



EMALAHLENI MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2021/2022 TO 2023/2024

**DRAFT BUDGET OF
EMALAHLENI
MUNICIPALITY**

**2021/2022 TO 2023/2024
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

Copies of this document can be viewed:

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Abbreviations and Acronyms

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

Part 1 – Draft Annual Budget

1.1 Mayor's Report

The purpose of this report is to present to Council the Draft Annual Budget for the 2021/2022 financial year.

LEGISLATIVE BACKGROUND

According to circular 107 for the 2021/2022 Draft budget :

The South African economy contracted by an estimated 7.2 per cent in 2020 compared with the 7.8 per cent contraction projected in the 2020 Medium Term Budget Policy Statement (MTBPS). The revised estimate results from easing lockdown restrictions in the third quarter and a faster-than-expected resumption of global growth, especially in China. The National Treasury projects real economic growth of 3.3 per cent in 2021, following an estimated contraction of 7.2 per cent in 2020. Real GDP growth is expected to moderate to 1.9 per cent in 2022 and 2023. The outlook remains highly uncertain, and the economic effects of the pandemic are far-reaching. There were 1.7 million fewer jobs by the third quarter of 2020 compared to the same period in 2019. Rising unemployment and income losses have entrenched existing inequalities. GDP is only expected to recover to pre-pandemic levels in late 2023. High-frequency data for the third quarter, such as the volume of electricity distributed, mining and manufacturing output, business confidence and the **ABSA Purchasing Managers' Index (PMI) shows evidence of a limited economic rebound.**

Although growth rates are likely to improve quickly as restrictions are removed, based on current projections, the output is only expected to return to pre-pandemic levels in 2024. Given South Africa's structural constraints, its recovery will be slower than many of its developing-country peers. Industrial sectors (which include mining, manufacturing, construction and utilities) lagged substantially, undermined by structural constraints including unreliable electricity supply and weak public investment that preceded the pandemic. Over the next several years, the country requires the implementation of long-standing structural reforms to sustainably move to a higher growth path. These economic challenges will continue to exert pressure on municipal revenue generation and collection levels; hence a conservative approach is advised for revenue projections. The following macro-economic forecasts must be considered when preparing the 2021/22 MTREF municipal budgets.

Macroeconomic performance and projections

2020/21	2021/22	2022/23	2023/24	<u>Actual Estimate Forecast CPI Inflation</u>
3.3%	3.9%	4.2%	4.4%	

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 Circulars for the 2021/2022 MTREF : MFMA Circular 107 and 108

DISCUSSION

Budget Circular 93 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. 89 **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 2021/2022 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 2021/2022 financial year, the BTO 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

R185.532 million excluding transfers recognised. This amount is lower when compared with the 2020/2021 Adjusted budget currently been implemented that amounted to R220.439 million.

Grants

Operating Grant Income is R142.852 million which constitutes 77% of the total operating revenue budget whilst own revenue constitutes only 23% of the final budget.

Own Revenue

The Municipality has budgeted all its revenue based on realistically anticipated estimates keeping the requirements of Circular 93 in mind.

EXPENDITURE

An exercise to cut the total expenditure budget in line with the revenue budget has been undertaken and is currently estimated at R179.447 million resulting in a R6.084 million surplus before capital transfers.

Employee related costs including Councillor allowances amount to R105.102 million, R117.241 million and R117.241 million this now represent 59% of Total expenditure for 2021/2022 stays the same at 55% in 2021/22 and slightly up to 55% in 2021/22 which is above NT maximum threshold of 40%.

General expenditure: An approach to either cut expenditure or keep it in line with prior year budget has been taken, however no further cuts could be made without crippling the municipalities ability to operate and being able to deliver services to the community.

Below is a Summary of the 2021/2022 Draft Budget as contained in A4 of the Budget.

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

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Revenue By Source											
Property rates	2	5,414	5,414	7,770	9,167	9,167	9,167	–	11,000	10,107	10,107
Service charges - electricity revenue	2	7,987	7,987	13,421	18,391	20,391	20,391	–	15,000	20,276	20,276
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	3,807	3,807	8,188	8,295	9,295	9,295	–	5,000	9,146	9,146
Rental of facilities and equipment		502	502	568	949	949	949	–	544	1,046	1,046
Interest earned - external investments		772	772	1,385	1,792	1,792	1,792	–	2,000	1,975	1,975
Interest earned - outstanding debtors		3,583	3,583	6,409	5,435	5,435	5,435	–	3,130	5,992	5,992
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		250	250	155	202	202	202	–	150	222	222
Licences and permits		970	970	1,744	4,429	3,498	3,498	–	4,010	4,883	4,883
Agency services		375	375	537	1,457	2,388	2,388	–	1,529	1,606	1,606
Transfers and subsidies		93,037	93,037	132,733	148,749	164,474	164,474	–	142,852	150,951	150,951
Other revenue	2	1,152	1,152	1,505	1,849	1,849	1,849	–	316	2,038	2,038
Gains		–	–	20	–	1,000	1,000	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		117,849	117,849	174,434	200,714	220,439	220,439	–	185,532	208,242	208,242
Expenditure By Type											
Employee related costs	2	41,278	41,278	85,809	93,824	91,159	91,159	–	91,092	100,980	100,980
Remuneration of councillors		6,508	6,508	13,486	14,749	13,249	13,249	–	14,010	16,261	16,261
Debt impairment	3	8,811	8,811	18,036	4,000	3,000	3,000	–	–	4,410	4,410
Depreciation & asset impairment	2	(151)	–	28,923	19,384	19,384	19,384	–	20,000	20,000	20,000
Finance charges		12	12	2,136	280	1,067	1,067	–	60	60	60
Bulk purchases - electricity	2	7,363	7,363	12,868	14,300	11,300	11,300	–	12,000	14,300	14,300
Inventory consumed	8	1,546	1,546	2,213	4,421	7,996	7,996	–	5,793	4,213	4,268
Contracted services		14,909	14,909	17,746	33,165	24,960	24,960	–	9,658	21,955	21,955
Transfers and subsidies		103	103	222	–	–	–	–	901	100	100
Other expenditure	4, 5	11,629	11,629	23,504	14,680	17,941	17,941	–	25,932	30,523	29,161
Losses		–	–	1,487	–	–	–	–	–	–	–
Total Expenditure		92,009	92,160	206,430	198,814	190,055	190,055	–	179,447	212,802	211,495
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		25,840	25,690	(31,996)	1,900	30,384	30,384	–	6,084	(4,560)	(3,253)
		–	–	31,875	31,653	55,144	55,144	–	54,715	35,564	35,564
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		25,840	25,690	(121)	33,553	85,528	85,528	–	60,799	31,004	32,311
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		25,840	25,690	(121)	33,553	85,528	85,528	–	60,799	31,004	32,311
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		25,840	25,690	(121)	33,553	85,528	85,528	–	60,799	31,004	32,311
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		25,840	25,690	(121)	33,553	85,528	85,528	–	60,799	31,004	32,311

Capital expenditure budget

The Capital expenditure budget is currently R 56.534 million. The MIG budget allocated is R33.511 million.

Funded status of the Budget and new budget requests.

The budget is currently a funded budget with zero surplus left at year end as contained in Table A8.

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

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	–	(4,142)	(50,717)	188,814	131,414	131,414	–	67,614	80,742	95,231
Other current investments > 90 days		21,519	25,626	56,509	(168,318)	(110,919)	(110,919)	–	2,533	(38,766)	(53,256)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		21,519	21,484	5,791	20,496	20,495	20,495	–	70,147	41,976	41,976
Application of cash and investments											
Unspent conditional transfers		17,641	17,641	1,000	–	(14,448)	(14,448)	–	(0)	0	0
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	–	17,003	17,944	(8,660)	(67,408)	(67,408)	–	(78,245)	(81,625)	(81,625)
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		17,641	34,644	18,944	(8,660)	(81,856)	(81,856)	–	(78,245)	(81,625)	(81,625)
Surplus(shortfall)		3,878	(13,160)	(13,153)	29,355	102,351	102,351	–	148,392	123,600	123,600

- Able A8 shows a positive cash position of R148.392 in the 2021/2022 financial year, R123.600 million and R123.600 million for the 2022/2023 and 2023/2024 financial years.

FACTORS THAT WERE CONSIDERED IN FINALISING PREPARATION OF THE DRAFT ANNUAL BUDGET

- Any applications or confirmation of funding/grants to be received by directorates to be considered in the annual budget.
- All Provincial and District allocations recognised in the Draft Budget are to be supported by allocation letters before final Budget is tabled or they will be removed from the Budget.

1.2 Council Resolutions

The Council approves and takes the following resolutions for the final annual budget (MTREF) of 2021/2022 financial year:

The Council of Emalahleni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:

- 1.1. The final annual budget of the municipality for the financial year 2021/2022 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budget Summary reflected in Table A1
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Table A2;
 - 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) reflected in Table A3;

- 1.1.4. Budgeted Financial Performance (Revenue and Expenditure) reflected in Table A4;
 - 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected in Table A5 as well as individual capital projects reflected under SA36;
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
 - 1.2.1. Budgeted Financial Position reflected in Table A6;
 - 1.2.2. Budgeted Cash Flows reflected in Table A7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation reflected in table A8;
 - 1.2.4. Asset management in Table A9; and
 - 1.2.5. Basic service delivery measurement reflected in Table A10.
2. The Council of Emalahleni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as set out and included in the budget documentation, with effect from 1 July 2021:

EMALAHLENI MUNICIPALITY**APPROVED TARIFF STRUCTURE FOR 2021/2022 FINANCIAL YEAR**

	Ratios	3.00%			
		20/21	21/22	20/21	21/22
		Excl Vat	Incl VAT	Excl Vat	Incl VAT
ASSESSMENT RATES					
Residential	1.00	0.0079		0.0081	0.0081
Undeveloped land/Vacant land	1.00	0.0079		0.0081	0.0081
Business	1.50	0.0118		0.0122	0.0122
Government	1.50	0.0118		0.0122	0.0122
Agriculture/Farms	0.25	0.0020		0.0020	0.0020
Public Service Infrastructure	0.00	0.0000		0.0000	0.0000
Public Benefit Organisation	0.25	0.0020		0.0020	0.0020
Municipal properties		0.0000		0.0000	0.0000
Insufficient data		0.0000		0.0000	0.0000
Indigent subsidy 100% of rates amount					
ELECTRICITY - AS PER NERSA GUIDELINES					
		6.22%		14.59%	
HOUSE HOLDS					
Indigents Prepaid					
Block 1 - 0 - 50 Kwh		1.16	1.33	1.33	1.52
Block 2 - 51 - 350 Kwh		1.46	1.68	1.68	1.93
Block 3 - 351 - 600 Kwh		1.93	2.22	2.21	2.54
Block 4 - > 600 Kwh		2.28	2.62	2.61	3.01
Domestic Conventional & Prepays - Single Phase					
Block 1 - 0 - 50 Kwh		1.16	1.33	1.33	1.52
Block 2 - 51 - 350 Kwh		1.46	1.68	1.68	1.93
Block 3 - 351 - 600 Kwh		1.99	2.28	2.28	2.62
Block 4 - > 600 Kwh		2.34	2.69	2.68	3.08
Domestic Conventional & Prepays - Three Phase					
Block 1 - 0 - 50 Kwh		1.54	1.77	1.76	2.09
Block 2 - 51 - 350 Kwh		1.68	1.93	1.93	2.22
Block 3 - 351 - 600 Kwh		2.04	2.35	2.34	2.69
Block 4 - > 600 Kwh		2.34	2.69	2.68	3.08
COMMERCIAL					
SMALL ≤ 3 500 Kwh					
CONVENTIONAL SINGLE PHASE					
Basic Charge /month		489.55	562.98	560.97	645.12
Energy charge: kWh		1.88	2.16	2.15	2.47
CONVENTIONAL THREE PHASE					
Basic Charge /month		960.56	1,104.64	1,100.70	1,265.81
Energy charge: kWh		1.80	2.07	2.06	2.37
Prepaid - Single phase					
		2.41	2.77	2.76	3.17
Prepaid - Three phase					
		2.44	2.81	2.80	3.22
LARGE > 3 500 Kwh					
Basic Charge /month		966.33	1,111.27	1,107.31	1,273.41
Energy charge: kWh		1.06	1.22	1.21	1.40
Demand: R/kVA		251.13	288.80	287.77	330.94

