

# **EMALAHLENI MUNICIPALITY**

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

**FINAL BUDGET OF  
EMALAHLENI  
MUNICIPALITY**

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

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

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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 – FINAL APPROVED BUDGET

## 1.1 Mayor's Report

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

### LEGISLATIVE BACKGROUND

According to circular 108 for the 2021/2022 Final 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 limited expenditure budget is based on cost containment principles. Therefore, this is a second consecutive year the municipality is budgeting for the surplus budget.

### **OPERATING REVENUE**

The Total realistically anticipated Operating Revenue excluding capital budget amounted to **R 190,532** million from **R 224,592** million in 2020/21. This constitutes a 15% decrease on the year-to-year budget.

### **GRANTS**

Grant & Subsidies decreased from **R 198,803** million from **R 238,119** million which constitutes 17% decrease on the year-to-year budget.

Grants and subsidies amount to 82% of the total budget.

### **OWN REVENUE**

The Municipality has budgeted all its revenue based on realistically anticipated estimates keeping the requirements of Circular 99 in mind.

The revenue projections have been reduced owing to the contracted economic outlook and inflation rate of 3%, this has not allowed for any additional increases in revenue budget.

The total own revenue budget amounts decreased to **R 44,680** million to **R 59,618** million. This constitutes 25% decrease on the year-to-year budget.

Own revenue which makes up 18% of the total operating revenue budget.

### **EXPENDITURE**

The 2021/22 budget is limited to essential project expenditure in line with the cost containment regulations and the IDP priorities. Furthermore, the expenditure has been reduced to fund the previous budget deficits that resulted in an unfunded budget.

Capital budget funded through DORA allocated grants and subsidies to the municipality There is limited funding capital expenditure funded through internal funds.

**Depreciation & Asset Impairment** – The 2021/22 budget amounts to **R 20,000 million** which is a 3% increase from the 2020/21 budget of **R 19,384 million**. Strides are being taken to gradually phase-in the cash backed surplus for depreciation. In the 2021/22 financial year, plans are on track to ensure the surplus equivalent to depreciation on movable assets in cash-backed.

**Finance Charges** – A budget of R 0,060 million has been allocated, this equates to 94% decrease from 2020/21 budget of R 1,067 million. This is because the existing finance lease agreement expired at the end of April 2021. If there are significant charges in the 2021/22 these will be catered for during the Mid-Year Budget Assessment.

**Inventory consumed** – Inventory consumed is budgeted at R 5,893 million has been allocated for 2021/22, this equates to 26% decrease from 2020/21 budget of R 7,922 million.

**Bulk Purchases** – Budget is at R 12,000 million, this is due to an average monthly invoice of R 1,000 million from Eskom. This is a decrease of 10% when compared to 2020/21 budget of R 13,300 million. This variance is because there is an existing strategy to curb electricity losses which is already yielding positive results in the 2020/21 financial year.

**Contracted Services** – There has been a drastic decrease in budget for outsourced services which was budgeted for at R 25,448 million in 2020/21, with the 2021/22 budget allocated at R 9,883 million. This is equal to 61% reduction; this is mainly linked to the change in strategy of reducing consulting fees by in-sourcing tasks that were previously allocated to consultants. This is achievable by utilizing the new BTO appointments made in the 2020/21.

**Other expenditure** – The Audit Fees are budgeted at R 4,500 million for 2021/22 which is a 13% increase from the 2020/21 actual fees incurred.

General expenses are budgeted at R 22,022 million which equates to 12% of the total operational expenditure budget.

The EPWP Grant will be used interchangeably between the three towns of Emalahleni for the Paving of Roads over the MTREF period.

Total Operating Expenditure is budgeted at R 187,795 million for 2021/22 which is a decrease of 4% when compared to the budget of R 194,803 million in the 2020/21.

