | 2,254 | 2,254 | 21,094 | 21,889 | 32,009 |
| Community Facilities | | 7,867 | - | - | - | - | - | (2,455) | (2,455) | 5,412 | 8,866 | 3,828 |
| Sport and Recreation Facilities | | 5,491 | - | - | - | - | - | 187 | 187 | 5,679 | 2,728 | - |
| Community Assets | | 13,358 | - | - | - | - | - | (2,268) | (2,268) | 11,090 | 11,595 | 3,828 |
| Heritage Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | | 2,000 | - | - | - | - | - | (2,000) | (2,000) | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | 716 | - | - | - | - | - | 796 | 796 | 1,512 | 300 | 350 |
| Machinery and Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Transport Assets | | - | - | - | - | - | - | 720 | 720 | 720 | - | - |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | 14 | 14 | 14 | - | - |
| TOTAL CAPITAL EXPENDITURE to be adjusted | 4 | 34,913 | - | - | - | - | - | (484) | (484) | 34,429 | 33,784 | 36,187 |

| | | | | | | | | | | | | |
|---|---|---------|------|---|---|---|---|------|------|---------|---------|---------|
| ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 489,031 | - | - | - | - | - | - | - | 489,031 | 492,627 | 496,298 |
| Roads Infrastructure | | 32,215 | | | | | | | | 32,215 | 32,500 | 54,501 |
| Storm water Infrastructure | | 6,152 | | | | | | | | 6,152 | 6,386 | 605 |
| Electrical Infrastructure | | 647 | | | | | | | | 647 | 5,679 | 713 |
| Water Supply Infrastructure | | - | | | | | | | | - | - | - |
| Sanitation Infrastructure | | - | | | | | | | | - | - | - |
| Solid Waste Infrastructure | | 350 | | | | | | | | 350 | 0 | 0 |
| Rail Infrastructure | | - | | | | | | | | - | - | - |
| Coastal Infrastructure | | - | | | | | | | | - | - | - |
| Information and Communication Infrastructure | | - | | | | | | | | - | - | - |
| Infrastructure | | 39,364 | - | - | - | - | - | - | - | 39,364 | 44,565 | 55,819 |
| Community Assets | | 14,339 | | | | | | | | 14,339 | 12,625 | 4,910 |
| Heritage Assets | | 183 | | | | | | | | 183 | 183 | 183 |
| Investment properties | | 4,543 | | | | | | | | 4,543 | 4,562 | 4,583 |
| Other Assets | | 2,066 | | | | | | | | 2,066 | 2,069 | 2,072 |
| Biological or Cultivated Assets | | - | | | | | | | | - | - | - |
| Intangible Assets | | 556 | | | | | | | | 556 | 556 | 556 |
| Computer Equipment | | 182 | | | | | | | | 182 | 184 | 236 |
| Furniture and Office Equipment | | 414 | | | | | | | | 414 | 459 | 474 |
| Machinery and Equipment | | 426,594 | | | | | | | | 426,594 | 426,594 | 426,595 |
| Transport Assets | | 790 | | | | | | | | 790 | 830 | 871 |
| Land | | - | | | | | | | | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | | | | | | | | - | - | - |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 489,031 | - | - | - | - | - | - | - | 489,031 | 492,627 | 496,298 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | | | |
| <u>Depreciation & asset impairment</u> | | 24,256 | - | - | - | - | - | - | - | 24,256 | 25,469 | 26,743 |
| <u>Repairs and Maintenance by asset class</u> | 3 | 4,859 | - | - | - | - | - | (20) | (20) | 4,839 | 4,937 | 5,082 |
| Roads Infrastructure | | 636 | - | - | - | - | - | - | - | 636 | 600 | 600 |
| Storm water Infrastructure | | 1,517 | - | - | - | - | - | - | - | 1,517 | 1,641 | 1,776 |
| Electrical Infrastructure | | 460 | - | - | - | - | - | - | - | 460 | 460 | 460 |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 2,613 | - | - | - | - | - | - | - | 2,613 | 2,701 | 2,836 |
| Community Facilities | | 530 | - | - | - | - | - | (20) | (20) | 510 | 520 | 530 |
| Sport and Recreation Facilities | | 60 | - | - | - | - | - | - | - | 60 | 60 | 60 |
| Community Assets | | 590 | - | - | - | - | - | (20) | (20) | 570 | 580 | 590 |
| Heritage Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | 300 | - | - | - | - | - | - | - | 300 | 300 | 300 |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | | 300 | - | - | - | - | - | - | - | 300 | 300 | 300 |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Intangible Assets | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | 246 | - | - | - | - | - | - | - | 246 | 246 | 246 |
| Transport Assets | | 980 | - | - | - | - | - | - | - | 980 | 980 | 980 |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | 6 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE OTHER ITEMS to be adjusted | | 29,115 | - | - | - | - | - | (20) | (20) | 29,095 | 30,406 | 31,824 |
| Renewal and upgrading of Existing Assets as % of tot | | 64.7% | 0.0% | | | | | | | 73.3% | 72.9% | 88.5% |
| Renewal and upgrading of Existing Assets as % of dep | | 93.2% | 0.0% | | | | | | | 104.0% | 96.7% | 119.7% |
| R&M as a % of PPE | | 1.0% | 0.0% | | | | | | | 1.0% | 1.0% | 1.0% |
| Renewal and upgrading and R&M as a % of PPE | | 5.6% | 0.0% | | | | | | | 6.1% | 6.0% | 7.5% |

Explanatory notes to Table B9 - Asset Management

1. Table B9 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 there is a way or accounting reform that allows the municipality to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog. The implementation of mSCOA and the costing segment will assist in this regard but for now as the costing segment is not yet fully implemented it is still difficult to align all repairs and maintenance expenditure to that cost driver.

4. MBRR Table A10–Basic Service Delivery Measurement

| EC136 Emalahleni (Ec) - Table A10 Basic service delivery measurement | | | | | | | | | | |
|---|-----|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | Ref | 2015/16 | 2016/17 | 2017/18 | Current Year 2018/19 | | | 2019/20 Medium Term Revenue & Expenditure Framework | | |
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| Household service targets | 1 | | | | | | | | | |
| Energy: | | | | | | | | | | |
| Electricity (at least min.service level) | | - | - | - | - | - | - | - | - | - |
| Electricity - prepaid (min.service level) | | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 |
| Minimum Service Level and Above sub-total | | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 |
| Electricity (< min.service level) | | - | - | - | - | - | - | - | - | - |
| Electricity - prepaid (< min. service level) | | - | - | - | - | - | - | - | - | - |
| Other energy sources | | - | - | - | - | - | - | - | - | - |
| Below Minimum Service Level sub-total | | - | - | - | - | - | - | - | - | - |
| Total number of households | 5 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 |
| Refuse: | | | | | | | | | | |
| Removed at least once a week | | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 |
| Minimum Service Level and Above sub-total | | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 |
| Removed less frequently than once a week | | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 |
| Using communal refuse dump | | 528 | 528 | 528 | 528 | 528 | 528 | 528 | 528 | 528 |
| Using own refuse dump | | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 |
| Other rubbish disposal | | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 |
| No rubbish disposal | | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 |
| Below Minimum Service Level sub-total | | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 |
| Total number of households | 5 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 |
| Households receiving Free Basic Service | 7 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (free minimum level service) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (50kwh per household per month) | | - | - | - | - | - | - | - | - | - |
| Refuse (removed at least once a week) | | - | - | - | - | - | - | - | - | - |
| Cost of Free Basic Services provided - Formal Settlements (R'000) | 8 | | | | | | | | | |
| Water (6 kilolitres per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (free sanitation service to indigent households) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (50kwh per indigent household per month) | | - | - | - | 2,100 | 2,300 | 2,300 | 2,900 | 3,000 | 3,100 |
| Refuse (removed once a week for indigent households) | | - | - | - | 2,800 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Cost of Free Basic Services provided - Informal Formal Settlements (R'000) | | | | | | | | | | |
| Total cost of FBS provided | | - | - | - | 4,900 | 4,300 | 4,300 | 4,900 | 5,000 | 5,100 |
| Revenue cost of subsidised services provided (R'000) | 9 | | | | | | | | | |
| Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) | | - | - | - | 1,000 | 1,000 | 1,000 | 1,050 | 1,103 | 1,103 |
| Water (in excess of 6 kilolitres per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (in excess of free sanitation service to indigent households) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Refuse (in excess of one removal a week for indigent households) | | - | - | - | - | - | - | - | - | - |
| Total revenue cost of subsidised services provided | | - | - | - | 1,000 | 1,000 | 1,000 | 1,050 | 1,103 | 1,103 |

Part 2 – Supporting Documentation

1.7 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.

1.7.1 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 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule by 31 August 2019.

1.7.2 IDP and Service Delivery and Budget Implementation Plan

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 2019/20 MTREF, based on the approved 2018/19 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 2019/20 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 2018/19 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.

1.7.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 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 2019/20 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 2018/19 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 93 and 94 has been taken into consideration in the planning and prioritisation process.

1.8 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 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

| 2018/19 Financial Year | 2019/20 MTREF |
|---|---|
| 1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery) | 1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery) |
| 2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED) | 2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED) |
| 3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) | 3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) |
| 4. To have a transparent and performance driven organisation (KPA Good governance and public participation) | 4. To have a transparent and performance driven organisation (KPA Good governance and public participation) |
| 5. To implement good financial management (KPA Financial management and viability) | 5. To implement good financial management (KPA 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.