Basic Charge /month	945.04	1,086.80	1,082.92	1,245.36
Kva meter - Kwh	1.47	1.69	1.68	1.94
- Kva	1.63	1.87	1.87	2.15
Single & Three Phase	1.87	2.15	2.14	2.46
DEPARTMENTAL/STREET LIGHTNING				
@ COST				
TEMPERING PENALTIES				
1ST OFFENCE- Residential	2,100.00		5,000.00	5,000.00
1ST OFFENCE-Businesses	2,100.00		10,000.00	10,000.00
2ND OFFENCE-Residential	4,000.00		10,000.00	10,000.00
2ND OFFENCE-Businesses	4,000.00		20,000.00	20,000.00
RE-CONNECTION FEE - TEMPERING (RESIDENTIAL)	4,900.00		3,500.00	3,500.00
RE-CONNECTION FEE - TEMPERING (BUSINESSES)	4,900.00		5,000.00	5,000.00
RE-CONNECTION FEE - CREDIT CONTROL				
Domestic	410.00	471.50	422.30	485.65
Business/Commercial	761.00	875.15	783.83	901.40
Government	1,171.00	1,346.65	1,206.13	1,387.05
NEW CONNECTIONS				
Domestic - Single Phase	1,111.94	1,278.73	1,145.30	1,317.09
Business	2,090.66	2,404.26	2,153.38	2,476.38
Business/Commercial (100 Kva)	6,299.25	7,244.13	6,488.22	7,461.46
Business/Commercial - Three Phase (50 Kva)	16,070.68	18,481.28	16,552.80	19,035.72
SMALL-SCALE EMBEDDED GENERATION (SOLAR ENERGY)				
HOUSE HOLDS				
IMPORT TARIFF				
Network and service charge	149.25	171.64	153.73	176.79
Energy charge: kWh	1.19	1.37	1.23	1.41
EXPORT TARIFF				
Export tariff	0.87	1.00	0.90	1.03
COMMERCIAL				
SMALL - SINGLE PHASE				
IMPORT TARIFF				
Network and service charge	646.76	743.77	666.16	766.09
Energy charge: kWh	1.94	2.23	2.00	2.30
EXPORT TARIFF	0.00	0.00	0.00	0.00
Export tariff	0.87	1.00	0.90	1.03
SMALL - THREE PHASE				
IMPORT TARIFF				
Network and service charge	11.67	13.42	12.02	13.82
Energy charge: kWh	1.87	2.15	1.92	2.21
EXPORT TARIFF	0.00	0.00	0.00	0.00
Export tariff	0.87	1.00	0.90	1.03
LARGE BUSINESS				
IMPORT TARIFF				
Network and service charge	1,109.44	1,275.86	1,142.73	1,314.14
Monthly demand charge: kVa	259.95	298.94	267.75	307.91
Energy charge: kWh	1.09	1.26	1.13	1.30
EXPORT TARIFF			0.00	
Export tariff	0.83	0.95	0.86	0.98
REFUSE REMOVAL				
	10%		3%	
Domestic consumers (once per week)	132.63	152.52	136.61	157.10
Commercial consumers (once per week)	283.85	326.43	312.24	359.07
Commercial consumers (two times per week)	622.16	715.48	684.38	787.03
Government consumers (once per week)	1,262.30	1,451.65	1,388.53	1,596.81
Indigents	132.00	151.80	136.61	157.10
Subsidy - 100%	132.00	151.80	136.61	157.10
Effective charge	0.00		0.00	
Special refuse collection	369.25	424.64	380.33	437.38
Special refuse collection - Government and Commercial	422.00	485.30	434.66	499.86
Collection of garden refuse	369.25	424.64	380.33	437.38
Clearing of Vacant Plots	629.83	724.31	648.73	746.03
Tree felling - inside yard per tree	3,829.65	4,404.10	3,944.54	4,536.22
Tree Pruning - Inside Yard (per tree)	2,020.33	2,323.37	2,080.93	2,393.07
Building rubble - per load	392.46	451.33	404.23	464.87
Disposal of General Waste at Landfill Site	356.59	410.08	367.29	422.38
Disposal of Condemned Waste (per m²) plus special collection fee/Disposal fee	213.11	245.08	219.50	252.43
Grass Cutting - inside the yard - Residential	654.10	752.22	673.72	774.78
Grass Cutting - inside the yard - Government and Commercial	966.38	1,111.34	995.37	1,144.68

HALL RENTALS		4.90%			
CATEGORY 1: ENTERTAINMENT					
Town Halls*		668.21	768.44	688.26	791.50
Village Halls*		167.84	193.02	172.88	198.81
Library Halls*		167.84	193.02	172.88	198.81
Kitchen (Dodrecht)*		183.58	211.11	189.08	217.44
CATEGORY 2: NON PROFIT PURPOSES					
Town Halls*		587.44	675.56	605.06	695.82
Village Halls*		147.91	170.10	152.35	175.20
Library Halls*		147.91	170.10	152.35	175.20
Kitchen (Dodrecht)*		183.58	211.11	189.08	217.44
CATEGORY 3: MEETINGS & FUNERALS & PRIZE GIVINGS & SCHOOL EVENTS					
Town Halls*		421.70	484.95	434.35	499.50
Village Halls*		104.90	120.64	108.05	124.25
Library Halls*		104.90	120.64	108.05	124.25
Kitchen (Dodrecht)*		183.58	211.11	189.08	217.44
1. A refundable fee is R 555.00 for Town halls if not damages to property.					
2. A refundable fee is R 245.00 for Village halls if no damage to property.					
* Sundays & Public Holidays - 2 x daily rate					
POUND FEES					
RATES OF MILEAGE					
For all animals going to the pound whether one or more per Km or portion of Km		19.54	22.47	20.13	23.15
For animals transported by vehicle - per km or portion of a km		24.40	28.06	25.13	28.90
TRESPASSING FEES					
Horses, Cattle, Ostriches, Donkeys and Pigs p/head		195.37	224.67	201.23	231.41
Sheep and Goats p/head		146.54	168.52	150.93	173.57
POUND FEES					
Horses, Cattle, Ostriches, Donkeys and Pigs p/head		146.54	168.52	150.93	173.57
Sheep and Goats p/head		113.88	130.96	117.29	134.89
SUSTENANCE FEES					
Horses, Cattle, Ostriches, Donkeys and Pigs p/head		227.93	262.12	234.77	269.98
Sheep and Goats p/head		146.54	168.52	150.93	173.57
FEES FOR ANIMALS					
- to be seperately herded:					
For every stallion, horse, mule or bull p/day		195.37	224.67	201.23	231.41
For every boar, ram, goat or other seperated animals p/day		162.81	187.23	167.69	192.84
COMMONAGE FEE					
Per animal head p/month		24.80	28.52	25.54	29.37
HERDING FEES					
Per animal head p/month		88.12	101.33	90.76	104.37
CALL OUTS					
18:00 to 06:00 and over weekends per call out to impound animals (payable by the owner of the animal)		911.69	1,048.44	939.04	1,079.89
CEMETRY CHARGES					
INDWE - Site only		145.81	167.68	150.19	172.71
- Digging		668.21	768.44	688.26	791.50
DODRECHT - Site only		145.81	167.68	150.19	172.71
- Digging		668.21	768.44	688.26	791.50
LADY FRERE - Site only		154.20	177.33	158.83	182.65
				0.00	
Exhumation		1,370.20	1,575.73	1,411.31	1,623.01
Wall of Remembrance		488.10	561.31	502.74	578.15

ACCOMODATION: INDWE RESORT					
Rondavels - Chalets per day		345.00	396.75	355.35	408.60
Igloo per day		147.00	169.05	151.41	174.12
Entrance fee per day		42.00	48.30	43.26	49.75
Refundable fee per day		215.00	247.25	221.47	254.67
SPORTS FIELDS					
Stadium per day - Sports Activities		514.31	591.45	529.73	609.19
Stadium per day - Non-Sports Activities		1,028.61	1,182.90	1,059.46	1,218.38
Holding Deposits		1,587.00	1,825.05	1,634.61	1,879.80
Flood Lights per hour		87.43	100.54	90.05	103.56
				0.00	
RENTAL OF MUNICIPAL BUILDINGS					
payable p/month OR as per agreement					
House Tenants (Residential purposes)					
NGO's, Service providers and Companies					
Government Departments					
		Rental tariffs to be provided per property per year as per agreement			
BUILDING PLANS					
Calculated per square meter (less than 60 m²)		582.12	669.44	599.59	689.52
Residential Dwellings		9.90	11.38	10.18	11.72
Out buildings (Residential)		12.22	14.06	12.59	14.48
Residential alterations		8.73	10.04	8.99	10.34
Flats		45.99	52.89	47.37	54.47
Commercial dwellings (Shops)		35.28	40.57	36.33	41.79
Commercial dwellings (Taverns)		59.13	68.00	60.91	70.04
Offices		35.28	40.57	36.33	41.79
Churches		21.15	24.33	21.79	25.06
Carports		31.50	36.23	32.45	37.32
Mobile Network Stations (Rate per number)		6,957.73	8,001.39	7,166.46	8,241.43
Septic tanks (rate per m²)		29.69	34.14	30.58	35.17
Erection of Hoardings (rate per meter)		12.22	14.06	12.59	14.48
Building Inspection fee (Complete inspection)		465.70	535.55	479.67	551.62
Property Rates Clearance Certificate		122.35	140.70	126.02	144.92
Encroachment fees: per m² Residential		408.97	470.31	421.23	484.42
Encroachment fees: per m² Business		490.75	564.36	505.47	581.29
ADMINISTRATIVE CHARGES					
PHOTOCOPIES AND FAXES					
Photocopies					
A4(per sheet)		2.05	2.36	2.12	2.43
A3(per sheet)		3.09	3.55	3.18	3.66
Faxes					
Local		8.58	9.86	8.84	10.16
National		11.46	13.17	11.80	13.57
International		11.46	13.17	11.80	13.57
Tender Documents		171.54	197.27	176.68	203.19
Note : that Tender documents will depend on the number of pages.					
OTHER TARIFFS					
LIVESTOCK BRANDING					
Cattle		9.20	10.58	10.00	11.50
Sheep		5.30	6.10	6.00	6.90
PLANT HIRE					
TIPPER TRUCK		724.00	832.60	745.72	857.58
GRADER		1,293.00	1,486.95	1,331.79	1,531.56
BACKACTOR		517.00	594.55	532.51	612.39
SMOOTH DRUM ROLLER		724.00	832.60	745.72	857.58
WATERCART		759.00	872.85	781.77	899.04
NOTES					
1. The plant rates are hourly rates.					
SAND PER LOAD					
Bakkie		264.25	303.88	272.17	313.00
4 ton truck		1,204.98	1,385.72	1,241.13	1,427.30
6 ton truck		1,807.47	2,078.59	1,861.70	2,140.95
8 ton truck		2,409.95	2,771.45	2,482.25	2,854.59
TRAFFIC SERVICES					
Patrol vehicle per Hour		15.74	18.10	16.21	18.64
Traffic Officer per hour (Mondays to Thursdays)		141.62	162.86	145.88	167.74
Traffic Officer per hour (Sundays and Public Holidays)		167.84	193.02	172.88	198.81
Vehicle Pound fee for Public Transport Impounded for operating at an illegal Rank		2,000.00	2,300.00	2,060.00	2,369.00
Vehicle Pound storage fee per night per motor vehicle		350.00	402.50	360.50	414.58
Penalty for operating an illegal car wash		1,500.00	1,725.00	1,545.00	1,776.75
Penalty for failure to produce permit- Informal trader		200.00	230.00	206.00	236.90
Penalty for failure to produce permit- formal business		2,000.00	2,300.00	2,060.00	2,369.00
Trading in a restricted or prohibited zone- street trader/ hawk		50.00	57.50	51.50	59.23
Penalty for urinating in public other than designated facility		100.00	115.00	103.00	118.45
Penalty for drinking alcohol in public		200.00	230.00	206.00	236.90
BUSINESS LICENSES: ALL UNITS - ANNUAL					
Business licenses - Hawkers		47.21	54.29	48.62	55.91
Small Commercial		1,958.85	2,252.68	2,017.62	2,320.26
Large Commercial		3,917.70	4,505.36	4,129.26	4,748.64
Sales or supply of meals or perishable foodstuff (restaurants,takeaways or any food outlet)				498.74	573.55
Sales or supply of meals or perishable foodstuff (emerging township businesses-tuckshops)				248.39	285.65
Cellphone Shops				499.78	574.75
Clothing Shops				499.78	574.75
Funeral Parlour				499.78	574.75
Abattoir				3,917.70	4,505.35
Cosmetic Shops				501.65	576.90
Pharmacy				501.65	576.90
Fabric Shops				501.65	576.90
Gymnasium				345.35	397.15
Provision of entertainment night clubs / Taverns				3,917.70	4,505.35
Accommodation establishments				498.74	573.55
Supermarkets				3,917.70	4,505.35
Saloons				501.65	576.90
Liquor stores				915.09	1,052.35
Furniture stores				915.09	1,052.35
Filling stations				3,917.70	4,505.35
Hardware stores				3,917.70	4,505.35
Car / tractor Dealership				3,917.70	4,505.35
Internet café				501.65	576.90
TV Repairs				345.35	397.15
Fruit and Veg Shops				345.35	397.15
Panel beaters and motor spares				501.65	576.90
Driving schools				248.39	285.65
Banks				915.09	1,052.35
Herbal shops				345.35	397.15
Agricultural supply				468.83	539.15
Application fee for businesses		166.00	190.90	170.98	196.63
Duplicate business license issue		132.80	152.72	136.79	157.31