**This will result to a projected surplus of R 2,737 Million.**

Below is a Summary of the 2021/2022 Final 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    |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Revenue By Source</b>   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 2    | 5,414           | 5,414           | 7,770           | 9,167                | 9,167           | 9,167              | 9,167             | 11,000  | 11,462                 | 11,966                 |
| Service charges - electricity revenue  | 2    | 7,987           | 7,987           | 13,421          | 18,391               | 20,391          | 20,391             | 23,581            | 15,000  | 15,630                 | 16,318                 |
| 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              | 11,495            | 5,000   | 5,210                  | 5,439                  |
| Rental of facilities and equipment   |      | 502             | 502             | 555             | 949                  | 949             | 949                | 949               | 544   | 567                    | 592                    |
| Interest earned - external investments   |      | 772             | 772             | 1,385           | 1,792                | 5,349           | 5,349              | 5,349             | 4,000   | 2,084                  | 2,176                  |
| Interest earned - outstanding debtors  |      | 3,583           | 3,583           | 6,387           | 5,435                | 5,435           | 5,435              | 5,435             | 3,130   | 3,261                  | 3,405                  |
| Dividends received   |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Fines, penalties and forfeits  |      | 250             | 250             | 155             | 202                  | 202             | 202                | 202               | 150   | 156                    | 163                    |
| Licences and permits   |      | 970             | 970             | 1,744           | 4,429                | 3,498           | 3,498              | 3,498             | 4,010   | 4,179                  | 4,362                  |
| Agency services  |      | 375             | 375             | 537             | 1,457                | 2,388           | 2,388              | 2,388             | 1,529   | 1,594                  | 1,664                  |
| Transfers and subsidies  |      | 93,037          | 93,037          | 132,733         | 148,749              | 164,974         | 164,974            | 164,974           | 145,852   | 148,257                | 143,930                |
| Other revenue  | 2    | 1,152           | 1,152           | 1,505           | 1,849                | 1,944           | 1,944              | 1,944             | 316   | 329                    | 344                    |
| Gains  |      | -               | -               | 20              | -                    | 1,000           | 1,000              | 1,000             | -   | -                      | -                      |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   |      | <b>117,849</b>  | <b>117,849</b>  | <b>174,409</b>  | <b>200,714</b>       | <b>224,592</b>  | <b>224,592</b>     | <b>229,982</b>    | <b>190,532</b>                                      | <b>192,729</b>         | <b>190,359</b>         |
| <b>Expenditure By Type</b>   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee related costs   | 2    | 41,278          | 41,278          | 65,809          | 93,824               | 91,159          | 91,159             | 91,159            | 95,936  | 94,918                 | 99,094                 |
| Remuneration of councillors  |      | 6,508           | 6,508           | 13,486          | 14,749               | 14,749          | 14,749             | 14,749            | 13,600  | 14,589                 | 15,241                 |
| Debt impairment  | 3    | 8,811           | 8,811           | 16,870          | 4,000                | 3,000           | 3,000              | 3,000             | 3,000   | 3,000                  | 3,000                  |
| Depreciation & asset impairment  | 2    | (151)           | -               | 28,923          | 19,384               | 19,384          | 19,384             | 19,384            | 20,000  | 20,840                 | 21,757                 |
| Finance charges  |      | 12              | 12              | 2,136           | 280                  | 1,067           | 1,067              | 1,067             | 60  | 63                     | 65                     |
| Bulk purchases - electricity   | 2    | 7,363           | 7,363           | 12,868          | 14,300               | 13,300          | 13,300             | 13,300            | 12,000  | 12,504                 | 13,054                 |
| Inventory consumed   | 8    | 1,546           | 1,546           | 2,213           | 4,421                | 7,922           | 7,922              | 7,922             | 5,893   | 6,036                  | 6,302                  |
| Contracted services  |      | 14,909          | 14,909          | 17,746          | 33,165               | 25,448          | 25,448             | 25,448            | 9,883   | 10,064                 | 10,507                 |
| Transfers and subsidies  |      | 103             | 103             | 222             | -                    | -               | -                  | -                 | 901   | 939                    | 981                    |
| Other expenditure  | 4, 5 | 11,629          | 11,629          | 23,504          | 14,680               | 18,775          | 18,775             | 18,775            | 26,522  | 27,021                 | 28,210                 |
| Losses   |      | -               | -               | 1,487           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Expenditure</b>   |      | <b>92,069</b>   | <b>92,160</b>   | <b>205,265</b>  | <b>198,814</b>       | <b>194,803</b>  | <b>194,803</b>     | <b>194,803</b>    | <b>187,795</b>                                      | <b>189,984</b>         | <b>198,211</b>         |
| <b>Surplus/(Deficit)</b>   |      | <b>25,840</b>   | <b>25,690</b>   | <b>(30,856)</b> | <b>1,900</b>         | <b>29,789</b>   | <b>29,789</b>      | <b>35,179</b>     | <b>2,736</b>  | <b>2,745</b>           | <b>(7,852)</b>         |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |      | -               | -               | 31,875          | 31,653               | 73,144          | 73,144             | 73,144            | 52,951  | 43,511                 | 40,819                 |
| 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)  |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   |      | <b>25,840</b>   | <b>25,690</b>   | <b>1,019</b>    | <b>33,553</b>        | <b>102,933</b>  | <b>102,933</b>     | <b>108,323</b>    | <b>55,687</b>                                       | <b>46,256</b>          | <b>32,967</b>          |
| Taxation   |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) after taxation</b>  |      | <b>25,840</b>   | <b>25,690</b>   | <b>1,019</b>    | <b>33,553</b>        | <b>102,933</b>  | <b>102,933</b>     | <b>108,323</b>    | <b>55,687</b>                                       | <b>46,256</b>          | <b>32,967</b>          |
| Attributable to minorities   |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>  |      | <b>25,840</b>   | <b>25,690</b>   | <b>1,019</b>    | <b>33,553</b>        | <b>102,933</b>  | <b>102,933</b>     | <b>108,323</b>    | <b>55,687</b>                                       | <b>46,256</b>          | <b>32,967</b>          |
| Share of surplus/(deficit) of associate  | 7    | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  |      | <b>25,840</b>   | <b>25,690</b>   | <b>1,019</b>    | <b>33,553</b>        | <b>102,933</b>  | <b>102,933</b>     | <b>108,323</b>    | <b>55,687</b>                                       | <b>46,256</b>          | <b>32,967</b>          |

### 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 |
| <b>Cash and investments available</b>             |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end             | 1   | -               | (4,142)         | (46,572)        | 192,959              | 135,559         | 135,559            | -                 | 91,092  | 179,539                | 259,267                |
| Other current investments > 90 days               |     | 21,519          | 25,626          | 52,364          | (172,463)            | (115,064)       | (115,064)          | -                 | (75,671)  | (143,934)              | (212,382)              |
| Non current assets - Investments                  | 1   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash and investments available:</b>            |     | <b>21,519</b>   | <b>21,484</b>   | <b>5,791</b>    | <b>20,496</b>        | <b>20,495</b>   | <b>20,495</b>      | <b>-</b>          | <b>15,421</b>                                       | <b>35,605</b>          | <b>46,885</b>          |
| <b>Application of cash and investments</b>        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Unspent conditional transfers                     |     | 17,641          | 17,641          | 1,000           | -                    | -               | -                  | -                 | 27,538  | 0                      | 0                      |
| Unspent borrowing                                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Statutory requirements                            | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other working capital requirements                | 3   | -               | 17,003          | 17,944          | (8,860)              | (67,392)        | (67,392)           | -                 | (246,032)   | (148,297)              | (147,691)              |
| Other provisions                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Long term investments committed                   | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Reserves to be backed by cash/investments         | 5   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Application of cash and investments:</b> |     | <b>17,641</b>   | <b>34,644</b>   | <b>18,944</b>   | <b>(8,860)</b>       | <b>(67,392)</b> | <b>(67,392)</b>    | <b>-</b>          | <b>(218,494)</b>                                    | <b>(148,297)</b>       | <b>(147,691)</b>       |
| <b>Surplus(shortfall)</b>                         |     | <b>3,878</b>    | <b>(13,160)</b> | <b>(13,153)</b> | <b>29,355</b>        | <b>87,887</b>   | <b>87,887</b>      | <b>-</b>          | <b>233,915</b>                                      | <b>183,902</b>         | <b>194,576</b>         |

- Able A8 shows a positive cash position of R15,421 million in the 2021/2022 financial year, R35,605 million and R46,885 million for the 2022/2023 and 2023/2024 financial years.

## FACTORS THAT WERE CONSIDERED IN FINALISING PREPARATION OF THE FINAL APPROVED 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 Final 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