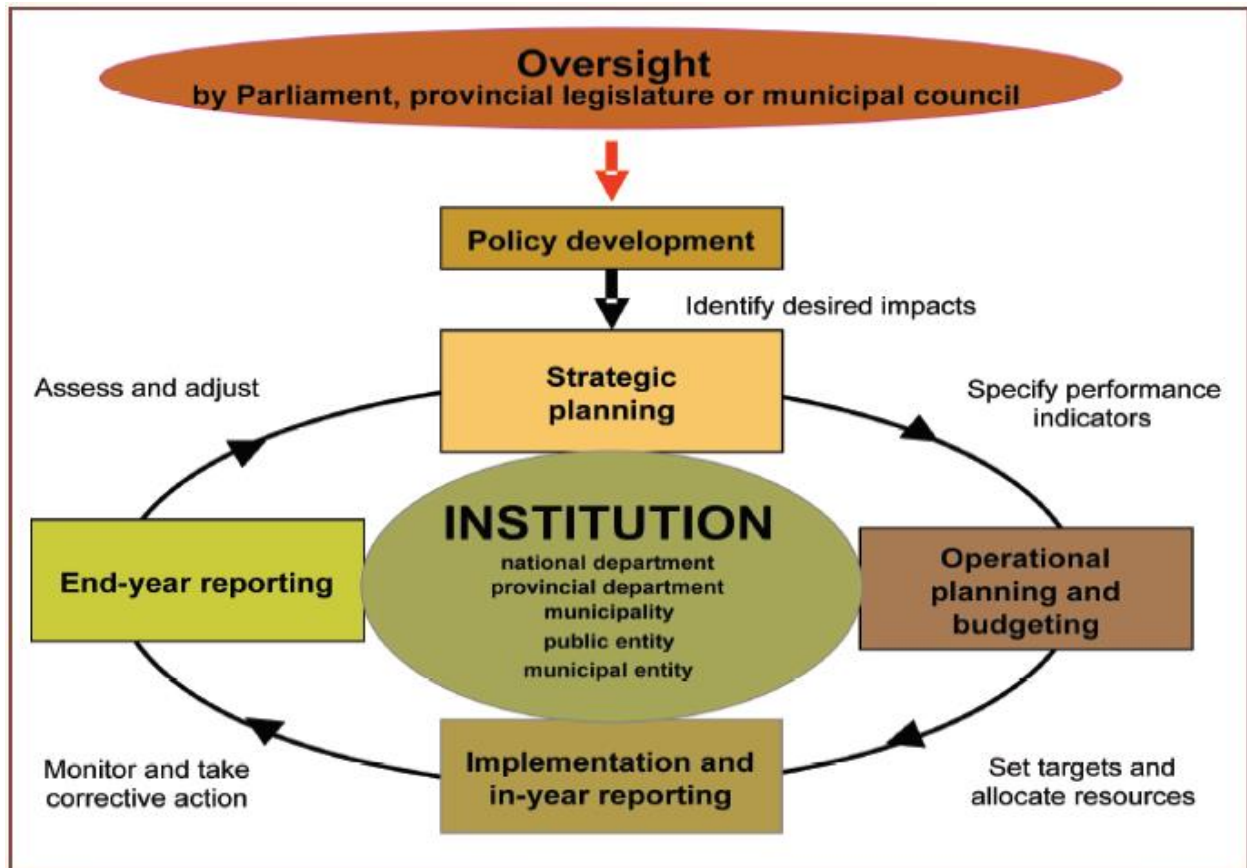
Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the new IDP.

The 2019/20 MTREF has therefore been directly informed by the IDP revision process.

1.9 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:

1.9.1 Performance indicators and benchmarks

1.9.1.1 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 2019/20 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 1.7 percent 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 in the 2019/20 and no other borrowings are planned over 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.

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 2019/20 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.9.1.2 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.

1.9.1.3 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 2019/20 MTREF the current ratio is 1,1 and 1.6 and 2.0 respectively for the two outer years of the MTREF, this is lower

than the set limit. Going forward it will be good financial practices if these levels can be improved.

- *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 2019/20 financial year the ratio was 0.5 and it increases to 0.8 and 1.2% for the outer years of the MTREF which is an indication of a financially distressed Municipality, management has dramatically cut on expenditure and non-obligatory commitments and by the end of MTREF the municipality shows an improved cashflow and financial health of the municipality.

1.9.1.4 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 more than 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 average of 30 per cent and should increase if the municipality wants to be financial stable as a going concern conservative approach in order to cater for the current negative economic climate.

1.9.1.5 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.

1.9.1.6 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 constantly growing over the MTREF. This is primarily owing to the high employee costs which are growing on an annual basis, the municipality has taken an approach to either cut expenditure or keep it in line with prior year budget, however employee costs cannot be cut, the increases in revenue are therefore consumed by the growing employee costs, hence the employee costs percent against revenue has remained constant.
- 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.

1.9.2 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 3900 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 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.

1.10 Overview of budget related-policies

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

There was a policy review workshop during the month of May 2019 so as to make sure all users of it understand it. The following is a broad framework of all the policies the council have:

1.10.1 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. In addition, emphasis was 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 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 55 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.

1.10.2 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).

1.10.3 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.

1.10.4 Supply Chain Management Policy

The Supply Chain Management Policy was reviewed presented to Council in May 2019. Any amendments policy to the policy will be considered by Council when it arises of which the amendments will be extensively consulted on.

1.10.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The amended policy to accommodate the requirements of mSCOA was workshopped and presented to Council in May 2019 and is expected to be adopted before the end of the financial year to be implemented in the 2019/20 financial year.

1.10.6 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.

1.10.7 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 the website and at the 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).

1.11 Overview of budget assumptions

1.11.1 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 2019 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.

1.11.2 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 2019/20 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.

1.11.3 Credit rating outlook

The Municipality did not perform a credit rating outlook.

1.11.4 Interest rates for borrowing and investment of funds

The municipality expected that interest rates will be adjusted slightly upwards during the MTREF period and it has been budget for as such.

1.11.5 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 an averaged percentage (55.6 per cent) of annual billings. Cash flow is assumed to be on average 55.6 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.

1.11.6 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.

1.11.7 Salary increases

An 8% increase have been provided for Councillors, a provision of 9% increase has been made for employee related costs and a 10% increase has been provided for Directors remuneration increase. Employee related costs including Councillor allowances now represent 54% of Total expenditure which is above NT maximum of 40%. The municipality will continue to improve its revenue enhancement and delay filling of non- crucial posts to ensure the percentage is brought down and maintained under control.

1.11.8 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.

1.11.9 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 100 per cent on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

1.12 Overview of budget funding

1.12.1 Medium-term outlook: operating revenue

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

EC136 Emalahleni (Ec) - Table B1 Adjustments Budget Summary -

| Description | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | A | 1 A1 | 2 B | 3 C | 4 D | 5 E | 6 F | 7 G | 8 H | | |
| R thousands | | | | | | | | | | | |
| Financial Performance | | | | | | | | | | | |
| Property rates | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 8,590 |
| Service charges | 23,342 | - | - | - | - | - | 4,002 | 4,002 | 27,343 | 29,715 | 32,277 |
| Investment revenue | 1,147 | - | - | - | - | - | - | - | 1,147 | 1,200 | 1,202 |
| Transfers recognised - operational | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 |
| Other own revenue | 12,568 | - | - | - | - | - | 5,415 | 5,415 | 17,983 | 18,543 | 19,976 |
| Total Revenue (excluding capital transfers and contributions) | 180,567 | - | - | - | - | - | 12,951 | 12,951 | 193,519 | 199,503 | 211,168 |

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as 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.

1.12.2 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 B7 Adjustments Budget Cash Flows -**

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | A | A1 | B | C | D | E | F | G | H | | |
| R thousands | | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Property rates | | 1,920 | - | - | - | - | - | 3,164 | 3,164 | 5,084 | 5,439 | 5,240 |
| Service charges | | 13,894 | - | - | - | - | - | 6,395 | 6,395 | 20,289 | 21,995 | 23,836 |
| Other revenue | | 4,710 | - | - | - | - | - | 7,168 | 7,168 | 11,878 | 12,048 | 13,021 |
| Government - operating | 1 | 138,711 | - | - | - | - | - | - | - | 138,711 | 141,127 | 149,122 |
| Government - capital | 1 | 31,848 | - | - | - | - | - | 350 | 350 | 32,198 | 33,484 | 35,837 |
| Interest | | 3,904 | - | - | - | - | - | (2,757) | (2,757) | 1,147 | 1,200 | 1,202 |
| Dividends | | | | | | | | | - | - | | |
| Payments | | | | | | | | | | | | |
| Suppliers and employees | | (158,890) | - | - | - | - | - | (573) | (573) | (159,463) | (164,863) | (171,243) |
| Finance charges | | (271) | - | - | - | - | - | - | - | (271) | (271) | (298) |
| Transfers and Grants | 1 | (230) | - | - | - | - | - | - | - | (230) | (235) | (240) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 33,597 | - | - | - | - | - | 13,747 | 13,747 | 49,344 | 49,925 | 56,478 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | | | | - | - | | |
| Decrease (Increase) in non-current debtors | | - | - | - | - | - | - | 3,170 | 3,170 | 3,170 | - | - |
| Decrease (increase) other non-current receivables | | | | | | | | | - | - | | |
| Decrease (increase) in non-current investments | | | | | | | | | - | - | | |
| Payments | | | | | | | | | | | | |
| Capital assets | | (31,848) | - | - | - | - | - | (2,135) | (2,135) | (33,983) | (33,784) | (36,187) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (31,848) | - | - | - | - | - | 1,035 | 1,035 | (30,813) | (33,784) | (36,187) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Short term loans | | | | | | | | | - | - | | |
| Borrowing long term/refinancing | | | | | | | | | - | - | | |
| Increase (decrease) in consumer deposits | | | | | | | | | - | - | | |
| Payments | | | | | | | | | | | | |
| Repayment of borrowing | | - | - | - | - | - | - | (407) | (407) | (407) | (244) | (122) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | - | - | - | - | - | - | (407) | (407) | (407) | (244) | (122) |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 3,749 | - | - | - | - | - | 14,374 | 14,374 | 18,123 | 15,897 | 20,169 |
| Cash/cash equivalents at the year begin: | 2 | 1,569 | - | - | - | - | - | 2,580 | 2,580 | 4,149 | 22,272 | 38,169 |
| Cash/cash equivalents at the year end: | 2 | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |

1.12.3 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 B8 - Cash backed reserves/accumulated surplus reconciliation

EC136 Emalahleni (Ec) - Table B8 Cash backed reserves/accumulated surplus reconciliation -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year | Budget Year |
|---|-----|---------------------|----------|----------|------------|----------|------------|---------------|---------------|---------------|---------------|---------------|
| | | Original | Prior | Accum. | Multi-year | Unfore. | Nat. or | Other | Total | Adjusted | Adjusted | Adjusted |
| | | Budget | Adjusted | Funds | capital | Unavoid. | Prov. Govt | Adjusts. | Adjusts. | Budget | Budget | Budget |
| | | A | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| Cash and investments available | | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |
| Other current investments > 90 days | | - | - | - | - | - | - | (0) | (0) | (0) | - | - |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | | 5,318 | - | - | - | - | - | 16,955 | 16,955 | 22,272 | 38,169 | 58,338 |
| Applications of cash and investments | | | | | | | | | | | | |
| Unspent conditional transfers | | 1,000 | - | - | - | - | - | 533 | 533 | 1,533 | - | - |
| Unspent borrowing | | | | | | | | | - | - | | |
| Statutory requirements | | | | | | | | (850) | (850) | (850) | (791) | (758) |
| Other working capital requirements | 2 | 3,671 | - | | | | | 6,914 | 6,914 | 10,585 | 10,329 | 10,306 |
| Other provisions | | | | | | | | 9,558 | 9,558 | 9,558 | 21,877 | 21,877 |
| Long term investments committed | | - | - | | | | | - | - | - | - | - |
| Reserves to be backed by cash/investments | | - | - | | | | | - | - | - | - | - |
| Total Application of cash and investments: | | 4,671 | - | - | - | - | - | 16,156 | 16,156 | 20,827 | 31,416 | 31,425 |
| Surplus(shortfall) | | 647 | - | - | - | - | - | 799 | 799 | 1,446 | 6,753 | 26,913 |

From the above table it can be seen that the cash and investments available total positive R 22 272 million in the 2019/20 financial year and progressively increase to R 58 388 million by 2021/22, 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.