SIGNAGE				
Free standing Signage				
Sign boards: small size	1,057.13	1,215.70	1,088.85	1,252.17
Sign boards: medium size	1,785.02	2,052.77	1,838.57	2,114.35
Tower: Small size (Not exceeding 80 m ²)	2,115.20	2,432.48	2,178.65	2,505.45
Tower: Large size (Exceeding 80 m ²)	2,539.91	2,920.90	2,616.11	3,008.53
LAND USE APPLICATIONS				
CATEGORY 1 - LAND DEVELOPMENT APPLICATIONS				
Amendment of an application				
- If already approved by the Municipality	Same as tariff of new application		Same as tariff of new application	
- If not approved by the Municipality	10% of tariff of new application		10% of tariff of new application	
Phasing / cancellation of approved layout plan	1,555.31	1,788.60	1,601.97	1,842.26
Rezoning:				
(a) Advertising fees	2,712.37	3,119.23	2,793.74	3,212.81
(b) Erven 0 – 2500m ²	970.79	1,116.40	999.91	1,149.89
(c) Erven 0 – 2500m ²	1,941.57	2,232.81	1,999.82	2,299.79
(d) Erven 5001 – 10 000m ²	8,142.95	9,364.39	8,387.23	9,645.32
(e) Erven 1h – 5h	10,855.32	12,483.62	11,180.98	12,858.13
(f) Erven 1h – 5h	13,569.63	15,605.08	13,976.72	16,073.23
Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title deed	407.73	468.89	419.96	482.96
Amendment or cancellation of a general plan of a township	1,703.73	1,959.29	1,754.84	2,018.07
Subdivision of land:				
(a) Basic Fee	776.63	893.12	799.93	919.92
(b) Change per subdivision (Remainder considered a subdivision)	48.54	55.82	50.00	57.49
(c) Subdivisions into more than 80 erven (Township Establishment)	12,279.46	14,121.38	12,647.84	14,545.02
Permanent closure of a public place - per closure	515.49	592.81	530.95	610.59
Development on communal land	2,030.88	2,335.51	2,091.81	2,405.58
CATEGORY 2 - LAND USE APPLICATIONS				
Subdivision of land provided for in land use scheme or town planning scheme	505.78	581.65	520.95	599.10
Subdivision of land	505.78	581.65	520.95	599.10
Consent use	970.79	1,116.40	999.91	1,149.89
The removal, amendment or suspension of a restrictive title condition relating to the density of residential development	601.89	692.17	619.94	712.93
Departures:				
(a) Advertising fee for departures	2,662.86	3,062.29	2,742.75	3,154.16
(b) Erven smaller than 500m ²	252.40	290.26	259.98	298.97
(c) Erven 500 – 750m ²	477.63	549.27	491.96	565.75
(a) Erven larger than 750m ²	970.79	1,116.40		0.00
Occasional use: other rights	747.50	859.63	769.93	885.42
Material amendments to original application prior to approval / refusal				
MISCELLANEOUS FEES				
Extension of validity period of approval	776.63	893.12	799.93	919.92
Certificates:				
(a) Zoning certificate - per certificate	97.08	111.64	99.99	114.99
(b) Any other certificate - per certificate	97.08	111.64	99.99	114.99
Public hearing and inspection	3,379.30	3,886.20	3,480.68	4,002.78
Reason for decision of municipal planning tribunal, land development officer or appeal authority	1,231.93	1,416.72	1,268.88	1,459.22
Re-issuing of any notice of approval of any application	249.49	286.92	256.98	295.52
Deed search and copy of the title deed	158.24	181.97	162.99	187.43
Public notice:				
(a) Public notice and advertisements in the legal section of the paper	1,546.46	1,778.43	1,592.85	1,831.78
(b) Public notice and advertisements in the body of the paper	2,784.21	3,201.84	2,867.74	3,297.90
Way leave application (application to determine where the Council's services are located or a specific area where new services are to be installed)	2,435.70	2,801.05	2,508.77	2,885.09
Any other application not provided for elsewhere in this schedule of fees	3,379.30	3,886.20	3,480.68	4,002.78
COPIES				
Spatial Development Framework:				
(a) Hard copy - per region	168.89	194.22	173.96	200.05
(b) In electronic format - per region	79.62	91.56	82.01	94.31
Copy of land Use Scheme or town Planning scheme (Scheme Book)	389.18	447.56	400.85	460.98
Scheme Regulations - per set	647.51	744.64	666.94	766.98
Search fees - per erf	26.23	30.16	27.01	31.06
Diagrammes - per diagramme	26.23	30.16	27.01	31.06

2.1 These electricity tariffs are subject to approval by NERSA. Guidelines have been issued by NERSA with the threshold that stipulates that municipalities may increase electricity tariffs within 14.59%. The other service charges have been set at rates that are cost reflective and were benchmarked with municipalities of the same size.

3. The Council of Emalahleni Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2021 the tariffs for other services, as set out in the attached budget
4. Council resolves that the budget related policies reflected and listed below are approved for the budget year 2021/2022 :

- Property Rates policy
- Budget Policy
- Tariff policy
- Indigence Policy
- Credit control and Debt collection
- Cash Management and Investments policy
- Asset and Disposal Management policies
- Funding and Reserve policy
- Debt and Borrowing policy
- Virements policy
- Petty Cash Policy
- Supply Chain Management policy

5. **To give proper effect to the municipality's annual budget, the Council of Emalahleni Municipality approves:**

That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's **funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting.**

1.3 Executive Summary

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

The Municipality's **business** and service delivery priorities were reviewed as part of this **year's** planning and budget process. In addition, the municipality during the period immediately after the **municipality's Adjustments Budget** from March 2021 to May 2021 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 municipal wide 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 2021/2022 financial year limited provision was made for the implementation of the business plans due to the shrinkage of the fiscus and available budget. The South African Nation and the world at large has faced the most daunting Challenge during this period , that of the Corona virus pandemic , which has made all the well laid out plans void and presented us with unforeseeable and unavoidable expenditure through numerous circulars to counter and slow down the spread of the virus across the nation , necessitating the procurement of protective masks , gloves and sanitisers that had previously not been catered for in **the municipality's already stretched and lean budget** .

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, 94, 98 ,99,107 and 108 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2021/2022 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 2021/2022 MTREF:

- The 2021/2022 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 2021/2022 draft budget.
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should 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 afore mentioned, the following table is a consolidated overview of the proposed 2021/2022 Medium-term Revenue and Expenditure Framework:

Total operating revenue has decreased by 20% for the 2021/2022 financial year when compared to the 2020/2021 Adjustments Budget. For the two outer years, operational revenue will increase by 3.96 % and 2.86 % respectively for the outer years. The main reason for the fluctuation in revenue is the decrease or increase in operational transfers.

Total operating expenditure for the 2021/2022 financial year has been appropriated at R198.814 million and translates into a R6.084 million operating surpluses before capital transfers.

The capital budget of R56.534 million for 2021/2022 shows an increase of R605 000 when compared to the 2020/2021 Adjustment Budget. This is due to the increase in the MIG allocation for 2021/2022 to 33.511 million and then in 2022/2023 increases to R36.019 million.

1.4 Operating Revenue Framework

For Emalahleni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue Management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.

The municipality strives to project realistic revenue projection as required by the MFMA. To achieve this requirement the municipality used the 2 prior year actual collections and the current half year collections to forecast the revenue budget for the 2021/2022 MTREF period. The municipality further used actuals billable property and debtor numbers to accurately forecast budget figures for property rates and refuse collection figures. All other applicable expectations and assumptions are also applied per revenue source.

Property Rates

Property rates revenue is projected based on an actual calculation of the number of billable properties multiplied by the proposed tariff per property category. The proposed property rates tariff increase is 3%. This increase of R1.833 million would see the current adjusted budget figure increase from R9.167 million to R11 million.

Electricity services

This revenue source is driven by consumer demand. The municipality has observed a slight reduction in the demand as tariffs increases and electricity losses persist which has caused a slight reduction in the electricity revenue collected. There is also an indication that the adjusted budget figures had been over projected, and this draft budget seeks to realign this projection to more realistically collectable levels. This has resulted in the budget figures not necessarily reflecting the proposed tariff increases.

Refuse

The refuse revenue projections have been based on the number of billable debtor accounts as per category. This number of debtors are affected by the data cleansing exercises that the municipality is constantly engaging in that can cause a reduction or an increase in number of debtors to be billed.

Agency Services

Agency fees revenue has decreased in the 2022 financial year compared to the 2021 second adjustment budget.

License and Permits

A new motor vehicle testing station (MVTs) will be commissioned in the 2021/2022 financial year and this will provide new revenue for the municipality. This new revenue will consequently cause an above CPI increase from the 2020/2021 financial year to the 2021/2022 and subsequent financial years. A R512 000 (14.6%) increase in revenue is projected under this revenue source.

Rental facilities and Equipment

This revenue source is affected by the expiration of lease agreements/rental agreements. The municipality is currently in the process of looking at expired lease agreements with the hope of signing new collectable agreements that will in the medium term again increase the revenue from the municipal rental income.

Interest Earned on Outstanding Debtors

The municipality proposes that an interest charge freeze be effected for all debtors who enters into a repayment agreement with the municipality and honours such an agreement as the municipality gears itself for vigorous debt collection processes in the medium term. This revenue source has

subsequently been adjusted to accommodate the possible reduction in interest charges in the medium term.

Fines and Penalties

The current year collections for penalties was above average collection when compared with the 2 prior years. This trend is not necessarily sustainable and as such the municipality had projected a more averaged budget for the 2021/2022 financial year to cater for above average achievement in the current year and this resulted in a significant reduction in budget when compared with the adjustment budget figures.

Other Revenue

The 2019/2020 adjusted budget included an amount of about R 2.5 million that was projected to be collectable from the new Motor vehicle testing station that was under construction during the year and was incorrectly included under other revenue as opposed to licensing revenue. The testing station has been finished but is anticipated to be commissioned in the new financial year and a budget to this effect has been provided under licensing income.

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.

As per circular 107 the inflation forecasts for the MTREF period is on average 3.9% per annum for 2021/2022, 4.2% and 4.4% in the outer years. **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 2021/2022 MTREF (classified by main revenue source):

EC136 Emalahleni (Ec) - Table A1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
Financial Performance										
Property rates	5,414	5,434	7,770	9,167	9,167	9,167	-	11,000	10,307	10,107
Service charges	11,794	11,794	21,909	26,667	25,687	25,687	-	20,000	29,422	29,422
Iron/steel revenue	772	772	1,395	1,792	1,792	1,792	-	2,000	1,975	1,975
Transfers recognised - operations	93,037	93,037	132,733	164,749	164,171	164,171	-	142,052	150,551	150,068
Other own revenue	6,833	6,693	10,938	14,120	15,325	15,120	-	9,680	15,787	15,787
Total Revenue (excluding capital transfers and contributions)	117,849	117,649	174,434	209,714	226,439	226,439		185,532	208,242	208,242
Total Expenditure										
Employee costs	41,278	41,278	66,806	93,824	91,169	91,169	-	91,092	100,980	100,980
Remuneration of councillors	6,568	6,568	11,486	14,749	13,249	13,249	-	14,010	10,251	10,251
Depreciation & asset impairment	(151)	-	28,523	15,384	19,384	19,384	-	20,000	20,000	20,000
Finance charges	12	12	2,136	280	1,067	1,067	-	60	60	60
Inventory consumed and bulk purchases	3,500	6,609	15,081	18,721	19,296	19,296	-	17,793	10,513	18,568
Transfers and grants	103	103	222	-	-	-	-	501	160	160
Other expenditure	36,350	15,360	48,772	51,826	45,900	45,900	-	35,280	24,888	56,136
Total Expenditure	92,000	92,160	206,430	196,814	196,814	196,814		179,447	212,802	211,495
Surplus/Deficit	25,849	25,489	68,004	13,900	29,625	29,625		6,085	(4,560)	(3,253)

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.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality at 16.7%, but operating grants forms the major funding source at 77%. 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.

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23
R thousand										
REVENUE ITEMS:										
<u>Property rates</u>	6									
Total Property Rates		5,424	5,424	8,131	11,125	11,125	11,125	13,054	12,263	12,263
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		10	10	361	1,958	1,958	1,958	2,054	2,156	2,156
Net Property Rates		5,414	5,414	7,770	9,167	9,167	9,167	11,000	10,107	10,107
<u>Service charges - electricity revenue</u>	6									
Total Service charges - electricity revenue		8,035	8,035	15,243	21,581	23,581	23,581	18,346	23,780	23,780
Less Revenue Foregone (in excess of 50 kwh per indigent household per month)		48	48	1,822	3,190	3,190	3,190	3,348	3,514	3,514
Less Cost of Free Basis Services (50 kwh per indigent household per month)		7,987	7,987	13,421	18,391	20,391	20,391	15,000	20,276	20,276
Net Service charges - electricity revenue										
<u>Service charges - water revenue</u>	6									
Total Service charges - water revenue										
Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)										
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)										
Net Service charges - water revenue										
<u>Service charges - sanitation revenue</u>										
Total Service charges - sanitation revenue										
Less Revenue Foregone (in excess of free sanitation service to indigent households)										
Less Cost of Free Basis Services (free sanitation service to indigent households)										
Net Service charges - sanitation revenue										
<u>Service charges - refuse revenue</u>	6									
Total refuse removal revenue		3,807	3,807	8,188	10,495	11,495	11,495	7,308	11,569	11,569
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)					2,200	2,200	2,200	2,308	2,423	2,423
Net Service charges - refuse revenue		3,807	3,807	8,188	8,295	9,295	9,295	5,000	9,146	9,146
<u>Other Revenue by source</u>										
Fuel Levy										
Other Revenue		1,152	1,152	1,505	1,849	1,849	1,849	318	2,038	2,038
Total 'Other' Revenue	1	1,152	1,152	1,505	1,849	1,849	1,849	318	2,038	2,038
EXPENDITURE ITEMS:										
<u>Employee related costs</u>										
Basic Salaries and Wages	2	30,816	30,816	56,641	66,235	65,044	65,044	11,957	68,201	68,201
Pension and UIF Contributions		4,231	4,231	9,637	9,587	9,082	9,082	17,932	11,678	11,678
Medical Aid Contributions		1,448	1,448	3,165	3,526	3,526	3,526	3,575	4,267	4,267
Overtime										
Performance Bonus		1,789	1,789	3,679	6,814	6,834	6,834	3,301	7,996	7,996
Motor Vehicle Allowance		1,501	1,501	4,785	4,548	4,548	4,548	7,454	5,275	5,275
Cellphone Allowance		583	583	768	529	529	529	7,817	629	629
Housing Allowances		82	82	1,039	168	168	168	6,228	203	203
Other benefits and allowances		761	761	2,058	2,418	1,418	1,418	28,956	2,731	2,731
Payments in lieu of leave		41	41	2,727		0	0	1,754		0
Long service awards		23	23	466		0	0	898		0
Post-retirement benefit obligations				834		1,219				
sub-total	4	41,275	41,275	85,808	93,824	91,159	91,159	91,092	100,980	100,980
Less: Employees costs capitalised to PPE		(9)	(3)							

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 R142.852 million in the 2021/2022 financial year, increases to R150.951 million in 2022/2023 and R150.951 million in 2022/2024. 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.