|   |        | 3.00%    |          |          |          |
|---|--------|----------|----------|----------|----------|
|   |        | 20/21    |          | 21/22    |          |
|   | Ratios | 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 & Prepaids - 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 & Prepaids - Three Phase  |        |          |          |          |          |
| Block 1 - 0 - 50 Kwh                            |        | 1.54     | 1.77     | 1.76     | 2.03     |
| 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 m³) 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%    |          |          |          |
|---|-------------|----------|----------|----------|----------|
| <b>CATEGORY 1: ENTERTAINMENT</b>  |             |          |          |          |          |
| 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   |
| <b>CATEGORY 2: NON PROFIT PURPOSES</b>  |             |          |          |          |          |
| 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   |
| <b>CATEGORY 3: MEETINGS &amp; FUNERALS &amp; PRIZE GIVINGS &amp; SCHOOL EVENTS</b>                    |             |          |          |          |          |
| 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  |             |          |          |          |          |
| <b>POUND FEES</b>   |             |          |          |          |          |
| <b>RATES OF MILEAGE</b>   |             |          |          |          |          |
| 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    |
| <b>TRESPASSING FEES</b>   |             |          |          |          |          |
| 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   |
| <b>POUND FEES</b>   |             |          |          |          |          |
| 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   |
| <b>SUSTENANCE FEES</b>  |             |          |          |          |          |
| 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   |
| <b>FEES FOR ANIMALS</b>   |             |          |          |          |          |
| - 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   |
| <b>COMMONAGE FEE</b>  |             |          |          |          |          |
| Per animal head p/month   |             | 24.80    | 28.52    | 25.54    | 29.37    |
| <b>HERDING FEES</b>   |             |          |          |          |          |
| Per animal head p/month   |             | 88.12    | 101.33   | 90.76    | 104.37   |
| <b>CALL OUTS</b>  |             |          |          |          |          |
| 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 |
| <b>CEMETRY CHARGES</b>  |             |          |          |          |          |
| 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   |
|   | - Digging   |          |          | 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   |



| ACCOMMODATION: INDWE RESORT   |  |  |  |          |          |          |
|---|--|--|--|----------|----------|----------|
| Rondavels - Chalets per day   |  |  | 345.00   | 396.75   | 355.35   | 408.65   |
| 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   | 221.45   | 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   |
| RENTAL OF MUNICIPAL BUILDINGS   |  |  |  |          |          |          |
| payable p/month OR as per agreement   |  |  |  |          |          |          |
| House Tenants (Residential purposes)  |  |  | Rental tariffs to be provided per property per year as per agreement |          |          |          |
| NGO's, Service providers and Companies  |  |  |  |          |          |          |
| Government Departments  |  |  |  |          |          |          |
| BUILDING PLANS  |  |  |  |          |          |          |
| Calculated per square meter (less than 60 m²)   |  |  | 582.12   | 669.44   | 599.59   | 689.52   |
| Residential Dwellings   |  |  | 9.90   | 11.38    | 10.19    | 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 m³)  |  |  | 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  |  |  |  |          |          |          |
| GRADER  |  |  | 724.00   | 832.60   | 745.72   | 857.58   |
| BACKACTOR   |  |  | 1,293.00   | 1,486.95 | 1,331.79 | 1,531.56 |
| SMOOTH DRUM ROLLER  |  |  | 517.00   | 594.55   | 532.51   | 612.39   |
| WATERCART   |  |  | 724.00   | 832.60   | 745.72   | 857.58   |
| NOTES   |  |  | 759.00   | 872.85   | 781.77   | 899.04   |
| 1. The plant rates are hourly rates.  |  |  |  |          |          |          |
| SAND PER LOAD   |  |  |  |          |          |          |
| Bakkie  |  |  |  |          |          |          |
| 4 ton truck   |  |  | 264.25   | 303.88   | 272.17   | 313.00   |
| 6 ton truck   |  |  | 1,204.98   | 1,385.72 | 1,241.13 | 1,427.30 |
| 8 ton truck   |  |  | 1,807.47   | 2,078.59 | 1,861.70 | 2,140.95 |
|   |  |  | 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   | 145.86   | 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/ hawker                           |  |  | 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 Palour  |  |  |  |          | 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 / Tarvens  |  |  |  |          | 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   |
| Applilation 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                          |
| Sign boards: medium size  |  | 1,785.02                          | 2,052.77  | 1,838.57                          |
| Tower: Small size (Not exceeding 80 m²)   |  | 2,115.20                          | 2,432.48  | 2,178.65                          |
| Tower: Large size (Exceeding 80 m²)   |  | 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                          |
| (b) Erven 0 – 2500m²  |  | 970.79                            | 1,116.40  | 999.91                            |
| (c) Erven 0 – 2500m²  |  | 1,941.57                          | 2,232.81  | 1,999.82                          |
| (d) Erven 5001 – 10 000m²   |  | 8,142.95                          | 9,364.39  | 8,387.23                          |
| (e) Erven 1h – 5h   |  | 10,855.32                         | 12,483.62 | 11,180.98                         |
| (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                            |
| (b) Change per subdivision (Remainder considered a subdivision)   |  | 48.54                             | 55.82     | 50.00                             |
| (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                          |
| (b) Erven smaller than 500m²  |  | 252.40                            | 290.26    | 259.98                            |
| (c) Erven 500 – 750m²   |  | 477.63                            | 549.27    | 491.96                            |
| (a) Erven larger than 750m²   |  | 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                             |
| (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                          |
| (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                            |
| (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 have been approved by NERSA. Guidelines have been issued by NERSA with the threshold that stipulates that municipalities may increase electricity tariffs within 14.59%, which is based on the following assumptions:

- ❖ Bulk purchases have been increased by 17.8% in line with Eskom's tariff;
- ❖ Salary and wages increases of 4.4% have been applied
- ❖ Finance costs has increased by 0%
- ❖ Repairs and Maintenance and other expenses have been increased in line with CPI.

2.2 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
  - Supply Chain Turnaround 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 15% for the 2021/2022 financial year when compared to the 2020/2021 Final Budget. For the two outer years, operational revenue will increase by 2 % and 1 % respectively for the outer years. The main reason for the fluctuation in revenue is the decrease or increase in operational revenue estimates.

Total operating expenditure for the 2021/2022 financial year has been appropriated at R187.795 million and translates into a R2.737 million operating surpluses before capital transfers.

The capital budget of R56.776 million for 2021/2022 shows a decrease of 22% when compared to the 2020/2021 Final Budget. This is due to a decrease in the MIG allocation for 2021/2022 and Department of Transport allocation which is R0 in 2021/22.

## **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 R11.000 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 final adopted 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. NERSA has approved the tariff increase at 14,59%.

### **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. There are townships within the municipal demarcation which are no longer billed for refuse removal because during the 2020/21 financial year, it was found that the recipients of the properties did not have ownership of the properties. The law requires the municipality to bill services to the property owner in accordance with property owners in the valuation roll and since these people did not have ownership, the municipal council decided to write-off the previous amounts billed and stop the billing for services going forward. The municipality is fast tracking the process of ensuring the property



owners obtain title deeds so that billing can resume but will be providing a free basic service to those community in the interim.

### **Agency Services**

Agency fees revenue has decreased in the 2021/22 financial year compared to the 2021 second adjustment budget. This was since agency fees had under performed by 21% at the end of month 10 of the 2020/21 financial year. Projected pre-audit figures for the end of the 2020/21 financial year suggest that an amount of R 1,752 million will be achieved and therefore the amount for 2021/22 financial year has been adjusted downwards accordingly.