1.12.4 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 SB6 – Funding compliance measurement

EC136 Emalahleni (Ec) - Supporting Table SB6 Adjustments Budget - funding measurement -

| Description | Ref | MFMA section | 2016/17 | 2017/18 | 2018/19 | Medium Term Revenue and Expenditure Framework | | | | |
|---|-----|--------------|-----------------|-----------------|-----------------|---|----------------|-----------------|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Prior Adjusted | Adjusted Budget | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| R thousands | | | | | | | | | | |
| Funding measures | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 1 | 18(1)b | | | | 5,318 | - | 22,272 | 38,169 | 58,338 |
| Cash + investments at the yr end less applications - R'000 | 2 | 18(1)b | | | | 67,265 | - | 10,155 | 27,839 | 47,908 |
| Cash year end/monthly employee/supplier payments | 3 | 18(1)b | | | | - | - | - | - | - |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 4 | 18(1) | | | | 15,497 | - | 32,536 | 35,109 | 40,928 |
| Service charge rev % change - macro CPIX target exclusive | 5 | 18(1)a,(2) | | | | 0.0% | 0.0% | 0.0% | 2.3% | 2.2% |
| Cash receipts % of Ratepayer & Other revenue | 6 | 18(1)a,(2) | 0.0% | 0.0% | 0.0% | 50.4% | 0.0% | 69.4% | 69.1% | 68.1% |
| Debt impairment expense as a % of total billable revenue | 7 | 18(1)a,(2) | | | | 20.3% | 0.0% | 16.2% | 17.9% | 19.9% |
| Capital payments % of capital expenditure | 8 | 18(1)c;19 | | | | 91.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 9 | 18(1)c | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grants % of Govt. legislated/gazetted allocations | 10 | 18(1)a | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Current consumer debtors % change - incr(decr) | 11 | 18(1)a | | | | | | | 0.1% | 0.1% |
| Long term receivables % change - incr(decr) | 12 | 18(1)a | | | | | | | 0.0% | 0.0% |
| R&M % of Property Plant & Equipment | 13 | 20(1)(vi) | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Asset renewal % of capital budget | 14 | 20(1)(vi) | | | | 100.0% | 0.0% | 100.0% | 100.0% | 100.0% |

1.12.4.1 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.

1.12.4.2 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.

1.12.4.3 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.

1.12.4.4 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 2019/20 MTREF and outer years the municipality has no deficits.

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.

1.12.4.5 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 percent). 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 2019/20 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.

1.12.4.6 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 55 per cent for 2019/20 and the outer financial years. Given that the assumed collection rate was based on an average of 55 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.

1.12.4.7 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 between 30 and 28 per cent over the MTREF.

1.12.4.8 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.

1.12.4.9 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.

1.12.4.10 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.

1.12.4.11 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.

1.12.4.12 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.

1.13 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 | 2015/16 | 2016/17 | 2017/18 | Current Year 2018/19 | | | 2019/20 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| R thousand | | | | | | | | | | |
| EXPENDITURE: | 1 | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | - | - | - | 121,856 | 121,856 | 121,856 | 130,556 | 139,172 | 147,304 |
| Local Government Equitable Share | | | | | 115,774 | 115,774 | 115,774 | 123,739 | 130,898 | 138,730 |
| Finance Management | | | | | 2,415 | 2,415 | 2,415 | 2,880 | 3,312 | 3,312 |
| EPWP Incentive | | | | | 2,022 | 2,022 | 2,022 | 2,261 | | |
| Municipal Infrastructure Grant | | | | | 1,645 | 1,645 | 1,645 | 1,676 | 1,762 | 1,886 |
| Integrated National Electrification Programme | | | | | | | | | 3,200 | 3,376 |
| Other transfers/grants [insert description] | | | | | | | | | | |
| Provincial Government: | | - | - | - | 3,350 | 3,350 | 3,350 | 1,957 | 952 | 958 |
| Libraries, Archives and Museums - Library Service | | | | | 900 | 900 | 900 | 952 | 952 | 958 |
| Department of Economic Development, Tourism and Agriculture | | | | | 2,450 | 2,450 | 2,450 | 1,005 | | |
| Other transfers/grants [insert description] | | | | | | | | | | |
| District Municipality: | | - | - | - | - | - | 1,130 | 1,350 | - | - |
| Chris Hani | | | | | | | 1,130 | 1,350 | | |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | | |
| Total operating expenditure of Transfers and Grants | | - | - | - | 125,206 | 125,206 | 126,336 | 133,863 | 140,124 | 148,262 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | - | - | - | 42,257 | 42,257 | 42,257 | 31,848 | 33,484 | 35,837 |
| Municipal Infrastructure Grant | | | | | 42,257 | 42,257 | 42,257 | 31,848 | 33,484 | 35,837 |
| Other capital transfers/grants [insert desc] | | | | | | | | | | |
| Provincial Government: | | - | - | - | - | - | - | - | - | - |
| Other capital transfers/grants [insert description] | | | | | | | | | | |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| Chris Hani | | | | | | | | | | |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | | |
| Total capital expenditure of Transfers and Grants | | - | - | - | 42,257 | 42,257 | 42,257 | 31,848 | 33,484 | 35,837 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | - | - | - | 167,463 | 167,463 | 168,593 | 165,711 | 173,608 | 184,099 |

MBRR SB9 - Reconciliation between of transfers, grant receipts and unspent funds

EC136 Emalahleni (Ec) - Supporting Table SB9 Adjustments Budget - reconciliation of transfers, grant receipts, and unspent funds -

| Description | Ref | Budget Year 2019/20 | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|---|-----|-------------------------|------------------------------|---------------------------------|---------------------------------|-----------------------------|-----------------------------|------------------------------|---------------------------|---------------------------|
| | | Original Budget A | Prior Adjusted 2 A1 | Multi-year capital 3 B | Nat. or Prov. Govt 4 C | Other Adjusts. 5 D | Total Adjusts. 6 E | Adjusted Budget 7 F | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | |
| <u>Operating transfers and grants:</u> | | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | - | - | | |
| Current year receipts | | | | | | | - | - | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | - | - | | |
| Provincial Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | - | - | | |
| Current year receipts | | | | | | | - | - | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | - | - | | |
| District Municipality: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | - | - | | |
| Current year receipts | | | | | | | - | - | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | - | - | | |
| Other grant providers: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | - | - | | |
| Current year receipts | | | | | | | - | - | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | - | - | | |
| Total operating transfers and grants revenue | | - | - | - | - | - | - | - | - | - |
| Total operating transfers and grants - CTBM | 2 | - | - | - | - | - | - | - | - | - |
| <u>Capital transfers and grants:</u> | | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | - | - | | |
| Current year receipts | | | | | | | - | - | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | - | - | | |
| Provincial Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | - | - | | |
| Current year receipts | | | | | | | - | - | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | - | - | | |
| District Municipality: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | - | - | | |
| Current year receipts | | | | | | | - | - | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | - | - | | |
| Other grant providers: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | - | - | | |
| Current year receipts | | | | | | | - | - | | |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | - | - | | |
| Total capital transfers and grants revenue | | - | - | - | - | - | - | - | - | - |
| Total capital transfers and grants - CTBM | | - | - | - | - | - | - | - | - | - |
| TOTAL TRANSFERS AND GRANTS REVENUE | | - | - | - | - | - | - | - | - | - |
| TOTAL TRANSFERS AND GRANTS - CTBM | | - | - | - | - | - | - | - | - | - |

1.14 Councillor and employee benefits

MBRR SB11 - Summary of councillor and staff benefits

EC136 Emalahleni (Ec) - Supporting Table SB11 Adjustments Budget - councillor and staff benefits -

| Summary of remuneration | Ref | Budget Year 2019/20 | | | | | | | | | % change |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|----------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | |
| R thousands | | A | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | | |
| Basic Salaries and Wages | | 11,695 | - | | | - | | - | - | 11,695 | 0.0% |
| Pension and UIF Contributions | | - | - | | | - | | - | - | - | |
| Medical Aid Contributions | | - | - | | | - | | - | - | - | |
| Motor Vehicle Allowance | | - | - | | | - | | - | - | - | |
| Cellphone Allowance | | 1,575 | - | | | - | | - | - | 1,575 | |
| Housing Allowances | | - | - | | | - | | - | - | - | |
| Other benefits and allowances | | - | - | | | - | | - | - | - | |
| Sub Total - Councillors | | 13,271 | - | | | - | | - | - | 13,271 | 0.0% |
| % increase | | | (0) | | | | | | | | |
| Senior Managers of the Municipality | | | | | | | | | | | |
| Basic Salaries and Wages | | 9,613 | - | - | | - | | (203) | (203) | 9,410 | -2.1% |
| Pension and UIF Contributions | | 12 | - | - | | - | | - | - | 12 | 0.0% |
| Medical Aid Contributions | | - | - | - | | - | | - | - | - | |
| Overtime | | - | - | - | | - | | - | - | - | |
| Performance Bonus | | 1,336 | - | - | | - | | (35) | (35) | 1,301 | |
| Motor Vehicle Allowance | | - | - | - | | - | | - | - | - | |
| Cellphone Allowance | | - | - | - | | - | | 203 | 203 | 203 | #DIV/0! |
| Housing Allowances | | - | - | - | | - | | - | - | - | |
| Other benefits and allowances | | 56 | - | - | | - | | - | - | 56 | |
| Payments in lieu of leave | | - | - | - | | - | | - | - | - | |
| Long service awards | | - | - | - | | - | | - | - | - | |
| Post-retirement benefit obligations | 5 | 649 | - | - | | - | | - | - | 649 | 0.0% |
| Sub Total - Senior Managers of Municipality | | 11,665 | - | - | | - | | (35) | (35) | 11,630 | -0.3% |
| % increase | | | (0) | | | | | | | (0) | |
| Other Municipal Staff | | | | | | | | | | | |
| Basic Salaries and Wages | | 56,785 | - | - | | - | | (5,075) | (5,075) | 51,710 | -8.9% |
| Pension and UIF Contributions | | 9,531 | - | - | | - | | - | - | 9,531 | 0.0% |
| Medical Aid Contributions | | 2,900 | - | - | | - | | - | - | 2,900 | 0.0% |
| Overtime | | 1,695 | - | - | | - | | - | - | 1,695 | 0.0% |
| Performance Bonus | | 4,199 | - | - | | - | | (300) | (300) | 3,899 | |
| Motor Vehicle Allowance | | 4,335 | - | - | | - | | - | - | 4,335 | 0.0% |
| Cellphone Allowance | | 680 | - | - | | - | | - | - | 680 | 0.0% |
| Housing Allowances | | 249 | - | - | | - | | - | - | 249 | |
| Other benefits and allowances | | 411 | - | - | | - | | - | - | 411 | |
| Payments in lieu of leave | | 273 | - | - | | - | | - | - | 273 | 0.0% |
| Long service awards | | 436 | - | - | | - | | - | - | 436 | 0.0% |
| Post-retirement benefit obligations | 5 | - | - | - | | - | | - | - | - | |
| Sub Total - Other Municipal Staff | | 81,492 | - | - | | - | | (5,375) | (5,375) | 76,118 | -6.6% |
| % increase | | | | | | | | | | | |
| Total Parent Municipality | | 106,428 | - | - | | - | | (5,410) | (5,410) | 101,018 | -5.1% |