Revenue from capital transfers as indicated below increases from R30.820 million in 2020/2021, to R33.511 million.

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

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

Vote Description		Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue by Vote		1									
Vote 1 - Executive and council			9,077	9,077	9,077	7,254	7,254	7,254	-	7,887	7,887
Vote 2 - Corporate Services			-	-	8	-	-	-	-	-	-
Vote 3 - Budget and Treasury			92,776	92,776	130,104	143,722	168,939	168,939	155,885	159,148	159,148
Vote 4 - PEDTA			6	6	(353)	(1,954)	(1,954)	(1,954)	(2,049)	(2,152)	(2,152)
Vote 5 - Community Services and Social Services			7,534	7,534	17,166	18,474	19,474	19,474	11,874	20,275	20,275
Vote 6 - Infrastructure Development and Human Settlement			8,456	8,456	50,307	64,870	81,870	81,870	74,536	58,667	58,667
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		2	117,849	117,849	206,309	232,367	275,583	275,583	240,247	243,806	243,806
Expenditure by Vote to be appropriated		1									
Vote 1 - Executive and council			15,605	15,605	29,889	31,492	31,342	31,342	29,183	37,254	37,254
Vote 2 - Corporate Services			19,466	19,466	20,897	27,128	28,428	28,428	33,072	31,990	30,680
Vote 3 - Budget and Treasury			24,228	23,827	68,037	30,567	30,631	30,631	24,165	39,223	39,223
Vote 4 - PEDTA			4,000	4,000	8,519	7,217	8,188	8,188	14,353	9,338	9,338
Vote 5 - Community Services and Social Services			10,712	10,712	39,554	33,991	35,454	35,454	27,939	36,406	36,406
Vote 6 - Infrastructure Development and Human Settlement			18,549	18,549	39,535	68,419	56,012	56,012	50,755	58,591	58,594
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	92,561	92,160	206,430	198,814	190,055	190,055	179,447	212,802	211,495
Surplus/(Deficit) for the year		2	25,288	25,689	(121)	33,553	85,528	85,528	60,799	31,004	32,311

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 3.9 % **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 tariff increase for electricity is 14.59% that is in line with the NERSA guideline.

The Draft Budget is based on the Assumption of an average collection rate at about 95%. We will also endeavour to collect at least about R10 million from the arear debtors book to cover for this low collection rate.

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 zero in 2021/2022 financial year.

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

1.4.1 Property Rates

Property rates revenue is projected based on an actual calculation of the number of billable properties multiplied by the proposed tariff per property category. The proposed property rates tariff decrease is 3%. This increase would see the current adjusted budget figure decrease by this percentage from R9.167 million to R11 million.

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 2020/21 financial year based on a general 10 per cent increase from 1 July 2021.

1.4.2 Sale of Electricity and Impact of Tariff Increases

Electricity has been adjusted to be increased by an average of 14.59% from 6.22% in the adjusted budget in line with NERSA guidelines. These tariffs are subject to approval by NERSA.

Considering the Eskom increases, the consumer tariff had to be increased by 14.59% per cent to offset the additional bulk purchase cost from 1 July 2021. 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.

This revenue source is driven by consumer demand. The municipality has observed a slight reduction in the demand as tariffs increases and electricity losses persist which has caused a slight reduction in the electricity revenue collected. There is also an indication that the adjusted budget figures had been over projected and this draft budget seeks to realign this projection to more realistically collectable levels. This has resulted in the budget figures not necessarily reflecting the proposed tariff increases.

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 14.59% 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 6.4% are **being regarded as "acceptable"** in the industry and Emalahleni Municipality is well above that norm.

Comparison between current electricity charges and increases

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to

subsidise the lower consumption users (mostly the poor). The Municipality should comply with this requirement.

1.4.3 Waste Removal and Impact of Tariff Increases

The refuse revenue projections have been based on the number of billable debtor accounts as per category. This number of debtors are affected by the data cleansing exercises that the municipality is constantly engaging in that can cause a reduction or an increase in number of debtors to be billed. 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.

Comparison between current waste removal fees and increases

1.4.4 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 3%.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2021/2022 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 71, 82, 93, 94, 98, 99, 107 and 108.
 - 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 2021/2022 budget and MTREF (classified per main type of operating expenditure):

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

EC150 Enactment (EC) - Table A4 Budgeted Financial Performance (Revenue and Expenditure)									2021/22 Medium Term Revenue & Expenditure Framework		
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
Revenue By Source											
Property rates	2	5,414	5,414	7,770	9,167	9,167	9,167	-	11,000	10,107	10,107
Service charges - electricity revenue	2	7,987	7,987	13,421	18,391	20,391	20,391	-	15,000	20,276	20,276
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3,807	3,807	8,188	8,295	9,295	9,295	-	5,000	9,146	9,146
Rental of facilities and equipment		502	502	568	949	949	949	-	544	1,046	1,046
Interest earned - external investments		772	772	1,385	1,792	1,792	1,792	-	2,000	1,975	1,975
Interest earned - outstanding debtors		3,583	3,583	6,409	5,435	5,435	5,435	-	3,130	5,992	5,992
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		250	250	155	202	202	202	-	150	222	222
Licences and permits		970	970	1,744	4,429	3,498	3,498	-	4,010	4,883	4,883
Agency services		375	375	537	1,457	2,388	2,388	-	1,529	1,606	1,606
Transfers and subsidies		93,037	93,037	132,733	148,749	164,474	164,474	-	142,852	150,951	150,951
Other revenue	2	1,152	1,152	1,505	1,849	1,849	1,849	-	316	2,038	2,038
Gains		-	-	20	-	1,000	1,000	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		117,849	117,849	174,434	200,714	220,439	220,439	-	185,532	208,242	208,242
Expenditure By Type											
Employee related costs	2	41,278	41,278	85,809	93,824	91,159	91,159	-	91,092	100,980	100,980
Remuneration of councillors		6,508	6,508	13,486	14,749	13,249	13,249	-	14,010	16,261	16,261
Debt impairment	3	8,811	8,811	18,036	4,000	3,000	3,000	-	-	4,410	4,410
Depreciation & asset impairment	2	(151)	-	28,923	19,384	19,384	19,384	-	20,000	20,000	20,000
Finance charges		12	12	2,136	280	1,067	1,067	-	60	60	60
Bulk purchases - electricity	2	7,363	7,363	12,868	14,300	11,300	11,300	-	12,000	14,300	14,300
Inventory consumed	8	1,546	1,546	2,213	4,421	7,996	7,996	-	5,793	4,213	4,268
Contracted services		14,909	14,909	17,746	33,165	24,960	24,960	-	9,658	21,955	21,955
Transfers and subsidies		103	103	222	-	-	-	-	901	100	100
Other expenditure	4, 5	11,629	11,629	23,504	14,690	17,941	17,941	-	25,932	30,523	29,161
Losses		-	-	1,487	-	-	-	-	-	-	-
Total Expenditure		92,009	92,160	206,430	198,814	190,055	190,055	-	179,447	212,802	211,495
Surplus/(Deficit)		25,840	25,689	(31,996)	1,900	30,384	30,384	-	6,084	(4,560)	(3,253)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	31,875	31,653	55,144	55,144	-	54,715	35,564	35,564
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		25,840	25,689	(121)	33,553	85,528	85,528	-	60,799	31,004	32,311
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		25,840	25,689	(121)	33,553	85,528	85,528	-	60,799	31,004	32,311
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		25,840	25,689	(121)	33,553	85,528	85,528	-	60,799	31,004	32,311
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		25,840	25,689	(121)	33,553	85,528	85,528	-	60,799	31,004	32,311

Employee related costs including Councillor allowances amount to R111.023 million , R117.241 million and R117.241 million this now represent 60% of Total expenditure for 2021/2022, and stays the same at 55% in 2021/22 and slightly up to 55% in 2021/22 which is above NT maximum threshold of 40%.

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 2021/2022 financial year for municipal officials . 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.

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 R20 million for the 2021/2022 financial year, R 20 million and R20 million for the outer years and equates to 11.15% of the total operating expenditure and slightly increases to 9.4% and 9.5% in 2022/2023 and 2023/2024. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 11.5%, 10% and 10.14% respectively of the expenditure. The average for local municipalities in recent research is 13,76 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 6.7% of total expenditure and increases slightly to 6.7% and 6.8%. If depreciation is excluded, the percentage is 8.14%, 7.41 % and 7.5% for the MTREF.

National Treasury has introduced a new Chart of Accounts in the form of 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 2021/2022 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2021/2022 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. R2.455 million, R6.011 million, R6.011 million has been budgeted for repairs and maintenance in the MTREF which represents 1.3%, 2.8% and 2.8% respectively.

During the compilation of the 2021/2022 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 SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		1,066	1,066	2,619	-	-	-	1,355	2,280	2,280
Roads Infrastructure		-	-	-	-	-	-	-	50	50
Roads		-	-	-	-	-	-	-	50	50
Storm water Infrastructure		850	850	2,054	-	-	-	200	500	500
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		850	850	2,054	-	-	-	200	500	500
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		216	216	565	-	-	-	1,155	1,730	1,730
Power Plants		-	-	-	-	-	-	50	50	50
MV Substations		50	50	187	-	-	-	500	775	775
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		86	86	250	-	-	-	200	200	200
LV Networks		80	80	128	-	-	-	405	705	705
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Community Assets		257	257	575	-	-	-	-	1,095	1,095
Community Facilities		257	257	555	-	-	-	-	1,095	1,095
Halls		232	232	370	-	-	-	-	850	850
Cemeteries/Crematoria		-	-	23	-	-	-	-	105	105
Parks		26	26	81	-	-	-	-	120	120
Public Open Space		-	-	81	-	-	-	-	20	20
Sport and Recreation Facilities		-	-	20	-	-	-	-	-	-
Outdoor Facilities		-	-	20	-	-	-	-	-	-
		1	1	1	1	1	1	1	1	1
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Other assets		193	193	441	-	-	-	-	300	300
Operational Buildings		193	193	441	-	-	-	-	300	300
Municipal Offices		193	193	441	-	-	-	-	300	300
Housing		-	-	-	-	-	-	-	-	-
Staff Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		48	48	70	-	-	-	-	300	300
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		48	48	70	-	-	-	-	300	300
Computer Software and Applications		48	48	70	-	-	-	-	300	300
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		27	27	242	-	-	-	-	450	450
Machinery and Equipment		27	27	242	-	-	-	-	450	450
Transport Assets		648	648	941	-	-	-	1,100	1,586	1,586
Transport Assets		648	648	941	-	-	-	1,100	1,586	1,586
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	2,240	2,240	4,887	-	-	-	2,455	6,011	6,011
R&M as a % of PPE		0.5%	0.5%	1.1%	0.0%	0.0%	0.0%	0.0%	1.2%	1.3%
R&M as % Operating Expenditure		2.4%	2.4%	2.4%	0.0%	0.0%	0.0%	0.0%	3.2%	2.8%

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 2021/2022 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 for the purpose of free basic services totals R7.348 million comprising of R3.190 million for electricity, R1.958 million for property rates and R2.200 million for refuse for the 2021/2022 financial year and increases to R7.708 million and R8.093 million in 2021/2022 and 2022/2023 respectively.