### **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 (15%) from the 2020/2021 financial year to the 2021/2022 and subsequent financial years. There is anticipated increase in the volume of transactions at the sales point due to improved technology like card swiping machines and marketing strategies to attract customers from the neighbouring municipalities.

### **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. A payment scheme is to be tabled to council in the 1<sup>st</sup> quarter of 2021/22.

### **Fines and Penalties**

The current year collections for penalties were 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. There are still planning issues around the by-laws which has delayed the implementation of contravention penalties.

### **Other Revenue**

The municipality previously budgeted for income from insurance refunds as was done in the original and adjusted budget of 2020/21 financial year. For the 2021/22 financial this will no longer be done. The budget will be adjusted after funds are received from the insurance pay out instead. This has resulted in the decrease of 84% on year-to-year basis.

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.

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 |
| <b>R thousands</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Financial Performance</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 5,414           | 5,414           | 7,770           | 9,167                | 9,167           | 9,167              | 9,167             | 11,000  | 11,462                 | 11,966                 |
| Service charges  | 11,794          | 11,794          | 21,609          | 26,687               | 29,687          | 29,687             | 35,077            | 20,000  | 20,840                 | 21,757                 |
| Investment revenue   | 772             | 772             | 1,385           | 1,792                | 5,349           | 5,349              | 5,349             | 4,000   | 2,084                  | 2,176                  |
| Transfers recognised - operational                                   | 93,037          | 93,037          | 132,733         | 148,749              | 164,974         | 164,974            | 164,974           | 145,852   | 148,257                | 143,930                |
| Other own revenue  | 6,833           | 6,833           | 10,913          | 14,320               | 15,415          | 15,415             | 15,415            | 9,680   | 10,086                 | 10,530                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>117,849</b>  | <b>117,849</b>  | <b>174,409</b>  | <b>200,714</b>       | <b>224,592</b>  | <b>224,592</b>     | <b>229,982</b>    | <b>190,532</b>                                      | <b>192,729</b>         | <b>190,359</b>         |
| Employee costs   | 41,278          | 41,278          | 85,809          | 93,824               | 91,159          | 91,159             | 91,159            | 95,936  | 94,918                 | 99,094                 |
| Remuneration of councillors  | 6,508           | 6,508           | 13,486          | 14,749               | 14,749          | 14,749             | 14,749            | 13,600  | 14,599                 | 15,241                 |
| Depreciation & asset impairment                                      | (151)           | -               | 28,923          | 19,384               | 19,384          | 19,384             | 19,384            | 20,000  | 20,840                 | 21,757                 |
| Finance charges  | 12              | 12              | 2,136           | 280                  | 1,067           | 1,067              | 1,067             | 60  | 63                     | 65                     |
| Inventory consumed and bulk purchases                                | 8,909           | 8,909           | 15,081          | 18,721               | 21,222          | 21,222             | 21,222            | 17,893  | 18,540                 | 19,356                 |
| Transfers and grants   | 103             | 103             | 222             | -                    | -               | -                  | -                 | 901   | 939                    | 981                    |
| Other expenditure  | 35,350          | 35,350          | 59,606          | 51,855               | 47,223          | 47,223             | 47,223            | 39,405  | 40,085                 | 41,717                 |
| <b>Total Expenditure</b>   | <b>92,009</b>   | <b>92,160</b>   | <b>205,265</b>  | <b>198,814</b>       | <b>194,803</b>  | <b>194,803</b>     | <b>194,803</b>    | <b>187,795</b>                                      | <b>189,984</b>         | <b>198,211</b>         |
| <b>Surplus/(Deficit)</b>   | <b>25,840</b>   | <b>25,690</b>   | <b>(30,856)</b> | <b>1,900</b>         | <b>29,789</b>   | <b>29,789</b>      | <b>35,179</b>     | <b>2,736</b>  | <b>2,745</b>           | <b>(7,852)</b>         |



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.



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

| 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  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>REVENUE ITEMS:</b>   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Property rates</b>   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Property Rates  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net Property Rates  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Service charges - electricity revenue</b>  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - electricity revenue   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| 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)  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net Service charges - electricity revenue   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Service charges - water revenue</b>  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| 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   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Service charges - sanitation revenue</b>   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| 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  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Service charges - refuse revenue</b>   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total refuse removal revenue  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| 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)                                       |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net Service charges - refuse revenue  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Other Revenue by source</b>  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Fuel Levy   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Other Revenue   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total 'Other' Revenue   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>EXPENDITURE ITEMS:</b>   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Employee related costs</b>   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Basic Salaries and Wages  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Pension and UIF Contributions   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Medical Aid Contributions   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Overtime  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Performance Bonus   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Motor Vehicle Allowance   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cellphone Allowance   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Housing Allowances  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Other benefits and allowances   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Payments in lieu of leave   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Long service awards   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Post-retirement benefit obligations   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Less: Employees costs capitalised to PPE  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Employee related costs  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Depreciation &amp; asset impairment</b>  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Depreciation of Property, Plant & Equipment   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Lease amortisation  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital asset impairment  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Depreciation & asset impairment   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Bulk purchases - electricity</b>   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Electricity bulk purchases  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total bulk purchases  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Transfers and grants</b>   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash transfers and grants   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Non-cash transfers and grants   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total transfers and grants  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Contracted services</b>  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Outsourced Services   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Consultants and Professional Services   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Contractors   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total contracted services   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Other Expenditure By Type</b>  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Collection costs  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Contributions to 'other' provisions   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Audit fees  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| General expenses  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total 'Other' Expenditure   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Inventory Consumed</b>   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Inventory Consumed - Water  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Inventory Consumed - Other  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Inventory Consumed & Other Material   |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Total Repairs and Maintenance Expenditure</b>  |  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |

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 R145.852 million in the 2021/2022 financial year, increases to R148.389 million in 2022/2023 and R144.009 million in 2023/2024. 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 decreased from R73.029 million in 2020/2021 , to R53.151 million in 2021/2022.