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 | Contribution | Allowances | Performance Bonuses | In-kind benefits | Total Package |
| Rand per annum | | | | 1. | | | | 2. |
| Councillors | 3 | | | | | | | |
| Speaker | 4 | | 695,310 | | 46,620 | | | 741,930 |
| Chief Whip | | | 388,433 | | 51,789 | | | 440,222 |
| Executive Mayor | | | 869,136 | | 46,620 | | | 915,756 |
| Deputy Executive Mayor | | | | | | | | - |
| Executive Committee | | | 3,179,044 | | 233,100 | | | 3,412,144 |
| Total for all other councillors | | | 7,269,232 | | 1,290,442 | | | 8,559,674 |
| Total Councillors | 8 | - | 12,401,155 | - | 1,668,571 | | | 14,069,726 |
| Senior Managers of the Municipality | 5 | | | | | | | |
| Municipal Manager (MM) | | | 1,500,000 | 2,076 | - | 200,000 | | 1,702,076 |
| Chief Finance Officer | | | 1,678,967 | 2,076 | - | 235,056 | | 1,916,099 |
| Director:IDHS | | | 1,608,459 | 2,073 | - | 225,185 | | 1,835,717 |
| Director:Community Services | | | 1,608,459 | 2,076 | - | 225,185 | | 1,835,720 |
| Director:Corporate Services | | | 1,608,459 | 2,182 | - | 225,185 | | 1,835,826 |
| Director: PEDTA | | | 1,608,459 | 2,076 | - | 225,185 | | 1,835,720 |
| Total Senior Managers of the Municipality | 8,10 | - | 9,612,803 | 12,559 | - | 1,335,796 | | 10,961,158 |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | 10 | - | 22,013,958 | 12,559 | 1,668,571 | 1,335,796 | | 25,030,884 |

MBRR SA24– Summary of personnel numbers**EC136 Emalahleni (Ec) - Supporting Table SA24 Summary of personnel numbers**

| Summary of Personnel Numbers | | Ref | 2017/18 | | | Current Year 2018/19 | | | Budget Year 2019/20 | | |
|---|---|-----|------------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| Number | | 1,2 | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | | | 34 | | 34 | 34 | | 34 | | | |
| Board Members of municipal entities | 4 | | – | – | – | – | – | – | | | |
| Municipal employees | | | | | | | | | | | |
| Municipal Manager and Senior Managers | 5 | | | | | | | | | | |
| Other Managers | 3 | | 7 | – | 6 | 7 | – | 6 | | | |
| Professionals | 7 | | 14 | 12 | 1 | 14 | 12 | 1 | | | |
| Finance | | | 40 | 38 | 2 | 41 | 39 | 2 | – | – | – |
| Spatial/town planning | | | 11 | 11 | – | 11 | 11 | – | | | |
| Information Technology | | | 1 | 1 | – | 1 | 1 | – | | | |
| Roads | | | 1 | 1 | – | 1 | 1 | – | | | |
| Electricity | | | 5 | 3 | 2 | 5 | 3 | 2 | | | |
| Water | | | 1 | 1 | – | 1 | 1 | – | | | |
| Sanitation | | | – | – | – | – | – | – | | | |
| Refuse | | | – | – | – | – | – | – | | | |
| Other | | | 1 | 1 | – | 1 | 1 | – | | | |
| Technicians | | | 20 | 20 | – | 21 | 21 | – | | | |
| Finance | | | 1 | 1 | – | 1 | 1 | – | – | – | – |
| Spatial/town planning | | | | | | | | | | | |
| Information Technology | | | 1 | 1 | – | 1 | 1 | – | | | |
| Roads | | | | | | | | | | | |
| Electricity | | | | | | | | | | | |
| Water | | | | | | | | | | | |
| Sanitation | | | | | | | | | | | |
| Refuse | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Clerks (Clerical and administrative) | | | 26 | 25 | – | 26 | 26 | – | | | |
| Service and sales workers | | | 2 | 2 | – | 2 | 2 | – | | | |
| Skilled agricultural and fishery workers | | | – | – | – | – | – | – | | | |
| Craft and related trades | | | – | – | – | – | – | – | | | |
| Plant and Machine Operators | | | 19 | 19 | – | 19 | 18 | 1 | | | |
| Elementary Occupations | | | 77 | 77 | – | 77 | 77 | – | | | |
| TOTAL PERSONNEL NUMBERS | 9 | | 220 | 174 | 43 | 221 | 175 | 44 | – | – | – |

1.15 Monthly targets for revenue, expenditure and cash flow

MBRR SB14 - Budgeted monthly revenue and expenditure

EC136 Emalahleni (Ec) - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|-----|---------------------|---------|---------|---------|----------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | | | | | |
| Property rates | | 32 | 32 | 3,236 | 559 | 559 | 559 | 559 | 559 | 559 | 559 | 559 | 559 | 8,334 | 8,917 | 8,590 |
| Service charges - electricity revenue | | 1,181 | 834 | 1,267 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 19,293 | 20,962 | 22,771 |
| Service charges - water revenue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse | | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 8,050 | 8,754 | 9,506 |
| Rental of facilities and equipment | | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 1,468 | 1,561 | 1,616 |
| Interest earned - external investments | | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 1,147 | 1,200 | 1,202 |
| Interest earned - outstanding debtors | | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 6,127 | 6,557 | 7,014 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 115 | 118 | 123 |
| Licences and permits | | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 6,134 | 6,738 | 7,403 |
| Agency services | | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 2,179 | 2,402 | 2,647 |
| Transfers and subsidies | | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 138,711 | 141,127 | 149,122 |
| Other revenue | | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 1,960 | 1,167 | 1,174 |
| Gains on disposal of PPE | | | | | | | | | | | | | | - | - | - |
| Total Revenue | | 15,037 | 14,690 | 18,327 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 193,519 | 199,503 | 211,168 |
| Expenditure By Type | | | | | | | | | | | | | | | | |
| Employee related costs | | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 91,098 | 96,680 | 105,099 |
| Remuneration of councillors | | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 14,070 | 14,816 | 16,001 |
| Debt impairment | | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 | 6,000 | 6,000 |
| Depreciation & asset impairment | | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 24,256 | 25,469 | 26,743 |
| Finance charges | | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 271 | 271 | 298 |
| Bulk purchases | | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 14,570 | 15,736 | 16,994 |
| Other materials | | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 2,517 | 1,163 | 1,170 |
| Contracted services | | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 21,796 | 18,106 | 13,633 |
| Grants and subsidies | | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 230 | 235 | 240 |
| Other expenditure | | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 18,023 | 18,202 | 18,211 |
| Loss on disposal of PPE | | | | | | | | | | | | | | - | - | - |
| Total Expenditure | | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 192,830 | 196,677 | 204,388 |
| Surplus/(Deficit) | | (1,032) | (1,379) | 2,258 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 689 | 2,825 | 6,780 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 31,848 | 33,484 | 35,837 |
| allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational | | | | | | | | | | | | | | - | - | - |
| Transfers and subsidies - capital (in-kind - all) | | | | | | | | | | | | | | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | 1,622 | 1,275 | 4,912 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 32,536 | 36,309 | 42,617 |

MBRR SB13 - Budgeted monthly revenue and expenditure (standard classification)**EC136 Emalahleni (Ec) - Supporting Table SB13 Adjustments Budget - monthly revenue and expenditure (functional classification) -**