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		5,424	5,424	8,131	11,125	11,125	11,125		11,000	12,263	12,263
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		10	10	361	1,958	1,958	1,958	-	2,054	2,156	2,156
Net Property Rates		5,414	5,414	7,770	9,167	9,167	9,167	-	8,946	10,107	10,107
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		8,035	8,035	15,243	21,581	23,581	23,581		18,250	23,790	23,790
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)		48	48	1,822	3,190	3,190	3,190		3,346	3,514	3,514
Net Service charges - electricity revenue		7,987	7,987	13,421	18,391	20,391	20,391	-	11,904	20,276	20,276
Service charges - water revenue	6										
Total Service charges - water revenue											
Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-		-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
Less Revenue Foregone (in excess of free sanitation service to indigent households)											
Less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-		-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6										
Total refuse removal revenue		3,807	3,807	8,188	10,495	11,495	11,495		5,000	11,569	11,569
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)		-	-	-	2,200	2,200	2,200		2,308	2,423	2,423
Net Service charges - refuse revenue		3,807	3,807	8,188	8,295	9,295	9,295	-	2,692	9,146	9,146
Other Revenue by source											
Fuel Levy		-	-	-	-	-	-		-	-	-
Other Revenue		1,152	1,152	1,505	1,849	1,849	1,849		316	2,038	2,038
Total 'Other' Revenue	1	1,152	1,152	1,505	1,849	1,849	1,849		316	2,038	2,038
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		30,816	30,816	56,641	66,235	65,044	65,044	-	12,957	68,201	68,201
Pension and UIF Contributions		4,231	4,231	9,637	9,587	9,092	9,092	-	18,932	11,678	11,678
Medical Aid Contributions		1,448	1,448	3,195	3,526	3,526	3,526	-	3,575	4,267	4,267
Overtime		-	-	-	-	-	-	-	-	-	-
Performance Bonus		1,789	1,789	3,679	6,814	6,834	6,834	-	3,301	7,998	7,998
Motor Vehicle Allowance		1,501	1,501	4,766	4,548	4,548	4,548	-	8,375	5,275	5,275
Cellphone Allowance		583	583	768	529	529	529	-	7,817	629	629
Housing Allowances		82	82	1,039	168	168	168	-	7,228	203	203
Other benefits and allowances		761	761	2,058	2,418	1,418	1,418	-	30,956	2,731	2,731
Payments in lieu of leave		41	41	2,727	-	0	0				

1.6 Capital expenditure

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

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

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	1,850	-	-
Vote 3 - Budget and Treasury		-	-	-	190	-	-	-	200	500	500
Vote 4 - PEDTA		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services and Social Services		-	-	4,376	3,422	728	728	-	13,159	30	30
Vote 6 - Infrastructure Development and Human Settlement		-	-	23,797	28,341	22,663	22,663	-	44,800	17,710	17,710
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	7	-	-	28,173	31,953	23,391	23,391	-	60,009	18,240	18,240
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		299	299	997	200	-	-	-	-	221	221
Vote 3 - Budget and Treasury		-	-	-	1,400	-	-	-	0	300	300
Vote 4 - PEDTA		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services and Social Services		2,523	2,523	-	-	3,764	3,764	-	-	-	-
Vote 6 - Infrastructure Development and Human Settlement		10,321	10,321	-	-	28,774	28,774	-	400	-	-
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		13,142	13,142	997	1,600	32,538	32,538	-	400	521	521
Total Capital Expenditure - Vote		13,142	13,142	29,170	33,553	55,929	55,929	-	60,409	18,761	18,761
Capital Expenditure - Functional											
Governance and administration		299	299	997	1,790	-	-	-	2,050	1,021	1,021
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		299	299	997	1,790	-	-	-	2,050	1,021	1,021
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		2,236	2,236	4,343	2,922	4,492	4,492	-	11,459	30	30
Community and social services		1,287	1,287	1,607	-	514	514	-	3,186	-	-
Sport and recreation		949	949	2,736	2,922	3,978	3,978	-	8,173	30	30
Public safety		-	-	-	-	-	-	-	100	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		6,831	6,831	17,030	17,531	34,678	34,678	-	22,124	17,710	17,710
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		6,831	6,831	17,030	17,531	34,678	34,678	-	22,124	17,710	17,710
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		3,489	3,489	6,489	11,310	16,759	16,759	-	24,776	-	-
Energy sources		-	-	-	5,000	12,598	12,598	-	23,027	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		3,489	3,489	6,767	5,810	4,160	4,160	-	49	-	-
Waste management		-	-	(278)	500	0	0	-	1,700	-	-
Other		286	286	311	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	13,142	13,142	29,170	33,553	55,929	55,929	-	60,409	18,761	18,761
Funded by:											
National Government		12,843	12,843	28,451	31,653	37,929	37,929	-	50,798	17,710	17,710
Provincial Government		-	-	(278)	-	18,000	18,000	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	12,843	12,843	28,173	31,653	55,929	55,929	-	50,798	17,710	17,710
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		299	299	997	1,900	-	-	-	770	1,051	1,051
Total Capital Funding	7	13,142	13,142	29,170	33,553	55,929	55,929	-	51,568	18,761	18,761

Part 1 – 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 2019) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule by 31 August 2020.

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 2021/2022 MTREF, based on the approved 2019/20 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 2021/2022 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 2020/2021 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 2021/2022 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 2021/2022 MTREF:

- National South African growth, District growth and 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 2020/2021 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**, as well as circular 107 and 108 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 2020/21 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2020/21 Financial Year	2021/22 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.

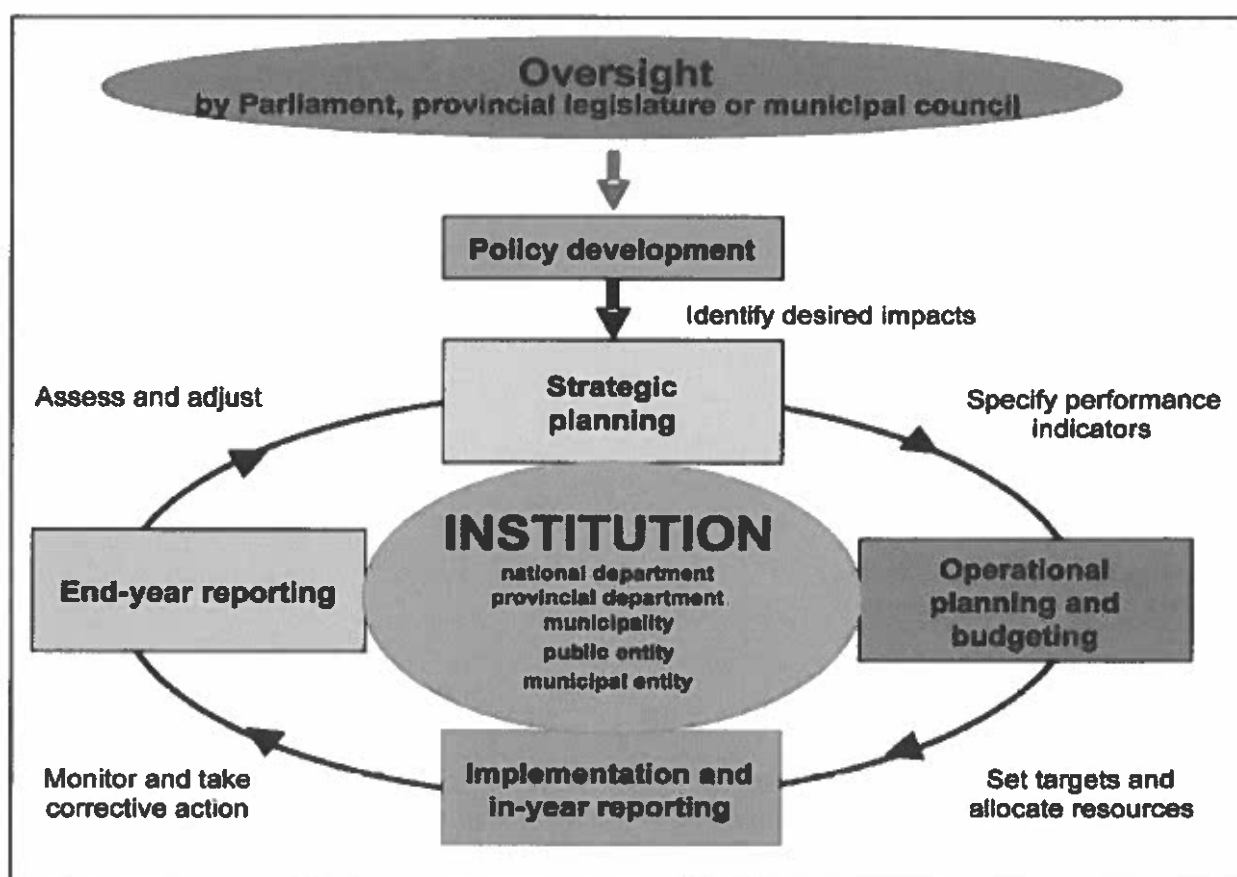
Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the new IDP.

The 2020/21 MTREF has therefore been directly informed by the IDP revision process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

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:

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

MBRR Table SA8 - Performance indicators and benchmark

2021/2022 DRAFT Annual Budget and MTREF

EC136 Emshaheni (Ec) - Supporting Table SA8 Performance Indicators and benchmarks									
Description of financial indicator	Basis of calculation	20Y7/16 Audited Outcomes	20Y16/16 Audited Outcomes	20Y16/20 Audited Outcomes	Current Year 2020/21 Attributed Budget	Prior Year Estimated Outcomes	Firm-Self Outcomes	Budgeted Year Expenditure From work + 2020/21	Budget Year Revenue & + 2020/21
Successtion Management									
Credit Rating	Interest & Principal Paid /Operating	0.0%	0.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Operating Revenue	Finance charges & Repayment of borrowing	0.0%	0.0%	8.1%	1.9%	1.9%	0.0%	0.2%	0.1%
Borrowing funding of own capital expenditure	Borrowing/Capital standards cost transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ratio of Capital	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratio	Current assets/current liabilities	1.1	0.6	0.6	1.2	(0.7)	(0.7)	(1.0)	(1.1)
Current Ratio	Current assets less debtors = 90 days/current liabilities	1.1	0.6	0.6	1.2	(0.7)	(0.7)	(1.0)	(1.1)
Liquidity Ratio	Recovery Assets/Current Liabilities	0.6	0.4	0.1	0.7	(0.4)	(0.4)	(0.7)	(0.6)
Debtors Collection Rate (Payment Level)	Last 12 Mths Receipts/Last 12 Mths Billing	-	-	-	-	-	-	-	-
Current Debtors Collection Rate (Cash receipts % of Netpayable & Other revenue)	-	0.0%	0.0%	0.0%	90.0%	40.7%	40.7%	82.0%	38.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	16.4%	23.4%	11.5%	40.7%	40.7%	0.0%	82.0%	38.1%
Longstanding Debtors Recovered	Debtors = 12 Mths Recovered/Total Debtors > 12 Months Old	-	-	-	7.7%	7.7%	0.0%	7.7%	6.7%
Creditors System Efficiency	% of Creditors Paid Within Terms (Refer Mr Nkomo's letter)	0.0%	-410.3%	-34.4%	-44.8%	-44.8%	0.0%	-208.7%	-140.2%
Other indicators	-	-	-	-	-	-	-	-	-
Electricity Distribution Losses (?)									
Total Volume Losses (RW)	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-
% Volume Losses purchased and generated vs volume supply from purchased and generated	-	-	-	-	-	-	-	-	-
Total Volume Losses (R1)	-	-	-	-	-	-	-	-	-
Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-
% Volume Losses purchased and generated vs volume supply from purchased and generated	-	-	-	-	-	-	-	-	-
Water Distribution Losses (?)									
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.0%	35.0%	40.2%	41.4%	41.4%	0.0%	55.1%	48.0%
Maintenance	Capital Expenditure/(Total Revenue - capital revenue)	40.5%	40.5%	56.9%	47.4%	47.4%	0.0%	63.1%	56.3%
Repairs & Maintenance	RAMM/(Total Revenue excluding capital revenue)	1.9%	1.9%	2.8%	0.0%	0.0%	0.0%	1.4%	2.0%
Franchise charges & Depreciation	FCAD/(Total Revenue - capital revenue)	-0.1%	0.0%	17.9%	9.3%	9.3%	0.0%	11.4%	9.9%
Cost Coverage	(Total Operating Revenue - Operating Costs)/Cost service payments due water	-	-	-	10.6	10.6	-	6.5	10.6
Disposal of Assets	Total annual disposal of assets	-	-	-	-	-	-	-	-
Cost Service Debtors to Revenue	Total operating services delivered/water revenue received for services	100.3%	105.0%	88.9%	42.3%	42.8%	0.0%	58.4%	34.4%
at Cost coverage	Operational expenditures/operating income	-	(0.6)	(3.8)	10.2	10.2	0.0%	2.2	2.7

1. Consumer debtors ≥ 12 months old are excluded from
2. Only include if services identified by the credit counsellor

Categorization data

Debtors = 90 d my

Fixed optional

OWN CARP BORROWING

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 2021/2022 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed **significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.**
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.1 percent increasing to 0.2 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 2021/2022 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 2021/2022 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 0.0 % 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 2021/2022 MTREF the current ratio is 1.1, 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 2021/2022 financial year the ratio was 0.9 and it increases to 1.4 and 1.4 percent for the outer years of the MTREF which is an indication of a financially distressed Municipality, management will need to dramatically cut on expenditure and non-obligatory commitments in order to be able to improve the 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.