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              | 7,554   | 7,789                  | 8,094                  |
| Vote 2 - Corporate Services                              |  |     | —               | —               | 8               | —                    | 0               | 0                  | —   | —                      | —                      |
| Vote 3 - Budget and Treasury                             |  |     | 92,776          | 92,776          | 130,079         | 143,722              | 169,034         | 169,034            | 148,331   | 154,162                | 150,120                |
| Vote 4 - PEDTA   |  |     | 6               | 6               | (353)           | (1,954)              | (1,954)         | (1,954)            | (2,049)   | (2,135)                | (2,229)                |
| Vote 5 - Community Services and Social Services          |  |     | 7,534           | 7,534           | 17,166          | 18,474               | 23,032          | 23,032             | 14,874  | 12,333                 | 12,834                 |
| Vote 6 - Infrastructure Development and Human Settlement |  |     | 8,456           | 8,456           | 50,307          | 64,870               | 100,370         | 100,370            | 72,773  | 66,731                 | 66,136                 |
| 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         | 206,284         | 232,367              | 297,736         | 297,736            | 241,483   | 238,880                | 234,955                |
| Expenditure by Vote to be appropriated                   |  | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - Executive and council                           |  |     | 15,605          | 15,605          | 29,889          | 31,492               | 32,842          | 32,842             | 28,753  | 30,388                 | 31,725                 |
| Vote 2 - Corporate Services                              |  |     | 19,466          | 19,466          | 20,897          | 27,128               | 28,606          | 28,606             | 36,072  | 37,461                 | 38,978                 |
| Vote 3 - Budget and Treasury                             |  |     | 24,228          | 23,827          | 66,871          | 30,567               | 31,431          | 31,431             | 24,550  | 25,180                 | 26,288                 |
| Vote 4 - PEDTA   |  |     | 4,000           | 4,000           | 8,519           | 7,217                | 8,268           | 8,268              | 14,353  | 14,955                 | 15,613                 |
| Vote 5 - Community Services and Social Services          |  |     | 10,712          | 10,712          | 39,554          | 33,991               | 35,644          | 35,644             | 31,689  | 29,112                 | 30,393                 |
| Vote 6 - Infrastructure Development and Human Settlement |  |     | 18,549          | 18,549          | 39,535          | 68,419               | 58,012          | 58,012             | 52,379  | 52,887                 | 55,214                 |
| 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          | 205,285         | 198,814              | 194,803         | 194,803            | 187,795   | 189,984                | 198,211                |
| Surplus/(Deficit) for the year                           |  | 2   | 25,289          | 25,690          | 1,019           | 33,553               | 102,933         | 102,933            | 53,687  | 48,896                 | 36,744                 |

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.

This Final Adopted 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 the previous years low collection rates.

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 is set at R 3 Million for 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 combined as household income.

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 2021/22 financial year based on a general 3 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 Final 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. There has been a consistent decline in electricity losses in 2020/21 due to several strategies being implemented, namely:

- Correct billing by aligning the customer usage/type with tariff charges applied
- Review of the electricity loss calculation to eliminate internal accounts.
- Regular meter audits to identify meter tampering and theft.

#### **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 Refuse 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.

During the 2019/20 audit, the Office of the Auditor-General queried unregistered properties that were billed and remained unpaid over the 180 days, this cast doubt on their validity. This resulting in the council taking the resolution to write-off the debt owing and stopping further billing. The impact on the budget is the 46% reduction in refuse removal in 2021/22 financial year when compared to the prior year.

#### **Comparison between current refuse 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):

Table A4 : Expenditure by Type

| Expenditure By Type  |      |               |               |                 |                |                |                |                |                |                |                |
|--|------|---------------|---------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Employee related costs   | 2    | 41,278        | 41,278        | 85,809          | 93,824         | 91,159         | 91,159         | 91,159         | 95,936         | 94,918         | 99,094         |
| Remuneration of councillors  |      | 6,508         | 6,508         | 13,486          | 14,749         | 14,749         | 14,749         | 14,749         | 13,600         | 14,599         | 15,241         |
| Debt impairment  | 3    | 8,811         | 8,811         | 16,870          | 4,000          | 3,000          | 3,000          | 3,000          | 3,000          | 3,000          | 3,000          |
| Depreciation & asset impairment  | 2    | (151)         | —             | 28,923          | 19,384         | 19,384         | 19,384         | 19,384         | 20,000         | 20,840         | 21,757         |
| Finance charges  |      | 12            | 12            | 2,136           | 280            | 1,067          | 1,067          | 1,067          | 60             | 63             | 65             |
| Bulk purchases - electricity   | 2    | 7,363         | 7,363         | 12,868          | 14,300         | 13,300         | 13,300         | 13,300         | 12,000         | 12,504         | 13,054         |
| Inventory consumed   | 8    | 1,546         | 1,546         | 2,213           | 4,421          | 7,922          | 7,922          | 7,922          | 5,893          | 6,036          | 6,302          |
| Contracted services  |      | 14,909        | 14,909        | 17,746          | 33,165         | 25,448         | 25,448         | 25,448         | 9,883          | 10,064         | 10,507         |
| Transfers and subsidies  |      | 103           | 103           | 222             | —              | —              | —              | —              | 901            | 939            | 981            |
| Other expenditure  | 4, 5 | 11,629        | 11,629        | 23,504          | 14,690         | 18,775         | 18,775         | 18,775         | 26,522         | 27,021         | 28,210         |
| Losses   |      | —             | —             | 1,487           | —              | —              | —              | —              | —              | —              | —              |
| <b>Total Expenditure</b>   |      | <b>92,009</b> | <b>92,160</b> | <b>205,265</b>  | <b>198,814</b> | <b>194,883</b> | <b>194,883</b> | <b>194,883</b> | <b>187,795</b> | <b>189,964</b> | <b>190,211</b> |
| <b>Surplus/(Deficit)</b>   |      | <b>25,840</b> | <b>25,690</b> | <b>(30,856)</b> | <b>1,900</b>   | <b>29,789</b>  | <b>29,789</b>  | <b>35,179</b>  | <b>2,736</b>   | <b>2,745</b>   | <b>(7,852)</b> |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |      | —             | —             | 31,875          | 31,653         | 73,144         | 73,144         | 73,144         | 52,951         | 43,511         | 40,819         |
| 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)  |      | —             | —             | —               | —              | —              | —              | —              | —              | —              | —              |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   |      | <b>25,840</b> | <b>25,690</b> | <b>1,019</b>    | <b>33,553</b>  | <b>102,933</b> | <b>102,933</b> | <b>108,323</b> | <b>55,687</b>  | <b>46,256</b>  | <b>32,967</b>  |
| Taxation   |      | —             | —             | —               | —              | —              | —              | —              | —              | —              | —              |
| <b>Surplus/(Deficit) after taxation</b>  |      | <b>25,840</b> | <b>25,690</b> | <b>1,019</b>    | <b>33,553</b>  | <b>102,933</b> | <b>102,933</b> | <b>108,323</b> | <b>55,687</b>  | <b>46,256</b>  | <b>32,967</b>  |
| Attributable to minorities   |      | —             | —             | —               | —              | —              | —              | —              | —              | —              | —              |
| <b>Surplus/(Deficit) attributable to municipality</b>  |      | <b>25,840</b> | <b>25,690</b> | <b>1,019</b>    | <b>33,553</b>  | <b>102,933</b> | <b>102,933</b> | <b>108,323</b> | <b>55,687</b>  | <b>46,256</b>  | <b>32,967</b>  |
| Share of surplus/(deficit) of associate  | 7    | —             | —             | —               | —              | —              | —              | —              | —              | —              | —              |
| <b>Surplus/(Deficit) for the year</b>  |      | <b>25,840</b> | <b>25,690</b> | <b>1,019</b>    | <b>33,553</b>  | <b>102,933</b> | <b>102,933</b> | <b>108,323</b> | <b>55,687</b>  | <b>46,256</b>  | <b>32,967</b>  |

**Employee Related costs** – A 0% increase have been provided for Councillors based on the recommendations contained in the Gazette Notice No 160 of 2021 from the Independent Commission for the Remuneration of Public Office Bearers issued in March 2021.