| Description - Standard classification | Ref | Budget Year 2019/20 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|-----|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | | | | | |
| Revenue - Functional | | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 11,074 | 11,074 | 14,278 | 11,602 | 11,602 | 11,602 | 11,602 | 11,602 | 11,602 | 11,602 | 11,602 | 11,602 | 140,841 | 148,364 | 155,973 |
| Executive and council | | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 7,254 | 7,597 | 7,959 |
| Finance and administration | | 10,470 | 10,470 | 13,673 | 10,997 | 10,997 | 10,997 | 10,997 | 10,997 | 10,997 | 10,997 | 10,997 | 10,997 | 133,587 | 140,767 | 148,014 |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Community and public safety</i> | | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 234 | 2,812 | 2,918 | 3,016 |
| Community and social services | | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 1,630 | 1,681 | 1,775 |
| Sport and recreation | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | 13 | 14 |
| Public safety | | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 1,140 | 1,192 | 1,192 |
| Housing | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 30 | 32 | 35 |
| Health | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 35,838 | 35,301 | 37,781 |
| Planning and development | | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 2,986 | 35,838 | 35,301 | 37,781 |
| Road transport | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 2,609 | 2,100 | 2,538 | 3,374 | 3,374 | 3,374 | 3,374 | 3,374 | 3,374 | 3,374 | 3,374 | 3,374 | 37,611 | 37,315 | 40,237 |
| Energy sources | | 1,606 | 1,260 | 1,693 | 2,205 | 2,205 | 2,205 | 2,205 | 2,205 | 2,205 | 2,205 | 2,205 | 2,205 | 24,400 | 24,931 | 26,810 |
| Water management | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | | 1,002 | 841 | 845 | 1,169 | 1,169 | 1,169 | 1,169 | 1,169 | 1,169 | 1,169 | 1,169 | 1,169 | 13,211 | 12,384 | 13,427 |
| <i>Other</i> | | 94 | 71 | 64 | 893 | 893 | 893 | 893 | 893 | 893 | 893 | 893 | 893 | 8,265 | 9,087 | 9,998 |
| Total Revenue - Functional | | 16,998 | 16,466 | 20,100 | 19,089 | 19,089 | 19,089 | 19,089 | 19,089 | 19,089 | 19,089 | 19,089 | 19,089 | 225,367 | 232,986 | 247,005 |
| Expenditure - Functional | | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 13,730 | 16,492 | 15,011 | 16,265 | 16,265 | 16,265 | 16,265 | 16,265 | 16,265 | 16,265 | 16,265 | (79,544) | 95,809 | 97,971 | 99,105 |
| Executive and council | | 5,115 | 5,135 | 5,282 | 5,154 | 5,154 | 5,154 | 5,154 | 5,154 | 5,154 | 5,154 | 5,154 | (25,805) | 30,959 | 32,687 | 34,915 |
| Finance and administration | | 8,220 | 10,962 | 9,335 | 10,717 | 10,717 | 10,717 | 10,717 | 10,717 | 10,717 | 10,717 | 10,717 | (51,769) | 62,486 | 62,781 | 61,496 |
| Internal audit | | 394 | 394 | 394 | 394 | 394 | 394 | 394 | 394 | 394 | 394 | 394 | (1,970) | 2,364 | 2,503 | 2,693 |
| <i>Community and public safety</i> | | 2,956 | 2,942 | 2,942 | 3,112 | 3,112 | 3,112 | 3,112 | 3,112 | 3,112 | 3,112 | 3,112 | (15,311) | 18,423 | 18,484 | 19,663 |
| Community and social services | | 1,638 | 1,624 | 1,624 | 1,754 | 1,754 | 1,754 | 1,754 | 1,754 | 1,754 | 1,754 | 1,754 | (8,583) | 10,337 | 9,785 | 10,543 |
| Sport and recreation | | 361 | 361 | 361 | 372 | 372 | 372 | 372 | 372 | 372 | 372 | 372 | (1,843) | 2,215 | 2,372 | 2,533 |
| Public safety | | 513 | 513 | 513 | 513 | 513 | 513 | 513 | 513 | 513 | 513 | 513 | (2,566) | 3,079 | 3,293 | 3,293 |
| Housing | | 444 | 444 | 444 | 472 | 472 | 472 | 472 | 472 | 472 | 472 | 472 | (2,320) | 2,792 | 3,035 | 3,295 |
| Health | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 6,785 | 6,633 | 6,667 | 6,897 | 6,897 | 6,897 | 6,897 | 6,897 | 6,897 | 6,897 | 6,897 | (33,442) | 41,819 | 41,748 | 44,370 |
| Planning and development | | 6,270 | 6,118 | 6,151 | 6,375 | 6,375 | 6,375 | 6,375 | 6,375 | 6,375 | 6,375 | 6,375 | (31,581) | 37,956 | 40,718 | 43,304 |
| Road transport | | 516 | 515 | 515 | 522 | 522 | 522 | 522 | 522 | 522 | 522 | 522 | (1,861) | 3,863 | 1,030 | 1,066 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 3,364 | 6,243 | 17,014 | 4,397 | 4,397 | 4,397 | 4,397 | 4,397 | 4,397 | 4,397 | 4,397 | (28,701) | 33,098 | 34,549 | 37,022 |
| Energy sources | | 1,171 | 4,008 | 14,780 | 2,145 | 2,145 | 2,145 | 2,145 | 2,145 | 2,145 | 2,145 | 2,145 | (17,486) | 19,631 | 21,089 | 22,662 |
| Water management | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 | 255 | (1,273) | 1,527 | 1,652 | 1,787 |
| Waste management | | 1,938 | 1,980 | 1,979 | 1,998 | 1,998 | 1,998 | 1,998 | 1,998 | 1,998 | 1,998 | 1,998 | (9,942) | 11,940 | 11,808 | 12,573 |
| <i>Other</i> | | 614 | 614 | 614 | 614 | 614 | 614 | 614 | 614 | 614 | 614 | 614 | (3,068) | 3,682 | 3,924 | 4,228 |
| Total Expenditure - Functional | | 27,449 | 32,924 | 42,248 | 31,285 | 31,284 | 31,284 | 31,284 | 31,284 | 31,284 | 31,284 | 31,284 | (160,066) | 192,830 | 196,677 | 204,388 |
| Surplus/ (Deficit) 1. | | (10,451) | (16,457) | (22,148) | (12,196) | (12,195) | (12,195) | (12,195) | (12,195) | (12,195) | (12,195) | (12,195) | 179,155 | 32,536 | 36,309 | 42,617 |

MBRR SB12 - Budgeted monthly revenue and expenditure (municipal vote)**EC136 Emalahleni (Ec) - Supporting Table SB12 Adjustments Budget - monthly revenue and expenditure (municipal vote) -**

| Description | Ref | Budget Year 2019/20 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|-----|---------------------|---------|---------|---------|----------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | | | | | |
| Revenue by Vote | | | | | | | | | | | | | | | | |
| Vote 1 - Executive and council | | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 605 | 7,254 | 7,597 | 7,959 |
| Vote 2 - Corporate Services | | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 1,005 | 1,005 | 1,005 |
| Vote 3 - Budget and Treasury | | 10,463 | 10,463 | 13,667 | 11,151 | 11,194 | 11,194 | 11,194 | 11,194 | 11,194 | 11,194 | 11,194 | 11,188 | 135,290 | 142,635 | 150,960 |
| Vote 4 - PEDTA | | 0 | 0 | 0 | (197) | (197) | (197) | (197) | (197) | (197) | (197) | (197) | (197) | (1,774) | (1,899) | (2,032) |
| Vote 5 - Community Services and Social Ser | | 1,251 | 1,066 | 1,063 | 2,216 | 2,216 | 2,216 | 2,216 | 2,216 | 2,216 | 2,216 | 2,216 | 2,216 | 23,325 | 23,383 | 25,438 |
| Vote 6 - Infrastructure Development and Huma | | 4,595 | 4,249 | 4,682 | 5,194 | 5,194 | 5,194 | 5,194 | 5,194 | 5,194 | 5,194 | 5,194 | 5,193 | 60,267 | 60,265 | 64,626 |
| Vote 7 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | | | | | | | | | | | | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | | | | | | | | | | | | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | | | | | | | | | | | | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | | | | | | | | | | | | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | | | | | | | | | | | | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | | | | | | | | | | | | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | | | | | | | | | | | | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | | | | | | | | | | | | - | - | - | - |
| Total Revenue by Vote | | 16,998 | 16,466 | 20,100 | 19,052 | 19,095 | 19,095 | 19,095 | 19,095 | 19,095 | 19,095 | 19,095 | 19,088 | 225,367 | 232,986 | 247,956 |
| Expenditure by Vote | | | | | | | | | | | | | | | | |
| Vote 1 - Executive and council | | 2,796 | 2,800 | 2,910 | 2,819 | 2,819 | 2,819 | 2,819 | 2,819 | 2,819 | 2,819 | 2,819 | 2,819 | 33,875 | 35,549 | 38,187 |
| Vote 2 - Corporate Services | | 1,190 | 1,511 | 1,370 | 2,215 | 2,215 | 2,215 | 2,215 | 2,215 | 2,215 | 2,215 | 2,215 | 2,215 | 24,007 | 24,680 | 21,531 |
| Vote 3 - Budget and Treasury | | 2,219 | 2,189 | 2,196 | 2,100 | 2,476 | 2,476 | 2,476 | 2,476 | 2,476 | 2,476 | 2,476 | 2,476 | 28,513 | 28,927 | 31,748 |
| Vote 4 - PEDTA | | 722 | 734 | 716 | 766 | 766 | 766 | 766 | 766 | 766 | 766 | 766 | 746 | 9,051 | 9,330 | 9,818 |
| Vote 5 - Community Services and Social Ser | | 2,804 | 3,914 | 3,193 | 3,208 | 3,208 | 3,208 | 3,208 | 3,208 | 3,208 | 3,208 | 3,208 | 3,208 | 38,781 | 39,457 | 41,635 |
| Vote 6 - Infrastructure Development and Huma | | 3,558 | 4,881 | 10,303 | 4,100 | 4,100 | 4,100 | 4,100 | 4,100 | 4,100 | 4,100 | 4,100 | 7,060 | 58,603 | 59,935 | 64,109 |
| Vote 7 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | | | | | | | | | | | | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | | | | | | | | | | | | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | | | | | | | | | | | | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | | | | | | | | | | | | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | | | | | | | | | | | | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | | | | | | | | | | | | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | | | | | | | | | | | | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | | | | | | | | | | | | - | - | - | - |
| Total Expenditure by Vote | | 13,289 | 16,029 | 20,688 | 15,208 | 15,584 | 15,584 | 15,584 | 15,584 | 15,584 | 15,584 | 15,584 | 18,524 | 192,830 | 197,877 | 207,028 |
| Surplus/ (Deficit) | | 3,709 | 437 | (589) | 3,844 | 3,510 | 3,510 | 3,510 | 3,510 | 3,510 | 3,510 | 3,510 | 564 | 32,536 | 35,109 | 40,928 |

MBRR SB16 - Budgeted monthly capital expenditure (municipal vote)**EC136 Emalahleni (Ec) - Supporting Table SB16 Adjustments Budget - monthly capital expenditure (municipal vote) -**

| Description - Municipal Vote | Ref | Budget Year 2019/20 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|-----|---------------------|---------|---------|---------|----------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | | | | | |
| Multi-year expenditure appropriation | 1 | | | | | | | | | | | | | | | |
| Vote 1 - Executive and council | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Corporate Services | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Budget and Treasury | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - PEDTA | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Community Services and Social Services | | 29 | 29 | 29 | 1,262 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 1,261 | 11,441 | 11,595 | 3,828 |
| Vote 6 - Infrastructure Development and Human Settlements | | - | 819 | 145 | 2,198 | 2,198 | 2,198 | 2,198 | 2,198 | 2,198 | 2,198 | 2,198 | 2,198 | 20,743 | 21,889 | 32,009 |
| Vote 7 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | | | | | | | | | | | | | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | | | | | | | | | | | | | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | | | | | | | | | | | | | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | | | | | | | | | | | | | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | | | | | | | | | | | | | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | | | | | | | | | | | | | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | | | | | | | | | | | | | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | | | | | | | | | | | | | - | - | - |
| Capital Multi-year expenditure sub-total | 3 | 29 | 849 | 174 | 3,459 | 3,459 | 3,459 | 3,459 | 3,459 | 3,459 | 3,459 | 3,459 | 3,459 | 32,184 | 33,484 | 35,837 |
| Single-year expenditure appropriation | | | | | | | | | | | | | | | | |
| Vote 1 - Executive and council | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Corporate Services | | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 716 | 300 | 350 |
| Vote 3 - Budget and Treasury | | - | - | - | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 1,070 | - | - |
| Vote 4 - PEDTA | | - | - | - | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 14 | - | - |
| Vote 5 - Community Services and Social Services | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Infrastructure Development and Human Settlements | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | | | | | | | | | | | | | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | | | | | | | | | | | | | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | | | | | | | | | | | | | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | | | | | | | | | | | | | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | | | | | | | | | | | | | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | | | | | | | | | | | | | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | | | | | | | | | | | | | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | | | | | | | | | | | | | - | - | - |
| Capital single-year expenditure sub-total | 3 | 60 | 60 | 60 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 1,799 | 300 | 350 |
| Total Capital Expenditure | 2 | 89 | 908 | 233 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 33,983 | 33,784 | 36,187 |

MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**EC136 Emalahleni (Ec) - Supporting Table SB17 Adjustments Budget - monthly capital expenditure (functional classification) -**

| Description | Ref | Budget Year 2019/20 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|-----|---------------------|------------|------------|--------------|--------------|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | | | | | |
| Capital Expenditure - Functional | | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 60 | 60 | 60 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 1,786 | 300 | 350 |
| Executive and council | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Finance and administration | | 60 | 60 | 60 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 1,786 | 300 | 350 |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Community and public safety</i> | | - | - | - | 1,197 | 1,197 | 1,197 | 1,197 | 1,197 | 1,197 | 1,197 | 1,197 | 1,197 | 10,773 | 11,595 | 3,828 |
| Community and social services | | - | - | - | 277 | 277 | 277 | 277 | 277 | 277 | 277 | 277 | 277 | 2,494 | 8,866 | 3,828 |
| Sport and recreation | | - | - | - | 920 | 920 | 920 | 920 | 920 | 920 | 920 | 920 | 920 | 8,279 | 2,728 | - |
| Public safety | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | - | 819 | 145 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 14,034 | 11,079 | 32,009 |
| Planning and development | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Road transport | | - | 819 | 145 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 1,452 | 14,034 | 11,079 | 32,009 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 29 | 29 | 29 | 775 | 775 | 775 | 775 | 775 | 775 | 775 | 775 | 775 | 7,059 | 10,810 | - |
| Energy sources | | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,000 | - |
| Water management | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | 745 | 745 | 745 | 745 | 745 | 745 | 745 | 745 | 745 | 6,709 | 5,810 | - |
| Waste management | | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 350 | - | - |
| <i>Other</i> | | - | - | - | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 332 | - | - |
| Total Capital Expenditure - Functional | | 89 | 908 | 233 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 3,639 | 33,983 | 33,784 | 36,187 |

MBRR SB14 - Budgeted monthly cash**EC136 Emalahleni (Ec) - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure -**

| Description | Ref | Budget Year 2019/20 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|-----|---------------------|---------|---------|---------|----------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | | | | | |
| Property rates | | 32 | 32 | 3,236 | 559 | 559 | 559 | 559 | 559 | 559 | 559 | 559 | 559 | 8,334 | 8,917 | 8,590 |
| Service charges - electricity revenue | | 1,181 | 834 | 1,267 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 1,779 | 19,293 | 20,962 | 22,771 |
| Service charges - water revenue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse | | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 8,050 | 8,754 | 9,506 |
| Rental of facilities and equipment | | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 1,468 | 1,561 | 1,616 |
| Interest earned - external investments | | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 1,147 | 1,200 | 1,202 |
| Interest earned - outstanding debtors | | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 6,127 | 6,557 | 7,014 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 115 | 118 | 123 |
| Licences and permits | | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 511 | 6,134 | 6,738 | 7,403 |
| Agency services | | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 182 | 2,179 | 2,402 | 2,647 |
| Transfers and subsidies | | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 11,559 | 138,711 | 141,127 | 149,122 |
| Other revenue | | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 163 | 1,960 | 1,167 | 1,174 |
| Gains on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue | | 15,037 | 14,690 | 18,327 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 16,163 | 193,519 | 199,503 | 211,168 |
| Expenditure By Type | | | | | | | | | | | | | | | | |
| Employee related costs | | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 7,591 | 91,098 | 96,680 | 105,099 |
| Remuneration of councillors | | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 1,172 | 14,070 | 14,816 | 16,001 |
| Debt impairment | | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 | 6,000 | 6,000 |
| Depreciation & asset impairment | | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 2,021 | 24,256 | 25,469 | 26,743 |
| Finance charges | | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 271 | 271 | 298 |
| Bulk purchases | | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 1,214 | 14,570 | 15,736 | 16,994 |
| Other materials | | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 2,517 | 1,163 | 1,170 |
| Contracted services | | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 1,816 | 21,796 | 18,106 | 13,633 |
| Grants and subsidies | | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 230 | 235 | 240 |
| Other expenditure | | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 | 18,023 | 18,202 | 18,211 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 16,069 | 192,830 | 196,677 | 204,388 |
| Surplus/(Deficit) | | | | | | | | | | | | | | | | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | (1,032) | (1,379) | 2,258 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 689 | 2,825 | 6,780 |
| allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational | | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 2,654 | 31,848 | 33,484 | 35,837 |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | 1,622 | 1,275 | 4,912 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 2,748 | 32,536 | 36,309 | 42,617 |

MBRR SA33 - 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.

1.16 Capital expenditure details**SB19 - Detailed capital budget per municipal vote****EC136 Emalahleni (Ec) - Supporting Table SB19 List of capital programmes and projects affected by Adjustments Budget -**

| Function | Project Description | Project Number | Type | Medium Term Revenue and Expenditure Framework | | | | | |
|--|---|----------------|-----------|---|-----------------|------------------------|-----------------|------------------------|-----------------|
| | | | | Budget Year 2019/20 | | Budget Year +1 2020/21 | | Budget Year +2 2021/22 | |
| | | | | Original Budget | Adjusted Budget | Original Budget | Adjusted Budget | Original Budget | Adjusted Budget |
| R thousands | | | | | | | | | |
| Parent municipality: List all capital projects grouped by Function | | | | | | | | | |
| Function:Road Transport:Core Function:Road Transport | 101 EC136__0540_MIG: PAVING OF ROADS_Road Structure_Mavuya | | Upgrading | 2,482 | 1,418 | | | | |
| Function:Finance and Administration:Core Function:Finance and Administration | 1180 Furniture and Equipment DDX | | New | 270 | 1,066 | 300 | 300 | 350 | 350 |
| Function:Waste Management:Core Function:Waste Management | 119 EC136__DEDEAT_MATERIAL RECOVERY FACILITY | | New | 300 | 300 | | | | |
| Function:Waste Management:Core Function:Waste Management | 121 EC136_DEDEAT_TOOLS AND EQUIPMENT | | New | 50 | 50 | | | | |
| Function:Road Transport:Core Function:Road Transport | EC136_MIG: Surfacing of Lady Frere Internal Roads with Paving Blocks (ward 04) | | Upgrading | 1,072 | 1,072 | | | | |
| Function:Other:Core Function:Licensing | 79 EC136__0500_MIG:TRAFFIC STATION | | New | - | 332 | | | | |
| Function:Executive and Council:Core Function:Executive and Council | 81 EC136__0501_ASSET: COUNCIL: BUILDING NEW OFFICES PHASE 2 | | New | 2,000 | - | 2,000 | 2,000 | 2,000 | 2,000 |
| Function:Road Transport:Core Function:Road Transport | 83 EC136__0507_MIG:PAVING INDWE ROADS_Road Structure | | Upgrading | 2,000 | 1,292 | | | | |
| Function:Community and Social Services:Core Function:Community and Social Services | 85 EC136__0511_MIG:SHEARING SHED | | New | - | 14 | | | | |
| Function:Sport and Recreation:Core Function:Sport and Recreation | 91 EC136__0522_MIG:INDWE SPORTSFIELD | | New | - | 549 | | | | |
| Function:Road Transport:Core Function:Road Transport | 93 EC136__0525_MIG: Construction of Maqathini and Thembelihle Access Road (Ward 15) | | New | 1,729 | 1,543 | | | | |
| Function:Sport and Recreation:Core Function:Sport and Recreation | 95 EC136__0528_MIG: LF STADIUM PHASE 3 | | Upgrading | - | 533 | | | | |
| Function:Waste Water Management:Core Function:Waste Water Management | 103 EC136__0540_MIG: PAVING OF ROADS_Road Structure_Sinakho | | Upgrading | 5,603 | 6,709 | 5,810 | 5,810 | | |
| Function:Road Transport:Core Function:Road Transport | 105 EC136__0540_MIG: PAVING OF ROADS_Road Structure_Mavuya | | Upgrading | 5,603 | 6,709 | 5,324 | 5,324 | | |
| Function:Sport and Recreation:Core Function:Sport and Recreation | 107 EC136__0541_MIG: SPORTSFIELD DDX | | Upgrading | 5,491 | 4,597 | | | | |
| Function:Community and Social Services:Core Function:Community and Social Services | 115 EC136__0544_MIG: CEMETERAY DEVELOPEMENT INDWE (WARD 16) | | New | 2,262 | 2,480 | | | | |
| Function:Community and Social Services:Core Function:Community and Social Services | 89 EC136__0521_MIG: LF MULTI-PURPOSE CENTRE | | New | 3,032 | - | 8,866 | 8,866 | 3,828 | 3,828 |
| Function:Sport and Recreation:Core Function:Sport and Recreation | 99 EC136__0538_MIG: LF PARK PHASE 2 | | New | 2,572 | 2,600 | | | | |
| Function:Sport and Recreation:Core Function:Sport and Recreation | 107 EC136__0541_MIG: SPORTSFIELD DDX | | Upgrading | - | | 2,728 | 2,728 | | |
| Function:Energy Sources:Core Function:Energy Sources | 109 EC136__0543_MIG: SOLAR STREET LIGHTS CACADU | | New | - | 1,667 | 1,667 | 1,667 | | |
| Function:Energy Sources:Core Function:Energy Sources | 111 EC136__0543_MIG: SOLAR STREET LIGHTS DORDRECHT ZOLA | | New | - | 1,667 | 1,667 | 1,667 | | |
| Function:Energy Sources:Core Function:Energy Sources | 113 EC136__0543_MIG: SOLAR STREET LIGHTS IN INDWE -EZITANDINI WARD 16 | | New | - | 1,667 | 1,667 | 1,667 | | |
| Function:Road Transport:Core Function:Road Transport | 127 EC136_MIG: Paving of Mavuya | | Upgrading | - | 720 | 5,755 | 5,755 | 5,172 | 5,172 |
| Function:Road Transport:Core Function:Road Transport | EC136__0551_MIG: Tsolokazi Access Road (Ward 1) | | Upgrading | - | | | | 4,300 | 4,300 |
| Function:Road Transport:Core Function:Road Transport | EC136__0552_MIG: Dlamini Access Road (Ward 5, 6, 7) | | Upgrading | - | 1,000 | | | 4,900 | 4,900 |
| Function:Road Transport:Core Function:Road Transport | EC136__0553_MIG: Gadlume Access Road (ward 13) | | Upgrading | - | | | | 6,100 | 6,100 |
| Function:Road Transport:Core Function:Road Transport | EC136__0554_MIG: Wisile Access Road at Umhlanga (Ward 14) | | Upgrading | - | | | | 4,705 | 4,705 |
| Function:Road Transport:Core Function:Road Transport | EC136__0555_MIG: Jinginja Access Road at Ngqoko villages (Ward 17) | | Upgrading | - | | | | 6,832 | 6,832 |
| Fund:Capital:Transfer from Operational Revenue | 1180 Furniture and Equipment DDX | | New | - | 1,000 | | | | |
| Function:Energy Sources:Core Function:Energy Sources | EC136__0518_ASSET: ELECTRICITY SERVICES - TRANSFORMERS | | New | - | | | | | |