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.**

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 2021/2022 MTREF **has been prepared on the basis of achieving an average debtors' collection rate of 60 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 2021/2022 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 2020 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 2021/2022 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 (95 per cent) of annual billings. Cash flow is assumed to be on average 95 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

A 10% increase have been provided for Councillors, a provision of 10% 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 60% 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 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2021/2022 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

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 provided** for as cash inflow based on actual performance. In other words, the *actual collection rate* of billed revenue, and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

MBRR Table A7 - Budget cash flow statement

EC136 Emalahleni (Ec) - Table A7 Budgeted Cash Flows

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework						
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24			
CASH FLOW FROM OPERATING ACTIVITIES														
Receipts														
Property rates		-	-	-	9,167	5,240	5,240	-	5,487	5,761	5,761			
Service charges		-	-	-	26,540	14,071	14,071	-	9,294	9,294	9,294			
Other revenue		-	-	-	12,048	8,895	8,885	-	9,329	9,796	9,796			
Transfers and Subsidies - Operational	1	-	-	-	141,127	165,344	165,344	-	149,122	149,122	149,122			
Transfers and Subsidies - Capital	1	-	-	-	33,484	33,484	33,484	-	35,837	35,837	35,837			
Interest		-	-	-	-	4,889	4,889	-	5,134	5,391	5,391			
Dividends		-	-	-	-	-	-	-	-	-	-			
Payments														
Suppliers and employees		-	(8,287)	(50,717)	-	(65,461)	(65,461)	-	(158,614)	(184,020)	(182,658)			
Finance charges		-	-	-	-	1,067	1,067	-	294	309	309			
Transfers and Grants	1	-	-	-	222,367	167,519	167,519	-	55,881	31,489	32,851			
NET CASH FROM/(USED) OPERATING ACTIVITIES														
CASH FLOWS FROM INVESTING ACTIVITIES														
Receipts														
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-			
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-			
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-			
Payments														
Capital assets		-	-	-	(33,553)	(37,751)	(37,751)	-	(35,564)	(18,361)	(18,361)			
NET CASH FROM/(USED) INVESTING ACTIVITIES														
CASH FLOWS FROM FINANCING ACTIVITIES														
Receipts														
Short term loans		-	-	-	-	-	-	-	-	-	-			
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-			
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	(0)	(0)	(0)			
Payments														
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-			
NET CASH FROM/(USED) FINANCING ACTIVITIES														
NET INCREASE/ (DECREASE) IN CASH HELD														
Cash/cash equivalents at the year begin:	2	-	(8,287)	(50,717)	188,814	129,768	129,768	-	20,317	13,127	14,489			
Cash/cash equivalents at the year end:	2	-	4,145	(0)	(0)	1,646	1,646	-	5,812	26,129	39,257			
		-	(4,142)	(50,717)	188,814	131,414	131,414	-	26,129	39,257	53,746			

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 A8 - Cash backed reserves/accumulated surplus reconciliation

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

2019/20 Enactment (2019/20) Table 7a: Cash-backed reserves accumulated surplus reconciliation								
Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
R thousand								
Cash and investments available								
Cash/cash equivalents at the year end	1	-	(4,142)	(50,717)	188,814	131,414	131,414	-
Other current investments > 90 days		21,519	25,626	56,509	(168,318)	(110,919)	(110,919)	-
Non current assets - investments	1	-	-	-	-	-	-	-
Cash and investments available:		21,519	21,484	5,791	20,496	20,495	20,495	-
Application of cash and investments								
Unspent conditional transfers		17,641	17,641	1,000	-	(14,448)	(14,448)	-
Unspent borrowing		-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-
Other working capital requirements	3	-	17,003	17,944	(8,860)	(67,408)	(67,408)	-
Other provisions		-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-
Total Application of cash and Investments:		17,641	34,644	18,944	(8,860)	(81,856)	(81,856)	-
Surplus(shortfall)		3,878	(13,160)	(13,153)	29,355	102,351	102,351	-

From the above table it can be seen that the cash and investments available total negative - R80.051 million in the 2021/2022 financial year and progressively decreases to -R81.625 million by 2021/22 and -R81.625 million over the MTREF 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 SA10 – Funding compliance measurement

EC136 Emalahleni (Ec) Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
Funding measures									
Cash/cash equivalents at the year end - R'000	18(1)b	1	-	(4,142)	(50,717)	188,814	131,414	131,414	
Cash + investments at the yr end less applications - R'000	18(1)b	2	3,878	(13,160)	(13,153)	29,355	102,351	102,351	
Cash year end/monthly employee/supplier payments	18(1)b	3	-	(0.6)	(3.8)	13.5	10.2	10.2	
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	25,840	25,690	(121)	33,553	85,528	85,528	
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	64.7%	16.0%	2.4%	(6.0%)	(106.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	95.2%	53.0%	53.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	51.2%	51.2%	61.4%	11.2%	7.7%	7.7%	0.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	100.0%	67.5%	67.5%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10							
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	42.3%	(27.2%)	(22.3%)	8.7%	0.0%	(100.0%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.5%	0.5%	1.1%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	3.2%	3.2%	45.7%	0.0%	0.0%	0.0%	0.0%

1.13 Councillor and employee benefits :MBRR SA22 - Summary of councillor and staff benefits

RC136 Emalahleni (Eo) - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration		2017/18	2018/19	2019/20	Current Year 2020/21		
R thousand	Ref	Audited Outcomes	Audited Outcomes	Audited Outcomes	Original Budget	Adjusted Budget	Full Year Forecast
		A	B	C	D	E	F
Councillors (Political Office Bearers, plus Other)	1						
Basic Salaries and Wages		5,476	5,476	11,396	13,070	11,670	11,670
Pension and UIF Contributions		—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—
Cellphone Allowance		666	666	1,361	1,360	1,360	1,360
Housing Allowances		336	336	692	320	320	320
Other benefits and allowances		—	—	—	—	—	—
Sub Total - Councillors	4	6,508	6,508	13,458	14,750	13,348	13,348
% Increase				107.2%	8.4%	(10.2%)	
Senior Managers of the Municipality	2						
Basic Salaries and Wages		4,003	4,003	8,063	10,664	10,664	10,664
Pension and UIF Contributions		—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—
Overtime		—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—
Cellphone Allowance		—	—	—	—	—	—
Housing Allowances		80	80	166	—	—	—
Other benefits and allowances		—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—
Long service awards		—	—	—	—	—	—
Postretirement benefit obligations		—	—	—	—	—	—
Sub Total - Senior Managers of Municipality	6	4,112	4,112	8,329	12,147	12,147	12,147
% Increase	4			103.1%	48.3%	0.0%	
Other Municipal Staff	3						
Basic Salaries and Wages		26,692	26,692	47,571	54,940	53,760	53,760
Pension and UIF Contributions		4,227	4,227	8,629	9,676	9,061	9,061
Medical Aid Contributions		1,448	1,448	3,165	3,626	3,526	3,526
Overtime		666	666	1,748	2,350	1,360	1,360
Performance Bonus		—	—	—	—	—	—
Motor Vehicle Allowance		1,761	1,761	3,675	5,372	5,362	5,362
Cellphone Allowance		1,501	1,501	4,700	4,648	4,548	4,548
Housing Allowances		603	603	863	620	620	620
Other benefits and allowances		—	—	—	—	—	—
Payments in lieu of leave		230	230	1,036	166	166	166
Long service awards		41	41	2,727	766	766	766
Postretirement benefit obligations		23	23	693	—	—	—
Sub Total - Other Municipal Staff	6	37,157	37,157	77,460	81,677	79,011	79,011
% Increase	4			108.4%	6.5%	(3.3%)	
Total Parent Municipality	4	47,780	47,780	99,248	108,573	104,408	104,408
				107.6%	9.3%	(3.6%)	
Board Members of Entities	3						
Basic Salaries and Wages		—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—
Overtime		—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—
Cellphone Allowance		—	—	—	—	—	—
Housing Allowances		—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—
Board Fees		—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—
Long service awards		—	—	—	—	—	—
Postretirement benefit obligations		—	—	—	—	—	—
Sub Total - Board Members of Entities	6	—	—	—	—	—	—
% Increase	4			—	—	—	—
Senior Managers of Entities	3						
Basic Salaries and Wages		—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—
Overtime		—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—
Cellphone Allowance		—	—	—	—	—	—
Housing Allowances		—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—
Long service awards		—	—	—	—	—	—
Postretirement benefit obligations		—	—	—	—	—	—
Sub Total - Senior Managers of Entities	6	—	—	—	—	—	—
% Increase	4			—	—	—	—
Other Staff of Entities	3						
Basic Salaries and Wages		—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—
Overtime		—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—
Cellphone Allowance		—	—	—	—	—	—
Housing Allowances		—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—
Long service awards		—	—	—	—	—	—
Postretirement benefit obligations		—	—	—	—	—	—
Sub Total - Other Staff of Entities	6	—	—	—	—	—	—
% Increase	4			—	—	—	—
Total Municipal Entities	4	—	—	—	—	—	—
TOTAL SALARY, ALLOWANCES & BENEFITS	4	47,780	47,780	99,248	108,573	104,408	104,408
% Increase	4			107.6%	9.3%	(3.6%)	
TOTAL MANAGERS AND STAFF	6.7	41,272	41,272	85,806	93,624	91,129	91,129

1.14 Monthly targets for revenue, expenditure and cash flow
MBRR SA25 - Budgeted monthly revenue and expenditure

EC136 Emalahleni (Ec) - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2021/22												Medium
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22
R thousand														
Revenue By Source														
Property rates		746	746	746	746	746	746	746	746	746	746	746	746	8,8
Service charges - electricity revenue		992	992	992	992	992	992	992	992	992	992	992	992	11,6
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		224	224	224	224	224	224	224	224	224	224	224	224	2,6
Rental of facilities and equipment		45	45	45	45	45	45	45	45	45	45	45	45	4
Interest earned - external investments		167	167	167	167	167	167	167	167	167	167	167	167	2,0
Interest earned - outstanding debtors		261	261	261	261	261	261	261	261	261	261	261	261	3,1
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		13	13	13	13	13	13	13	13	13	13	13	13	1
Licences and permits		334	334	334	334	334	334	334	334	334	334	334	334	4,0
Agency services		127	127	127	127	127	127	127	127	127	127	127	127	1,5
Transfers and subsidies		11,737	11,737	11,737	11,737	11,737	11,737	11,737	11,737	11,737	11,737	11,737	11,737	140,8
Other revenue		26	26	26	26	26	26	26	26	26	26	26	26	2
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		14,673	14,673	14,673	14,673	14,673	14,673	14,673	14,673	14,673	14,673	14,673	14,673	176,0
Expenditure By Type														
Employee related costs		8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	97,4
Remuneration of councillors		1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	14,0
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	20,1
Finance charges		5	5	5	5	5	5	5	5	5	5	5	5	5
Bulk purchases - electricity		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,0
Inventory consumed		483	483	483	483	483	483	483	483	483	483	483	483	5,7
Contracted services		805	805	805	805	805	805	805	805	805	805	805	805	9,6
Transfers and subsidies		75	75	75	75	75	75	75	75	75	75	75	75	8
Other expenditure		2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	25,9
Losses		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		15,456	15,456	15,456	15,456	15,456	15,456	15,456	15,456	15,456	15,456	15,456	15,456	185,4
Surplus/(Deficit)		(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(8,4)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	4,413	52,8
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		3,629	3,629	3,629	3,629	3,629	3,630	3,629	3,629	3,629	3,629	3,629	3,630	43,1
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	3,629	3,629	3,629	3,629	3,629	3,630	3,629	3,629	3,629	3,629	3,629	3,630	43,1

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

EC136 Emalahleni (Ec) - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2021/22												Medium Term Revenue Framework	
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year 2022/23
R thousand															
Revenue - Functional															
Governance and administration		12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	151,314	163,171
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	7,100
Finance and administration		12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	151,314	155,071
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		137	137	137	137	137	137	137	137	137	137	137	137	1,643	2,414
Community and social services		85	85	85	85	85	85	85	85	85	85	85	85	1,025	1,025
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		51	51	51	51	51	51	51	51	51	51	51	51	614	1,025
Housing		0	0	0	0	0	0	0	0	0	0	0	0	4	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	35,426	37,426
Planning and development		2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	35,426	37,426
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	35,806	33,806
Energy sources		2,687	2,687	2,687	2,687	2,687	2,687	2,687	2,687	2,687	2,687	2,687	2,687	32,244	21,244
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		233	233	233	233	233	233	233	233	233	233	233	233	2,792	12,792
Other		467	467	467	467	467	467	467	467	467	467	467	467	5,682	6,682
Total Revenue - Functional		19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	229,822	243,171
Expenditure - Functional															
Governance and administration		7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	93,819	117,819
Executive and council		2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	26,706	33,706
Finance and administration		5,444	5,444	5,444	5,444	5,444	5,444	5,444	5,444	5,444	5,444	5,444	5,444	65,332	81,332
Internal audit		148	148	148	148	148	148	148	148	148	148	148	148	1,781	2,781
Community and public safety		2,709	2,709	2,709	2,709	2,709	2,709	2,709	2,709	2,709	2,709	2,709	2,709	32,512	18,512
Community and social services		1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	20,705	13,705
Sport and recreation		381	381	381	381	381	381	381	381	381	381	381	381	4,574	1,574
Public safety		206	206	206	206	206	206	206	206	206	206	206	206	2,474	1,474
Housing		397	397	397	397	397	397	397	397	397	397	397	397	4,750	1,750
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	33,683	42,683
Planning and development		2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	30,089	40,089
Road transport		299	299	299	299	299	299	299	299	299	299	299	299	3,584	2,584
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	22,231	29,231
Energy sources		1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	18,643	22,643
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		49	49	49	49	49	49	49	49	49	49	49	49	583	1,583
Waste management		250	250	250	250	250	250	250	250	250	250	250	250	2,995	6,995
Other		289	289	289	289	289	289	289	289	289	289	289	289	3,279	4,279
Total Expenditure - Functional		15,436	15,436	15,436	15,436	15,436	15,436	15,436	15,436	15,436	15,436	15,436	15,436	185,468	212,468
Surplus/(Deficit) before assoc.		3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	43,554	31,703
Share of surplus/ (deficit) of associate		(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	18,191	-
Surplus/(Deficit)	1	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	25,365	31,703