A provision of 5% increase has been made for employee related costs. This estimate is based on the 2nd draft discussions between the employer representative (SALGA) & labour representatives in the Central Bargaining Council Chamber. There is no clear resolution on the matter and if there are significant changes, these will be factored in the Main Budget Adjustment at mid-term.

A detailed exercise of costing the organogram has been undertaken, this has resulted in savings being utilised to fill additional critical posts that have been identified during the annual review process.



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. Even though the municipality has been suffering electricity losses in units bought, it has been making a profit in Rand sales when we compare the sales made versus the amount spent on bulk purchases.

The municipality incurred finance costs in terms of the payment arrangement made to settle liability it suffered in a court case where a child from the community was electrocuted by a municipal substation. The effect of the interest extended over the 2019/20 and 2020/21 financial years and was settled in full during the 2020/21 financial year. The municipality also does not have any borrowings with any financial institutions. The only finance costs envisaged are those emanating from the finance lease the municipality has for the use of printers. Therefore, this would explain the big decline in the finance costs of 94.4 % which are in line with our budgetary expectations.

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 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.

The municipality will implement the cost containment policy in the 2021/22 financial which is now under review. The policy has been drafted in line with the cost containment regulations and prohibits spending on sport related expenditure and seeks to minimise spending on catering and accommodation amongst other expenditure types. The cost containment policy together with more strict controls over virements will ensure that departments are not able virement funds from essential programmes in favour of S&T allowances. The virement policy gives the CFO discretion to reject such frivolous virements.

## **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.

The municipality entered into a Service Level Agreement with Eastern Cape Department of Transport for maintenance of road infrastructure within the municipal jurisdiction. DoT provides the plant & machinery, while the municipal provides the plant operators and fuel expenses for the cost of maintaining the municipal roads, this includes both municipal and provincial roads.

The scope of work implemented using the DoT plant and the rate of cost per kilometre charged can be summarised as follows:

- ❖ Dry Blading @ R 3 000 per km
- ❖ Wet Blading @ R 4 500 per km
- ❖ Regraveling @ R 400 000 per km
- ❖ Reshaping @ R 3 000 per km
- ❖ Patch Graveling @ R 400 000 per km

The total estimated cost for the 2020/21 maintenance program was valued at R 12.092 million. This in-kind grant from DoT improves the repairs and maintenance ratio which was 2% for the 2020/21.

The in-kind grant for 2021/22 is estimated at R20.000 million which equates to 4%.

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 |
| <b>R thousand</b>   | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Repairs and maintenance expenditure by Asset Class/Sub-class</b> |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   |          | 1,066           | 1,066           | 2,619           | 940                  | 1,226           | 1,226              | 1,355   | 1,412                  | 1,474                  |
| Roads Infrastructure  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Roads   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Infrastructure  |          | 850             | 850             | 2,054           | 500                  | 92              | 92                 | 200   | 208                    | 218                    |
| Storm water Conveyance  |          | 850             | 850             | 2,054           | 500                  | 92              | 92                 | 200   | 208                    | 218                    |
| Electrical Infrastructure   |          | 216             | 216             | 565             | 440                  | 1,135           | 1,135              | 1,155   | 1,204                  | 1,256                  |
| Power Plants  |          | -               | -               | -               | -                    | 100             | 100                | 50  | 52                     | 54                     |
| MV Substations  |          | 50              | 50              | 187             | 85                   | 400             | 400                | 500   | 521                    | 544                    |
| MV Networks   |          | 86              | 86              | 250             | 200                  | 200             | 200                | 200   | 208                    | 218                    |
| LV Networks   |          | 80              | 80              | 128             | 155                  | 435             | 435                | 405   | 422                    | 441                    |
| 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  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Community Assets</b>   |          | 257             | 257             | 575             | 640                  | 617             | 617                | -   | -                      | -                      |
| Community Facilities  |          | 257             | 257             | 555             | 640                  | 617             | 617                | -   | -                      | -                      |
| Halls   |          | 232             | 232             | 370             | 535                  | 487             | 487                | -   | -                      | -                      |
| Cemeteries/Crematoria   |          | -               | -               | 23              | 35                   | -               | -                  | -   | -                      | -                      |
| Parks   |          | 26              | 26              | 81              | 30                   | 20              | 20                 | -   | -                      | -                      |
| Public Open Space   |          | -               | -               | 81              | 40                   | 110             | 110                | -   | -                      | -                      |
| Sport and Recreation Facilities                                     |          | -               | -               | 20              | -                    | -               | -                  | -   | -                      | -                      |
| Outdoor Facilities  |          | -               | -               | 20              | -                    | -               | -                  | -   | -                      | -                      |
|   |          | 1               | 1               | 1               | 1                    | 1               | 1                  | 1   | 1                      | 1                      |
| <b>Heritage assets</b>  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Monuments   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Investment properties</b>  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Revenue Generating  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Improved Property   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Non-revenue Generating  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Improved Property   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Other assets</b>   |          | 193             | 193             | 441             | 300                  | 993             | 993                | -   | -                      | -                      |
| Operational Buildings   |          | 193             | 193             | 441             | 300                  | 712             | 712                | -   | -                      | -                      |
| Municipal Offices   |          | 193             | 193             | 441             | 300                  | 712             | 712                | -   | -                      | -                      |
| Housing   |          | -               | -               | -               | -                    | 282             | 282                | -   | -                      | -                      |
| Social Housing  |          | -               | -               | -               | -                    | 282             | 282                | -   | -                      | -                      |
| <b>Biological or Cultivated Assets</b>                              |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological or Cultivated Assets                                     |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Intangible Assets</b>  |          | 48              | 48              | 70              | -                    | -               | -                  | -   | -                      | -                      |
| Servitudes  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Licences and Rights   |          | 48              | 48              | 70              | -                    | -               | -                  | -   | -                      | -                      |
| Computer Software and Applications                                  |          | 48              | 48              | 70              | -                    | -               | -                  | -   | -                      | -                      |
| <b>Computer Equipment</b>   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Computer Equipment  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Furniture and Office Equipment</b>                               |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Furniture and Office Equipment                                      |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Machinery and Equipment</b>                                      |          | 27              | 27              | 242             | 345                  | 708             | 708                | -   | -                      | -                      |
| Machinery and Equipment   |          | 27              | 27              | 242             | 345                  | 708             | 708                | -   | -                      | -                      |
| <b>Transport Assets</b>   |          | 648             | 648             | 941             | 1,195                | 1,485           | 1,485              | 1,100   | 1,146                  | 1,197                  |
| Transport Assets  |          | 648             | 648             | 941             | 1,195                | 1,485           | 1,485              | 1,100   | 1,146                  | 1,197                  |
| <b>Land</b>   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Land  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Zoo's, Marine and Non-biological Animals</b>                     |          | -               | -               | -               | -                    | 99              | 99                 | -   | -                      | -                      |
| Zoo's, Marine and Non-biological Animals                            |          | -               | -               | -               | -                    | 99              | 99                 | -   | -                      | -                      |
| <b>Total Repairs and Maintenance Expenditure</b>                    | <b>1</b> | <b>2,240</b>    | <b>2,240</b>    | <b>4,887</b>    | <b>3,420</b>         | <b>5,128</b>    | <b>5,128</b>       | <b>2,455</b>  | <b>2,558</b>           | <b>2,671</b>           |
| <b>R&amp;M as a % of PPE</b>  |          | <b>0.5%</b>     | <b>0.5%</b>     | <b>1.1%</b>     | <b>0.8%</b>          | <b>1.1%</b>     | <b>1.1%</b>        | <b>0.0%</b>   | <b>0.5%</b>            | <b>0.5%</b>            |
| <b>R&amp;M as % Operating Expenditure</b>                           |          | <b>2.4%</b>     | <b>2.4%</b>     | <b>2.4%</b>     | <b>1.7%</b>          | <b>2.6%</b>     | <b>2.6%</b>        | <b>0.0%</b>   | <b>1.4%</b>            | <b>1.4%</b>            |