1.17 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 six interns undergoing training in various divisions of the Financial Services Department. Of the five interns two have already been appointed permanently.
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 2019/20 MTREF in May 2019 directly aligned and informed by the 2019/20 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 SB2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC136 Emalahleni (Ec) - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' -

| Budget Year 2019/20 | | | | | | | | | | | Budget Year | Budget Year |
|---|-----|-----------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|-------------|-------------|
| Description | Ref | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | +1 2020/21 | +2 2021/22 |
| | | A | 6 A1 | 7 B | 8 C | 9 D | 10 E | 11 F | 12 G | 13 H | | |
| R thousands | | | | | | | | | | | | |
| REVENUE ITEMS | | | | | | | | | | | | |
| Property rates | | | | | | | | | | | | |
| Total Property Rates | | 5,849 | - | - | - | - | - | 4,264 | 4,264 | 10,114 | 10,822 | 11,579 |
| less Cost of Free Basis Services (50 kwh per indigent household per month) | | 1,050 | - | - | - | - | - | 730 | 730 | 1,780 | 1,904 | 2,038 |
| Net Property Rates | | 4,799 | - | - | - | - | - | 3,534 | 3,534 | 8,334 | 8,917 | 9,541 |
| Service charges - electricity revenue | | | | | | | | | | | | |
| Total Service charges - electricity revenue | | 19,255 | - | - | - | - | - | 2,939 | 2,939 | 22,193 | 23,962 | 25,871 |
| less Cost of Free Basis Services (50 kwh per indigent household per month) | | 2,900 | - | - | - | - | - | - | - | 2,900 | 3,000 | 3,100 |
| Net Service charges - electricity revenue | | 16,355 | - | - | - | - | - | 2,939 | 2,939 | 19,293 | 20,962 | 22,771 |
| Service charges - water revenue | | | | | | | | | | | | |
| Net Service charges - water revenue | | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | | | | | | | | | | | | |
| Net Service charges - sanitation revenue | | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | | | | | | | | | | | | |
| Total refuse removal revenue | | 8,987 | - | - | - | - | - | 1,063 | 1,063 | 10,050 | 10,754 | 11,506 |
| less Cost of Free Basis Services (removed once a week to indigent households) | | 2,000 | - | - | - | - | - | - | - | 2,000 | 2,000 | 2,000 |
| Net Service charges - refuse revenue | | 6,987 | - | - | - | - | - | 1,063 | 1,063 | 8,050 | 8,754 | 9,506 |
| Other Revenue By Source | | | | | | | | | | | | |
| List other revenue by source | | | | | | | | | - | - | | |
| Fuel Levy | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - | 0 | 0 |
| Other Revenue | | 1959740 | 0 | 0 | 0 | 0 | 0 | 0 | - | 1,960 | 1166921 | 1173819 |
| Total 'Other' Revenue | 1 | 1,960 | - | - | - | - | - | - | - | 1,960 | 1,167 | 1,174 |
| EXPENDITURE ITEMS | | | | | | | | | | | | |
| Employee related costs | | | | | | | | | | | | |
| Basic Salaries and Wages | | 68,154 | - | - | - | - | - | (4,685) | (4,685) | 63,469 | 67,981 | 73,849 |
| Pension and UIF Contributions | | 9,542 | - | - | - | - | - | - | - | 9,542 | 10,333 | 11,213 |
| Medical Aid Contributions | | 2,900 | - | - | - | - | - | - | - | 2,900 | 3,108 | 3,375 |
| Overtime | | - | - | - | - | - | - | - | - | - | - | - |
| Performance Bonus | | 5,535 | - | - | - | - | - | (335) | (335) | 5,200 | 5,961 | 6,476 |
| Motor Vehicle Allowance | | 4,335 | - | - | - | - | - | - | - | 4,335 | 4,682 | 5,188 |
| Cellphone Allowance | | 680 | - | - | - | - | - | - | - | 680 | 729 | 793 |
| Housing Allowances | | 249 | - | - | - | - | - | - | - | 249 | 267 | 290 |
| Other benefits and allowances | | 1,886 | - | - | - | - | - | - | - | 1,886 | 2,275 | 2,449 |
| Payments in lieu of leave | | 273 | - | - | - | - | - | - | - | 273 | 250 | 273 |
| Long service awards | | 436 | - | - | - | - | - | - | - | 436 | 400 | 436 |
| Post-retirement benefit obligations | | 649 | - | - | - | - | - | - | - | 649 | 694 | 756 |
| sub-total | 4 | 94,637 | - | - | - | - | - | (5,020) | (5,020) | 89,618 | 96,680 | 105,099 |
| Less: Employees costs capitalised to PPE | | (1,480) | - | - | - | - | - | - | - | (1,480) | - | - |
| Total Employee related costs | 1 | 96,117 | - | - | - | - | - | (5,020) | (5,020) | 88,138 | 96,680 | 105,099 |
| Contributions recognised - capital | | | | | | | | | | | | |
| Total Contributions recognised - capital | | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation & asset impairment | | | | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | | 24,156 | - | - | - | - | - | - | - | 24,156 | 25,364 | 26,632 |
| Lease amortisation | | 100 | - | - | - | - | - | - | - | 100 | 105 | 110 |
| Total Depreciation & asset impairment | 1 | 24,256 | - | - | - | - | - | - | - | 24,256 | 25,469 | 26,743 |
| Bulk purchases | | | | | | | | | | | | |
| Electricity Bulk Purchases | | 16,070 | - | - | - | - | - | (1,500) | (1,500) | 14,570 | 15,736 | 16,994 |
| Water Bulk Purchases | | - | - | - | - | - | - | - | - | - | - | - |
| Total bulk purchases | 1 | 16,070 | - | - | - | - | - | (1,500) | (1,500) | 14,570 | 15,736 | 16,994 |
| Transfers and grants | | | | | | | | | | | | |
| Cash transfers and grants | | 100 | - | - | - | - | - | - | - | 100 | 105 | 110 |
| Non-cash transfers and grants | | 130 | - | - | - | - | - | - | - | 130 | 130 | 130 |
| Total transfers and grants | | 230 | - | - | - | - | - | - | - | 230 | 235 | 240 |
| Contracted services | | | | | | | | | | | | |
| List services provided by contract | | | | | | | | | - | - | | |
| Outsourced Services | | 5,084 | - | - | - | - | - | 2,135 | 2,135 | 7,219 | 7,101 | 7,117 |
| Consultants and Professional Services | | 3,010 | - | - | - | - | - | 6,500 | 6,500 | 9,510 | 7,291 | 2,792 |
| Contractors | | 9,032 | - | - | - | - | - | (3,965) | (3,965) | 5,067 | 3,714 | 3,724 |
| sub-total | 1 | 17,126 | - | - | - | - | - | 4,670 | 4,670 | 21,796 | 18,106 | 13,633 |
| Allocations to organs of state: | | | | | | | | | | | | |
| Total contracted services?? | | 17,126 | - | - | - | - | - | 4,670 | 4,670 | 21,796 | 18,106 | 13,633 |
| Other Expenditure By Type | | | | | | | | | | | | |
| Audit fees | | 3,000 | - | - | - | - | - | - | - | 3,000 | 3,000 | 3,000 |
| General expenses | | 17,011 | - | - | - | - | - | (1,988) | (1,988) | 15,023 | 15,202 | 15,211 |
| List Other Expenditure by Type | | | | | | | | | | | | |
| Total Other Expenditure | 1 | 20,011 | - | - | - | - | - | (1,988) | (1,988) | 18,023 | 18,202 | 18,211 |
| Repairs and Maintenance | | | | | | | | | | | | |
| Employee related costs | | 1,813 | - | - | - | - | - | - | - | 1,813 | 1,901 | 2,036 |
| Other materials | | 265 | - | - | - | - | - | - | - | 265 | 265 | 265 |
| Contracted Services | | 3,339 | - | - | - | - | - | - | - | 3,339 | 2,611 | 2,621 |
| Other Expenditure | | 180 | - | - | - | - | - | (20) | (20) | 160 | 160 | 160 |
| Total Repairs and Maintenance Expenditure | 15 | 5,597 | - | - | - | - | - | (20) | (20) | 5,577 | 4,937 | 5,082 |

MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC136 Emalahleni (Ec) - Supporting Table SB2 Supporting detail to 'Financial Position Budget' -

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
|--|-----|-------------------------|------------------------------|---------------------------|---------------------------------|-------------------|---------------------------------|-----------------------------|------------------------------|-------------------------------|---------------------------|---------------------------|
| | | Original Budget A | Prior Adjusted 4 A1 | Accum. Funds 5 B | Multi-year capital 6 C | Unfore. 7 D | Nat. or Prov. Govt 8 E | Other Adjusts. 9 F | Total Adjusts. 10 G | Adjusted Budget 11 H | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | | |
| Call investment deposits | | | | | | | | | | | | |
| Call deposits | | 2,604 | - | - | - | - | - | 13,947 | 13,947 | 16,551 | 24,536 | 36,601 |
| Other current investments | | - | - | - | - | - | - | - | - | - | - | - |
| Total Call investment deposits | 1 | 2,604 | - | - | - | - | - | 13,947 | 13,947 | 16,551 | 24,536 | 36,601 |
| Consumer debtors | | | | | | | | | | | | |
| Consumer debtors | | 66,295 | - | - | - | - | - | (54,698) | (54,698) | 11,598 | 11,618 | 11,637 |
| Less: provision for debt impairment | | - | - | - | - | - | - | - | - | - | - | - |
| Total Consumer debtors | 1 | 66,295 | - | - | - | - | - | (54,698) | (54,698) | 11,598 | 11,618 | 11,637 |
| Debt impairment provision | | | | | | | | | | | | |
| Balance at the beginning of the year | | - | - | - | - | - | - | - | - | - | - | - |
| Contributions to the provision | | - | - | - | - | - | - | - | - | - | - | - |
| Bad debts written off | | - | - | - | - | - | - | - | - | - | - | - |
| Balance at end of year | | - | - | - | - | - | - | - | - | - | - | - |
| Property, plant & equipment | | | | | | | | | | | | |
| PPE at cost/valuation (excl. finance leases) | | 485,268 | - | - | - | - | - | (38,698) | (38,698) | 446,570 | 454,884 | 464,329 |
| Leases recognised as PPE | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Less: Accumulated depreciation | | - | - | - | - | - | - | - | - | - | - | - |
| Total Property, plant & equipment | 1 | 485,268 | - | - | - | - | - | (38,698) | (38,698) | 446,570 | 454,884 | 464,329 |
| LIABILITIES | | | | | | | | | | | | |
| Current liabilities - Borrowing | | | | | | | | | | | | |
| Short term loans (other than bank overdraft) | | - | - | - | - | - | - | - | - | - | - | - |
| Current portion of long-term liabilities | | - | - | - | - | - | - | - | - | - | - | - |
| Total Current liabilities - Borrowing | | - | - | - | - | - | - | - | - | - | - | - |
| Trade and other payables | | | | | | | | | | | | |
| Trade Payables | 12 | 70,656 | - | - | - | - | - | (50,461) | (50,461) | 20,195 | 18,372 | 18,372 |
| Other creditors | | - | - | - | - | - | - | - | - | - | - | - |
| Unspent conditional grants and receipts | | - | - | - | - | - | - | - | - | - | - | - |
| VAT | | - | - | - | - | - | - | - | - | - | - | - |
| Total Trade and other payables | 1 | 70,656 | - | - | - | - | - | (50,461) | (50,461) | 20,195 | 18,372 | 18,372 |
| Non current liabilities - Borrowing | | | | | | | | | | | | |
| Borrowing | 3 | 1,407 | - | - | - | - | - | (1,034) | (1,034) | 373 | 373 | 373 |
| Finance leases (including PPP asset element) | | - | - | - | - | - | - | - | - | - | - | - |
| Total Non current liabilities - Borrowing | | 1,407 | - | - | - | - | - | (1,034) | (1,034) | 373 | 373 | 373 |
| Provisions - non current | | | | | | | | | | | | |
| Retirement benefits | | - | - | - | - | - | - | - | - | - | - | - |
| List other major items | | - | - | - | - | - | - | - | - | - | - | - |
| Refuse landfill site rehabilitation | | - | - | - | - | - | - | - | - | - | - | - |
| Other | | 13,394 | - | - | - | - | - | 3,984 | 3,984 | 17,378 | 17,378 | 17,378 |
| Total Provisions - non current | | 13,394 | - | - | - | - | - | 3,984 | 3,984 | 17,378 | 17,378 | 17,378 |
| CHANGES IN NET ASSETS | | | | | | | | | | | | |
| Accumulated surplus/(Deficit) | | | | | | | | | | | | |
| Accumulated surplus/(Deficit) - opening balance | | 329,543 | - | - | - | - | - | 95,845 | 95,845 | 425,388 | 451,434 | 481,059 |
| Appropriations to Reserves | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers from Reserves | | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation offsets | | - | - | - | - | - | - | - | - | - | - | - |
| Other adjustments | | - | - | - | - | - | - | - | - | - | - | - |
| Accumulated Surplus/(Deficit) | 1 | 329,543 | - | - | - | - | - | 95,845 | 95,845 | 425,388 | 451,434 | 481,059 |
| Reserves | | | | | | | | | | | | |
| Housing Development Fund | | - | - | - | - | - | - | - | - | - | - | - |
| Capital replacement | | - | - | - | - | - | - | - | - | - | - | - |
| Self-insurance | | - | - | - | - | - | - | - | - | - | - | - |
| Other reserves (list) | | - | - | - | - | - | - | - | - | - | - | - |
| Revaluation | | - | - | - | - | - | - | - | - | - | - | - |
| Total Reserves | 2 | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 329,543 | - | - | - | - | - | 95,845 | 95,845 | 425,388 | 451,434 | 481,059 |
| Total capital expenditure includes expenditure on nationally significant priorities: | | | | | | | | | | | | |
| Provision of basic services | | - | - | - | - | - | - | - | - | - | - | - |
| 2010 World Cup | | - | - | - | - | - | - | - | - | - | - | - |