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

EC138 Emalahleni (Ec) - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2021/22										
		July	August	Sept.	October	November	December	January	February	March	April	May
R thousand												
Revenue by Vote												
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury		12,819	12,819	12,819	12,819	12,819	12,819	12,819	12,819	12,819	12,819	12,819
Vote 4 - PEDTA		(171)	(171)	(171)	(171)	(171)	(171)	(171)	(171)	(171)	(171)	(171)
Vote 5 - Community Services and Social Services		797	797	797	797	797	797	797	797	797	797	797
Vote 6 - Infrastructure Development and Human Settlement		5,639	5,639	5,639	5,639	5,639	5,639	5,639	5,639	5,639	5,639	5,639
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		19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085
Expenditure by Vote to be appropriated												
Vote 1 - Executive and council		2,514	2,514	2,514	2,514	2,514	2,514	2,514	2,514	2,514	2,514	2,514
Vote 2 - Corporate Services		2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923
Vote 3 - Budget and Treasury		2,097	2,097	2,097	2,097	2,097	2,097	2,097	2,097	2,097	2,097	2,097
Vote 4 - PEDTA		1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279
Vote 5 - Community Services and Social Services		2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328
Vote 6 - Infrastructure Development and Human Settlement		4,315	4,315	4,315	4,315	4,315	4,315	4,315	4,315	4,315	4,315	4,315
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		15,456	15,456	15,456	15,456	15,456	15,455	15,456	15,456	15,456	15,456	15,456
Surplus/(Deficit) before assoc.		3,629	3,629	3,629	3,629	3,629	3,630	3,629	3,629	3,629	3,629	3,629
Taxation												
Attributable to minorities												
Share of surplus/ (deficit) of associate												
Surplus/(Deficit)	1	3,629	3,629	3,629	3,629	3,629	3,630	3,629	3,629	3,629	3,629	3,629

EC138 Emalahleni (Eo) - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description		Ref	Budget Year 2021/22										
R thousand			July	August	Sept	October	November	December	January	February	March	April	May
Revenue - Functional													
Governance and administration			12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610
Executive and council			-	-	-	-	-	-	-	-	-	-	-
Finance and administration			12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610	12,610
Internal audit			-	-	-	-	-	-	-	-	-	-	-
Community and public safety			137	137	137	137	137	137	137	137	137	137	137
Community and social services			85	85	85	85	85	85	85	85	85	85	85
Sport and recreation			-	-	-	-	-	-	-	-	-	-	-
Public safety			51	51	51	51	51	51	51	51	51	51	51
Housing			0	0	0	0	0	0	0	0	0	0	0
Health			-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services			2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952
Planning and development			2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952
Road transport			-	-	-	-	-	-	-	-	-	-	-
Environmental protection			-	-	-	-	-	-	-	-	-	-	-
Trading services			2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920
Energy sources			2,687	2,687	2,687	2,687	2,687	2,687	2,687	2,687	2,687	2,687	2,687
Water management			-	-	-	-	-	-	-	-	-	-	-
Waste water management			-	-	-	-	-	-	-	-	-	-	-
Waste management			233	233	233	233	233	233	233	233	233	233	233
Other			467	467	467	467	467	467	467	467	467	467	467
Total Revenue - Functional			19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085	19,085
Expenditure - Functional													
Governance and administration			7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818
Executive and council			2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226	2,226
Finance and administration			5,444	5,444	5,444	5,444	5,444	5,444	5,444	5,444	5,444	5,444	5,444
Internal audit			148	148	148	148	148	148	148	148	148	148	148
Community and public safety			2,709	2,709	2,709	2,709	2,709	2,709	2,709	2,709	2,709	2,709	2,709
Community and social services			1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725
Sport and recreation			381	381	381	381	381	381	381	381	381	381	381
Public safety			206	206	206	206	206	206	206	206	206	206	206
Housing			397	397	397	397	397	397	397	397	397	397	397
Health			-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services			2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907	2,907
Planning and development			2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508
Road transport			299	299	299	299	299	299	299	299	299	299	299
Environmental protection			-	-	-	-	-	-	-	-	-	-	-
Trading services			1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853
Energy sources			1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554	1,554
Water management			-	-	-	-	-	-	-	-	-	-	-
Waste water management			49	49	49	49	49	49	49	49	49	49	49
Waste management			250	250	250	250	250	250	250	250	250	250	250
Other			209	209	209	209	209	209	209	209	209	209	209
Total Expenditure - Functional			15,436	15,436	15,436	15,436	15,436	15,435	15,436	15,436	15,436	15,436	15,436
Surplus/(Deficit) before assoc.			3,629	3,629	3,629	3,629	3,629	3,630	3,629	3,629	3,629	3,629	3,629
Share of surplus/(deficit) of assoc.			(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)
Surplus/(Deficit)	1		2,158	2,158	2,158	2,158	2,158	2,158	2,157	2,158	2,158	2,158	2,158

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**EC136 Emalahleni (Ec) - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2021/22										
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May
R thousand												
Multi-year expenditure to be appropriated	1											
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		154	154	154	154	154	154	154	154	154	154	154
Vote 3 - Budget and Treasury		17	17	17	17	17	17	17	17	17	17	17
Vote 4 - PEDTA		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services and Social Services		1,097	1,097	1,097	1,097	1,097	1,097	1,097	1,097	1,097	1,097	1,097
Vote 6 - Infrastructure Development and Human Settlement		3,733	3,733	3,733	3,733	3,733	3,733	3,733	3,733	3,733	3,733	3,733
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	2	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001
Single-year expenditure to be appropriated												
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury		0	-	-	-	-	-	-	-	-	-	-
Vote 4 - PEDTA		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure Development and Human Settlement		33	33	33	33	33	33	33	33	33	33	33
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	2	33	33	33	33	33	33	33	33	33	33	33
Total Capital Expenditure	2	5,034	5,034	5,034	5,034	5,034	5,034	5,034	5,034	5,034	5,034	5,034

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

EC136 Emalahleni (Ec) - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2021/22										
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May
R thousand												
Capital Expenditure - Functional	1											
Governance and administration		171	171	171	171	171	171	171	171	171	171	171
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		171	171	171	171	171	171	171	171	171	171	171
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		955	955	955	955	955	955	955	955	955	955	955
Community and social services		266	266	266	266	266	266	266	266	266	266	266
Sport and recreation		681	681	681	681	681	681	681	681	681	681	681
Public safety		8	8	8	8	8	8	8	8	8	8	8
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1,844	1,844	1,844	1,844	1,844	1,844	1,844	1,844	1,844	1,844	1,844
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		1,844	1,844	1,844	1,844	1,844	1,844	1,844	1,844	1,844	1,844	1,844
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065	2,065
Energy sources		1,919	1,919	1,919	1,919	1,919	1,919	1,919	1,919	1,919	1,919	1,919
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		4	4	4	4	4	4	4	4	4	4	4
Waste management		142	142	142	142	142	142	142	142	142	142	142
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	5,034	5,034	5,034	5,034	5,034	5,034	5,034	5,034	5,034	5,034	5,034
Funded by:												
National Government		4,233	4,233	4,233	4,233	4,233	4,233	4,233	4,233	4,233	4,233	4,233
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		4,233	4,233	4,233	4,233	4,233	4,233	4,233	4,233	4,233	4,233	4,233
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		64	64	64	64	64	64	64	64	64	64	64
Total Capital Funding		4,297	4,297	4,297	4,297	4,297	4,297	4,297	4,297	4,297	4,297	4,297

MBRR SA30 - Budgeted monthly cash

EC136 Emalahleni (Ec) - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2021/22									
	July	August	Sept.	October	November	December	January	February	March	April
R thousand										
Cash Receipts By Source										
Property rates	457	457	457	457	457	457	457	457	457	457
Service charges - electricity revenue	279	279	279	279	279	279	279	279	279	279
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	496	496	496	496	496	496	496	496	496	496
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	428	428	428	428	428	428	428	428	428	428
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	18	18	18	18	18	18	18	18	18	18
Licences and permits	388	388	388	388	388	388	388	388	388	388
Agency services	127	127	127	127	127	127	127	127	127	127
Transfers and Subsidies - Operational	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427	12,427
Other revenue	245	245	245	245	245	245	245	245	245	245
Cash Receipts by Source	14,864	14,864	14,864	14,864	14,864	14,864	14,864	14,864	14,864	14,864
Other Cash Flows by Source										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,986	2,986	2,986	2,986	2,986	2,986	2,986	2,986	2,986	2,986
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/financing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(0)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	17,850	17,850	17,850	17,850	17,850	17,850	17,850	17,850	17,850	17,850
Cash Payments by Type										
Employee related costs	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084
Remuneration of councillors	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168
Finance charges	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)
Bulk purchases - electricity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Acquisitions - water & other inventory	-	-	-	-	-	-	-	-	-	-
Contracted services	805	805	805	805	805	805	805	805	805	805
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	0	0	0	0	0	0	0	0	0	0
Other expenditure	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161
Cash Payments by Type	13,193	13,193	13,193	13,193	13,193	13,193	13,193	13,193	13,193	13,193
Other Cash Flows/Payments by Type										
Capital assets	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	16,157	16,157	16,157	16,157	16,157	16,157	16,157	16,157	16,157	16,157
NET INCREASE/(DECREASE) IN CASH HELD	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693
Cash/cash equivalents at the month/year begin:	5,812	7,505	9,199	10,892	12,585	14,278	15,971	17,664	19,357	21,050
Cash/cash equivalents at the month/year end:	7,505	9,199	10,892	12,585	14,278	15,971	17,664	19,357	21,050	22,743

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.

1.15 Capital expenditure details

2019-2020		2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	2035-2036	2036-2037	2037-2038	2038-2039	2039-2040	2040-2041	2041-2042	2042-2043	2043-2044	2044-2045	2045-2046	2046-2047	2047-2048	2048-2049	2049-2050	2050-2051	2051-2052	2052-2053	2053-2054	2054-2055	2055-2056	2056-2057	2057-2058	2058-2059	2059-2060	2060-2061	2061-2062	2062-2063	2063-2064	2064-2065	2065-2066	2066-2067	2067-2068	2068-2069	2069-2070	2070-2071	2071-2072	2072-2073	2073-2074	2074-2075	2075-2076	2076-2077	2077-2078	2078-2079	2079-2080	2080-2081	2081-2082	2082-2083	2083-2084	2084-2085	2085-2086	2086-2087	2087-2088	2088-2089	2089-2090	2090-2091	2091-2092	2092-2093	2093-2094	2094-2095	2095-2096	2096-2097	2097-2098	2098-2099	2099-2100	2100-2101	2101-2102	2102-2103	2103-2104	2104-2105	2105-2106	2106-2107	2107-2108	2108-2109	2109-2110	2110-2111	2111-2112	2112-2113	2113-2114	2114-2115	2115-2116	2116-2117	2117-2118	2118-2119	2119-2120	2120-2121	2121-2122	2122-2123	2123-2124	2124-2125	2125-2126	2126-2127	2127-2128	2128-2129	2129-2130	2130-2131	2131-2132	2132-2133	2133-2134	2134-2135	2135-2136	2136-2137	2137-2138	2138-2139	2139-2140	2140-2141	2141-2142	2142-2143	2143-2144	2144-2145	2145-2146	2146-2147	2147-2148	2148-2149	2149-2150	2150-2151	2151-2152	2152-2153	2153-2154	2154-2155	2155-2156	2156-2157	2157-2158	2158-2159	2159-2160	2160-2161	2161-2162	2162-2163	2163-2164	2164-2165	2165-2166	2166-2167	2167-2168	2168-2169	2169-2170	2170-2171	2171-2172	2172-2173	2173-2174	2174-2175	2175-2176	2176-2177	2177-2178	2178-2179	2179-2180	2180-2181	2181-2182	2182-2183	2183-2184	2184-2185	2185-2186	2186-2187	2187-2188	2188-2189	2189-2190	2190-2191	2191-2192	2192-2193	2193-2194	2194-2195	2195-2196	2196-2197	2197-2198	2198-2199	2199-2200	2200-2201	2201-2202	2202-2203	2203-2204	2204-2205	2205-2206	2206-2207	2207-2208	2208-2209	2209-2210	2210-2211	2211-2212	2212-2213	2213-2214	2214-2215	2215-2216	2216-2217	2217-2218	2218-2219	2219-2220	2220-2221	2221-2222	2222-2223	2223-2224	2224-2225	2225-2226	2226-2227	2227-2228	2228-2229	2229-2230	2230-2231	2231-2232	2232-2233	2233-2234	2234-2235	2235-2236	2236-2237	2237-2238	2238-2239	2239-2240	2240-2241	2241-2242	2242-2243	2243-2244	2244-2245	2245-2246	2246-2247	2247-2248	2248-2249	2249-2250	2250-2251	2251-2252	2252-2253	2253-2254	2254-2255	2255-2256	2256-2257	2257-2258	2258-2259	2259-2260	2260-2261	2261-2262	2262-2263	2263-2264	2264-2265	2265-2266	2266-2267	2267-2268	2268-2269	2269-2270	2270-2271	2271-2272	2272-2273	2273-2274	2274-2275	2275-2276	2276-2277	2277-2278	2278-2279	2279-2280	2280-2281	2281-2282	2282-2283	2283-2284	2284-2285	2285-2286	2286-2287	2287-2288	2288-2289	2289-2290	2290-2291
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[illegible]

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

Description	Ref	2017/18			Current Year 2020/21			2021/22 Budgetary Forecasts		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Repairs and maintenance expenditure by Asset Class/Sub-class	1									
Infrastructure		1,068	1,068	2,619	-	-	-	1,335	2,290	2,290
Roads Infrastructure		-	-	-	-	-	-	-	50	50
Roads		-	-	-	-	-	-	-	50	50
Storm water Infrastructure		850	850	2,054	-	-	-	200	500	500
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		850	850	2,054	-	-	-	200	500	500
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		216	216	565	-	-	-	1,155	1,730	1,730
Power Plants		-	-	-	-	-	-	50	50	50
MV Substations		50	50	187	-	-	-	500	775	775
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		86	86	250	-	-	-	200	200	200
LV Networks		80	80	128	-	-	-	405	705	705
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Community Assets		257	257	575	-	-	-	-	1,095	1,095
Community Facilities		257	257	555	-	-	-	-	1,095	1,095
Halls		232	232	370	-	-	-	-	850	850
Cemeteries/Crematoria		-	-	23	-	-	-	-	105	105
Parks		26	26	81	-	-	-	-	120	120
Public Open Space		-	-	81	-	-	-	-	20	20
Sport and Recreation Facilities		-	-	20	-	-	-	-	-	-
Outdoor Facilities		-	-	20	-	-	-	-	-	-
		1	1	1	1	1	1	1	1	1
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Other assets		193	193	441	-	-	-	-	300	300
Operational Buildings		193	193	441	-	-	-	-	300	300
Municipal Offices		193	193	441	-	-	-	-	300	300
Housing		-	-	-	-	-	-	-	-	-
Staff Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		48	48	70	-	-	-	-	300	300
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		48	48	70	-	-	-	-	300	300
Computer Software and Applications		48	48	70	-	-	-	-	300	300
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		27	27	242	-	-	-	-	450	450
Machinery and Equipment		27	27	242	-	-	-	-	450	450
Transport Assets		648	648	941	-	-	-	1,100	1,586	1,586
Transport Assets		648	648	941	-	-	-	1,100	1,586	1,586
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	2,240	2,240	4,887	-	-	-	2,485	6,011	6,011
R&M as a % of PPE		0.5%	0.5%	1.1%	0.0%	0.0%	0.0%	0.0%	1.2%	1.3%
R&M as a % Operating Expenditure		2.4%	2.4%	2.4%	0.0%	0.0%	0.0%	0.0%	3.2%	2.6%

1.18 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
 2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department and one in the Internal Audit Department,
 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 2020/21 MTREF in May 2021.
 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.
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EC136 Ennahdha (Ec) - Supporting Table S42 Matrix Financial Performance Budget revenue source/expenditure type and dest.

[illegible]

MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC126 Emalahleni (Ec) - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2017/18			Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Forecasts			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
ASSETS											
Consumer debtors											
Consumer debtors		48 810	100 260	100 848	82 773	64 118	64 118	—	64 560	47 773	47 773
Less: Provisions for doubtful debts		(29,950)	(70,888)	(69,202)	(47,240)	(47,240)	(47,240)	—	(40,880)	(29,840)	(29,840)
Total Consumer debtors	2	18,860	29,372	31,646	35,533	16,878	16,878	—	23,680	17,933	17,933
Debtors - other receivables											
Balance at the beginning of the year		71 384	71 384	71 384	87 484	87 484	87 484	—	47 340	40 968	40 968
Contributions to the provision		—	—	—	—	—	—	—	—	—	—
Less: Debtors - other receivables		(42,728)	(8,642)	(2,003)	(42,874)	(42,874)	(42,874)	—	(7,870)	(7,847)	(7,847)
Balance at end of year		28,656	62,742	69,381	44,610	44,610	44,610	—	39,470	33,121	33,121
Inventory											
Opening Balance		—	—	—	—	—	—	—	—	—	—
System Input Volumes		—	—	—	—	—	—	—	—	—	—
Water Treatment Works		—	—	—	—	—	—	—	—	—	—
Rubbish Purchases		—	—	—	—	—	—	—	—	—	—
Natural Resources		—	—	—	—	—	—	—	—	—	—
Authorised Consumption	6	—	—	—	—	—	—	—	—	—	—
Billed Authorised Consumption		—	—	—	—	—	—	—	—	—	—
Billed Unmetered Consumption		—	—	—	—	—	—	—	—	—	—
From Basic Water		—	—	—	—	—	—	—	—	—	—
Sub-metered Water		—	—	—	—	—	—	—	—	—	—
Revenues Water		—	—	—	—	—	—	—	—	—	—
Billed Unmetered Consumption		—	—	—	—	—	—	—	—	—	—
From Basic Water		—	—	—	—	—	—	—	—	—	—
Sub-metered Water		—	—	—	—	—	—	—	—	—	—
Revenues Water		—	—	—	—	—	—	—	—	—	—
Unbilled Authorised Consumption		—	—	—	—	—	—	—	—	—	—
Unbilled Metered Consumption		—	—	—	—	—	—	—	—	—	—
Unbilled Unmetered Consumption		—	—	—	—	—	—	—	—	—	—
Water Leases		—	—	—	—	—	—	—	—	—	—
Apparent Leases		—	—	—	—	—	—	—	—	—	—
Unauthorised Consumption		—	—	—	—	—	—	—	—	—	—
Customer Meter Inaccuracies		—	—	—	—	—	—	—	—	—	—
Real Income		—	—	—	—	—	—	—	—	—	—
Leakage on Transmission and Distribution Mains		—	—	—	—	—	—	—	—	—	—
Leakage and Overflows at Storage Tank Reservoirs		—	—	—	—	—	—	—	—	—	—
Leakage on Service Connections up to the point of Customer Meter		—	—	—	—	—	—	—	—	—	—
Field Transfer and Management Errors		—	—	—	—	—	—	—	—	—	—
Unrecoverable Annual Real Losses		—	—	—	—	—	—	—	—	—	—
Non-revenue Water		—	—	—	—	—	—	—	—	—	—
Closing Balance Water		—	—	—	—	—	—	—	—	—	—
Agricultural											
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions		—	—	—	—	—	—	—	—	—	—
Issues	7	—	—	—	—	—	—	—	—	—	—
Adjustments	8	—	—	—	—	—	—	—	—	—	—
Write-offs	9	—	—	—	—	—	—	—	—	—	—
Closing Balance - Agricultural		—	—	—	—	—	—	—	—	—	—
Consumables											
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	—	—	—	—	—	—	—	—
Issues	8	—	—	—	—	—	—	—	—	—	—
Adjustments	9	—	—	—	—	—	—	—	—	—	—
Write-offs	10	—	—	—	—	—	—	—	—	—	—
Closing Balance - Consumables		—	—	—	—	—	—	—	—	—	—
Standard Related											
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	—	—	—	—	—	—	—	—
Issues	8	—	—	—	—	—	—	—	—	—	—
Adjustments	9	—	—	—	—	—	—	—	—	—	—
Write-offs	10	—	—	—	—	—	—	—	—	—	—
Closing Balance - Consumables Standard Related		—	—	—	—	—	—	—	—	—	—
Zero Rated											
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	—	—	—	—	—	—	—	—
Issues	8	—	—	—	—	—	—	—	—	—	—
Adjustments	9	—	—	—	—	—	—	—	—	—	—
Write-offs	10	—	—	—	—	—	—	—	—	—	—
Closing Balance - Consumables Zero Rated		—	—	—	—	—	—	—	—	—	—
Finished Goods											
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	—	—	—	—	—	—	—	—
Issues	8	—	—	—	—	—	—	—	—	—	—
Adjustments	9	—	—	—	—	—	—	—	—	—	—
Write-offs	10	—	—	—	—	—	—	—	—	—	—
Closing Balance - Finished Goods		—	—	—	—	—	—	—	—	—	—
Materials and Supplies											
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions	7	—	—	—	—	—	—	—	—	—	—
Issues	8	—	—	—	—	—	—	—	—	—	—
Adjustments	9	—	—	—	—	—	—	—	—	—	—
Write-offs	10	—	—	—	—	—	—	—	—	—	—
Closing Balance - Materials and Supplies		—	—	—	—	—	—	—	—	—	—
Work-in-progress											
Opening Balance		—	—	—	—	—	—	—	—	—	—
Materials		—	—	—	—	—	—	—	—	—	—
Transfers		—	—	—	—	—	—	—	—	—	—
Closing Balance - Work-in-progress		—	—	—	—	—	—	—	—	—	—
Housing Stock											
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions		—	—	—	—	—	—	—	—	—	—
Transfers		—	—	—	—	—	—	—	—	—	—
Issues		—	—	—	—	—	—	—	—	—	—
Closing Balance - Housing Stock		—	—	—	—	—	—	—	—	—	—
Land											
Opening Balance		—	—	—	—	—	—	—	—	—	—
Acquisitions		—	—	—	—	—	—	—	—	—	—
Issues		—	—	—	—	—	—	—	—	—	—
Adjustments		—	—	—	—	—	—	—	—	—	—
Corrections of Year period errors		—	—	—	—	—	—	—	—	—	—
Closing Balance - Land		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment (PPE)											
PPE at cost/valuation (net of depreciation)		777,818	777,818	735,801	782,987	806,832	806,832	—	860,708	877,888	877,888
Less: Accumulated depreciation	3	277,292	277,292	297,290	298,940	308,940	308,940	—	308,940	308,940	308,940
Total Property, plant and equipment (PPE)	2	499,526	500,526	438,511	484,047	497,892	497,892	—	551,768	568,948	568,948
LIABILITIES											
Current liabilities - Borrowings											
Short term loans (other than bank overdraft)		—	—	—	—	—	—	—	—	—	—
Current portion of long term liabilities		—	—	—	—	—	—	—	—	—	—
Total Current liabilities - Borrowing		—	—	—	—	—	—	—	—	—	—
Trade and other payables											
Trade Payables	5	—	17,003	17,406	5,484	(58,443)	(58,443)	—	(70,200)	(78,368)	(78,368)
Other creditors		—	—	—	—	—	—	—	—	—	—
Unsettled contractual transfers		17,641	17,641	1,000	—	(14,448)	(14,448)	—	80	0	0
VAT		—	2,478	1,590	—	—	—	—	—	—	—
Total Trade and other payables	2	17,641	37,122	19,996	5,484	(72,891)	(72,891)	—	(70,120)	(78,368)	(78,368)
Non-current liabilities - Borrowing											
Borrowing	4	—	—	—	—	—	—	—	—	—	—
Finance lease (including PPE) (net of interest)		—	—	—	—	—	—	—	—	—	—
Total Non-current liabilities - Borrowing		—	—	—	—	—	—	—	—	—	—
Provisions - non-current											
Provision for interest		—	—	—	—	—	—	—	—	—	—
Balance transferred to provision		12,813	12,813	13,607	12,000	12,000	12,000	—	13,000	14,000	14,000
Other		—	—	—	—	—	—	—	—	—	—
Total Provisions - non-current		12,813	12,813	13,607	12,000	12,000	12,000	—	13,000	14,000	14,000
GRAND TOTAL											
Assets		499,526	500,526	438,511	484,047	497,892	497,892	—	551,768	568,948	568,948
Liabilities		—	—	—	—	—	—	—	—	—	—
Current liabilities		—	—	—	—	—	—	—	—	—	—
Trade and other payables		17,641	37,122	19,996	5,484	(72,891)	(72,891)	—	(70,120)	(78,368)	(78,368)
Non-current liabilities		—	—	—	—	—	—	—	—	—	—
Provisions		12,813	12,813	13,607	12,000	12,000	12,000	—	13,000	14,000	14,000
GRAND TOTAL		499,526	500,526	438,511	484,047	497,892	497,892	—	551,768	568,948	568,948
Assets											
Assets		499,526	500,526	438,511	484,047	497,892	497,892	—	551,768	568,948	568,948
Liabilities		—	—	—	—	—	—	—	—	—	—
Current liabilities		—	—	—	—	—	—	—	—	—	—
Trade and other payables		17,641	37,122	19,996	5,484	(72,891)	(72,891)	—	(70,120)	(78,368)	(78,368)
Non-current liabilities		—	—	—	—	—	—	—	—	—	—
Provisions		12,813	12,813	13,607	12,000	12,000	12,000	—	13,000	14,000	14,000
GRAND TOTAL		499,526	500,526	438,511	484,047	497,892	497,892	—	551,768	568,948	568,948
Assets											
Assets		499,526									



1.1 Municipal Manager's quality certificate

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

Print Name : MR V.C. MAKEDAMA

Municipal Manager of Emalahleni Municipality

Signature 

Date 31 MARCH 2021