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 | 2015/16 | 2016/17 | 2017/18 | Current Year 2018/19 | 2019/20 Medium Term Revenue & Expenditure Framework | | |
|---|-------|----------------------|-------------|-------------|-------------|---------|---------|---------|-------------------------|--|---------|---------|
| | | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Demographics | | | | | | | | | | | | |
| Population | | | 122,000 | | 119,000 | 119,000 | 119,000 | 119,000 | 119,000 | 119,000 | | |
| Females aged 5 - 14 | | | 19,000 | | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | | |
| Males aged 5 - 14 | | | 19,000 | | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | | |
| Females aged 15 - 34 | | | 19,000 | | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | | |
| Males aged 15 - 34 | | | 18,000 | | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | | |
| Unemployment | | | 21,000 | | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | | |
| Monthly household income (no. of households) | 1, 12 | | | | | | | | | | | |
| No income | | | 4,136 | | 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 | | |
| R1 601 - R3 200 | | | 6,746 | | 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 | | |
| R6 401 - R12 800 | | | 839 | | 974 | 974 | 974 | 974 | 974 | 974 | | |
| R12 801 - R25 600 | | | 470 | | 545 | 545 | 545 | 545 | 545 | 545 | | |
| R25 601 - R51 200 | | | 199 | | 232 | 232 | 232 | 232 | 232 | 232 | | |
| R52 201 - R102 400 | | | 35 | | 41 | 41 | 41 | 41 | 41 | 41 | | |
| R102 401 - R204 800 | | | 16 | | 18 | 18 | 18 | 18 | 18 | 18 | | |
| R204 801 - R409 600 | | | 20 | | 23 | 23 | 23 | 23 | 23 | 23 | | |
| R409 601 - R819 200 | | | | | | | | | | | | |
| > R819 200 | | | | | | | | | | | | |
| Poverty profiles (no. of households) | | | | | | | | | | | | |
| < R2 060 per household per month | 13 | | 23,729 | | 27,557 | 27,557 | 27,557 | 27,557 | 27,557 | 27,557 | | |
| Insert description | 2 | | | | | | | | | | | |
| Household/demographics (000) | | | | | | | | | | | | |
| Number of people in municipal area | | | 121,822 | | 119,460 | 119,460 | 119,460 | 119,460 | 119,460 | 119,460 | | |
| Number of poor people in municipal area | | | 83,204 | | 63,680 | 63,680 | 63,680 | 63,680 | 63,680 | 63,680 | | |
| Number of households in municipal area | | | 27,280 | | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | | |
| Number of poor households in municipal area | | | 23,729 | | 27,557 | 27,557 | 27,557 | 27,557 | 27,557 | 27,557 | | |
| Definition of poor household (R per month) | | | 3,200 | | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | | |
| Housing statistics | 3 | | | | | | | | | | | |
| Formal | | | 14,804 | | 14,804 | 14,804 | 14,804 | 14,804 | 14,804 | 14,804 | | |
| Informal | | | 17,777 | | 17,777 | 17,777 | 17,777 | 17,777 | 17,777 | 17,777 | | |
| Total number of households | | | 32,581 | - | 32,581 | 32,581 | 32,581 | 32,581 | 32,581 | 32,581 | - | - |
| Dwellings provided by municipality | 4 | | | | | | | | | | | |
| Dwellings provided by province/s | | | | | | | | | | | | |
| Dwellings provided by private sector | 5 | | | | | | | | | | | |
| Total new housing dwellings | | | - | - | - | - | - | - | - | - | - | - |
| Economic | 6 | | | | | | | | | | | |
| Inflation/inflation outlook (CPIX) | | | | | | | | | | | | |
| Interest rate - borrowing | | | | | | | | | | | | |
| Interest rate - investment | | | | | | | | | | | | |
| Remuneration increases | | | | | | | | | | | | |
| Consumption growth (electricity) | | | | | | | | | | | | |
| Consumption growth (water) | | | | | | | | | | | | |
| Collection rates | 7 | | | | | | | | | | | |
| Property tax/service charges | | | | | | | | | | | | |
| Rental of facilities & equipment | | | | | | | | | | | | |
| Interest - external investments | | | | | | | | | | | | |
| Interest - debtors | | | | | | | | | | | | |
| Revenue from agency services | | | | | | | | | | | | |

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

Detail on the provision of municipal services for A10

| Total municipal services | Ref. | | 2015/16 | 2016/17 | 2017/18 | Current Year 2018/19 | | | 2019/20 Medium Term Revenue & Expenditure Framework | | |
|--------------------------|------|---|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2019/20 | Budget Year +1 2020/21 | Budget Year +2 2021/22 |
| | | Household service targets (000) | | | | | | | | | |
| | | Water: | | | | | | | | | |
| | | Piped water inside dwelling | - | - | - | - | - | - | - | - | - |
| | | Piped water inside yard (but not in dwelling) | - | - | - | - | - | - | - | - | - |
| 8 | | Using public tap (at least min.service level) | - | - | - | - | - | - | - | - | - |
| 10 | | Other water supply (at least min.service level) | - | - | - | - | - | - | - | - | - |
| | | Minimum Service Level and Above sub-total | - | - | - | - | - | - | - | - | - |
| 9 | | Using public tap (< min.service level) | - | - | - | - | - | - | - | - | - |
| 10 | | Other water supply (< min.service level) | - | - | - | - | - | - | - | - | - |
| | | No water supply | - | - | - | - | - | - | - | - | - |
| | | Below Minimum Service Level sub-total | - | - | - | - | - | - | - | - | - |
| | | Total number of households | - | - | - | - | - | - | - | - | - |
| | | Sanitation/sewerage: | | | | | | | | | |
| | | Flush toilet (connected to sewerage) | - | - | - | - | - | - | - | - | - |
| | | Flush toilet (with septic tank) | - | - | - | - | - | - | - | - | - |
| | | Chemical toilet | - | - | - | - | - | - | - | - | - |
| | | Pit toilet (ventilated) | - | - | - | - | - | - | - | - | - |
| | | Other toilet provisions (> min.service level) | - | - | - | - | - | - | - | - | - |
| | | Minimum Service Level and Above sub-total | - | - | - | - | - | - | - | - | - |
| | | Bucket toilet | - | - | - | - | - | - | - | - | - |
| | | Other toilet provisions (< min.service level) | - | - | - | - | - | - | - | - | - |
| | | No toilet provisions | - | - | - | - | - | - | - | - | - |
| | | Below Minimum Service Level sub-total | - | - | - | - | - | - | - | - | - |
| | | Total number of households | - | - | - | - | - | - | - | - | - |
| | | Energy: | | | | | | | | | |
| | | Electricity (at least min.service level) | - | - | - | - | - | - | - | - | - |
| | | Electricity - prepaid (min.service level) | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 |
| | | Minimum Service Level and Above sub-total | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 |
| | | Electricity (< min.service level) | - | - | - | - | - | - | - | - | - |
| | | Electricity - prepaid (< min. service level) | - | - | - | - | - | - | - | - | - |
| | | Other energy sources | - | - | - | - | - | - | - | - | - |
| | | Below Minimum Service Level sub-total | - | - | - | - | - | - | - | - | - |
| | | Total number of households | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 | 3,253 |
| | | Refuse: | | | | | | | | | |
| | | Removed at least once a week | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 |
| | | Minimum Service Level and Above sub-total | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 | 2,637 |
| | | Removed less frequently than once a week | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 |
| | | Using communal refuse dump | 528 | 528 | 528 | 528 | 528 | 528 | 528 | 528 | 528 |
| | | Using own refuse dump | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 | 20,165 |
| | | Other rubbish disposal | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 | 1,303 |
| | | No rubbish disposal | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 | 6,883 |
| | | Below Minimum Service Level sub-total | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 | 29,044 |
| | | Total number of households | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 | 31,681 |



1.18 Municipal Manager's quality certificate

I V.C.MAKEDAMA, Municipal Manager of Emalahleni Municipality, hereby certify that first adjusted 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 MR NKULULO MNUTYEDWA

Acting Municipal Manager of Emalahleni Municipality

Signature

Date 11 NOVEMBER 2019