### **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.



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

| C136 Emalahleni (Ec) - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| 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  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>REVENUE ITEMS:</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Property rates</b>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Property Rates  |     | 5,424           | 5,424           | 8,131           | 11,125               | 11,125          | 11,125             |                   | 13,054  | 13,602                 | 14,200                 |
| 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   | 2,140                  | 2,234                  |
| Net Property Rates  |     | 5,414           | 5,414           | 7,770           | 9,167                | 9,167           | 9,167              | -                 | 11,000  | 11,462                 | 11,966                 |
| <b>Service charges - electricity revenue</b>  | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - electricity revenue   |     | 8,035           | 8,035           | 15,243          | 21,581               | 23,581          | 23,581             |                   | 18,346  | 19,117                 | 19,958                 |
| 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   | 3,487                  | 3,640                  |
| Net Service charges - electricity revenue   |     | 7,987           | 7,987           | 13,421          | 18,391               | 20,391          | 20,391             | -                 | 15,000  | 15,630                 | 16,318                 |
| <b>Service charges - water revenue</b>  | 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   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Service charges - sanitation revenue</b>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| 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  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Service charges - refuse revenue</b>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total refuse removal revenue  |     | 3,807           | 3,807           | 8,188           | 10,495               | 11,495          | 11,495             | -                 | 7,308   | 7,615                  | 7,950                  |
| 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   | 2,405                  | 2,511                  |
| Net Service charges - refuse revenue  |     | 3,807           | 3,807           | 8,188           | 8,295                | 9,295           | 9,295              | -                 | 5,000   | 5,210                  | 5,439                  |
| <b>Other Revenue by source</b>  | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Fuel Levy   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other Revenue   |     | 1,152           | 1,152           | 1,505           | 1,849                | 1,944           | 1,944              | -                 | 316   | 329                    | 344                    |
| Total 'Other' Revenue   |     | 1,152           | 1,152           | 1,505           | 1,849                | 1,944           | 1,944              | -                 | 316   | 329                    | 344                    |
| <b>EXPENDITURE ITEMS:</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Employee related costs</b>   | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Basic Salaries and Wages  |     | 30,816          | 30,816          | 56,641          | 66,235               | 65,044          | 65,044             | -                 | 16,811  | 12,459                 | 13,007                 |
| Pension and UIF Contributions   |     | 4,231           | 4,231           | 9,637           | 9,587                | 9,092           | 9,092              | -                 | 17,932  | 18,685                 | 19,507                 |
| Medical Aid Contributions   |     | 1,448           | 1,448           | 3,195           | 3,526                | 3,526           | 3,526              | -                 | 3,575   | 3,726                  | 3,890                  |
| Overtime  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Performance Bonus   |     | 1,789           | 1,789           | 3,679           | 6,814                | 6,834           | 6,834              | -                 | 3,301   | 3,439                  | 3,591                  |
| Motor Vehicle Allowance   |     | 1,501           | 1,501           | 4,766           | 4,548                | 4,548           | 4,548              | -                 | 7,444   | 7,767                  | 8,109                  |
| Cellphone Allowance   |     | 583             | 583             | 768             | 529                  | 529             | 529                | -                 | 7,817   | 8,145                  | 8,504                  |
| Housing Allowances  |     | 82              | 82              | 1,039           | 168                  | 168             | 168                | -                 | 6,228   | 6,490                  | 6,775                  |
| Other benefits and allowances   |     | 761             | 761             | 2,058           | 2,418                | 1,418           | 1,418              | -                 | 28,956  | 30,172                 | 31,500                 |
| Payments in lieu of leave   |     | 41              | 41              | 2,727           | -                    | 0               | 0                  | -                 | 1,754   | 1,828                  | 1,908                  |
| Long service awards   |     | 23              | 23              | 466             | -                    | 0               | 0                  | -                 | 898   | 936                    | 977                    |
| Post-retirement benefit obligations   |     | -               | -               | 834             | -                    | -               | -                  | -                 | 1,219   | 1,271                  | 1,327                  |
| sub-total   | 5   | 41,275          | 41,275          | 85,809          | 93,824               | 91,159          | 91,159             | -                 | 95,936  | 94,918                 | 99,094                 |
| Less: Employees costs capitalised to PPE  |     | (3)             | (3)             | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total Employee related costs  | 1   | 41,278          | 41,278          | 85,809          | 93,824               | 91,159          | 91,159             | -                 | 95,936  | 94,918                 | 99,094                 |
| <b>Depreciation &amp; asset impairment</b>  | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Depreciation of Property, Plant & Equipment   |     | -               | -               | 20,940          | 19,284               | 19,284          | 19,284             | -                 | 19,800  | 20,632                 | 21,539                 |
| Lease amortisation  |     | (151)           | -               | 1               | 100                  | 100             | 100                | -                 | 200   | 208                    | 218                    |
| Capital asset impairment  |     | -               | -               | 7,983           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total Depreciation & asset impairment   | 1   | (151)           | -               | 28,923          | 19,384               | 19,384          | 19,384             | -                 | 20,000  | 20,840                 | 21,757                 |
| <b>Bulk purchases - electricity</b>   | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Electricity bulk purchases  |     | 7,363           | 7,363           | 12,868          | 14,300               | 13,300          | 13,300             | -                 | 12,000  | 12,504                 | 13,054                 |
| Total bulk purchases  | 1   | 7,363           | 7,363           | 12,868          | 14,300               | 13,300          | 13,300             | -                 | 12,000  | 12,504                 | 13,054                 |
| <b>Transfers and grants</b>   | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash transfers and grants   |     | 100             | 100             | 219             | -                    | -               | -                  | -                 | 1   | 1                      | 1                      |
| Non-cash transfers and grants   |     | 3               | 3               | 3               | -                    | -               | -                  | -                 | 900   | 938                    | 979                    |
| Total transfers and grants  | 1   | 103             | 103             | 222             | -                    | -               | -                  | -                 | 901   | 939                    | 981                    |
| <b>Contracted services</b>  | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Outsourced Services   |     | 3,344           | 3,344           | 8,199           | 19,278               | 10,476          | 10,476             | -                 | 1,530   | 1,525                  | 1,593                  |
| Consultants and Professional Services   |     | 9,788           | 9,788           | 5,636           | 9,990                | 9,651           | 9,651              | -                 | 3,940   | 4,105                  | 4,286                  |
| Contractors   |     | 1,778           | 1,778           | 3,910           | 3,897                | 5,321           | 5,321              | -                 | 4,413   | 4,433                  | 4,628                  |
| Total contracted services   |     | 14,909          | 14,909          | 17,746          | 33,165               | 25,448          | 25,448             | -                 | 9,883   | 10,064                 | 10,507                 |
| <b>Other Expenditure By Type</b>  | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Collection costs  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Contributions to 'other' provisions   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Audit fees  |     | 2,251           | 2,251           | 3,613           | -                    | 800             | 800                | -                 | 4,500   | 4,689                  | 4,895                  |
| General expenses  |     | 9,378           | 9,378           | 19,891          | 14,690               | 17,975          | 17,975             | -                 | 22,022  | 22,332                 | 23,315                 |
| Total 'Other' Expenditure   | 1   | 11,629          | 11,629          | 23,504          | 14,690               | 18,775          | 18,775             | -                 | 26,522  | 27,021                 | 28,210                 |
| <b>by Expenditure Item</b>  | 8   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee related costs  |     | 835             | 835             | 2,018           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Inventory Consumed (Project Maintenance)  |     | 10              | 10              | 113             | 70                   | 489             | 489                | -                 | 355   | 370                    | 386                    |
| Contracted Services   |     | 1,347           | 1,347           | 2,663           | 3,350                | 4,639           | 4,639              | -                 | 2,100   | 2,188                  | 2,284                  |
| Other Expenditure   |     | 48              | 48              | 93              | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total Repairs and Maintenance Expenditure   | 9   | 2,240           | 2,240           | 4,887           | 3,420                | 5,128           | 5,128              | -                 | 2,455   | 2,558                  | 2,671                  |
| <b>Inventory Consumed</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Inventory Consumed - Water  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Inventory Consumed - Other  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total Inventory Consumed & Other Material   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |

## 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 |
| <b>R thousand</b>  | <b>1</b> |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Capital expenditure - Vote</b>  |          |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Multi-year expenditure to be appropriated</b>   | <b>2</b> |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Executive and council   |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 3 - Budget and Treasury   |          | -               | -               | -               | 190                  | -               | -                  | -                 | 80  | 500                    | 500                    |
| Vote 5 - Community Services and Social Services  |          | -               | -               | 4,376           | 3,422                | 728             | 728                | -                 | 13,163  | 17,071                 | 19,118                 |
| Vote 6 - Infrastructure Development and Human Settlement   |          | -               | -               | 23,797          | 28,341               | 31,163          | 31,163             | -                 | 41,833  | 30,873                 | 36,118                 |
| <b>Capital multi-year expenditure sub-total</b>  | <b>7</b> | -               | -               | 28,173          | 31,953               | 31,891          | 31,891             | -                 | 55,076  | 48,445                 | 55,736                 |
| <b>Single-year expenditure to be appropriated</b>  | <b>2</b> |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Executive and council   |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 2 - Corporate Services  |          | 299             | 299             | 997             | 200                  | -               | -                  | -                 | -   | 221                    | 221                    |
| Vote 3 - Budget and Treasury   |          | -               | -               | -               | 1,400                | -               | -                  | -                 | 1,000   | 300                    | 300                    |
| 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          | -               | -                    | 37,374          | 37,374             | -                 | 400   | -                      | -                      |
| <b>Capital single-year expenditure sub-total</b>   |          | 13,142          | 13,142          | 997             | 1,600                | 41,138          | 41,138             | -                 | 1,400   | 521                    | 521                    |
| <b>Total Capital Expenditure - Vote</b>  |          | 13,142          | 13,142          | 29,170          | 33,553               | 73,029          | 73,029             | -                 | 56,476  | 48,966                 | 56,257                 |
| <b>Capital Expenditure - Functional</b>  |          |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Governance and administration</b>   |          | 299             | 299             | 997             | 1,790                | -               | -                  | -                 | 1,380   | 1,021                  | 2,450                  |
| Executive and council  |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Finance and administration   |          | 299             | 299             | 997             | 1,790                | -               | -                  | -                 | 1,380   | 1,021                  | 2,450                  |
| Internal audit   |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Community and public safety</b>   |          | 2,236           | 2,236           | 4,343           | 2,922                | 4,492           | 4,492              | -                 | 12,363  | 10,191                 | 11,935                 |
| Community and social services  |          | 1,287           | 1,287           | 1,607           | -                    | 514             | 514                | -                 | 4,990   | 3,000                  | 4,429                  |
| Sport and recreation   |          | 949             | 949             | 2,736           | 2,922                | 3,978           | 3,978              | -                 | 7,373   | 7,191                  | 7,506                  |
| <b>Economic and environmental services</b>   |          | 6,831           | 6,831           | 17,030          | 17,531               | 50,742          | 50,742             | -                 | 21,446  | 19,855                 | 22,730                 |
| Planning and development   |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Road transport   |          | 6,831           | 6,831           | 17,030          | 17,531               | 50,742          | 50,742             | -                 | 21,446  | 19,855                 | 22,730                 |
| Environmental protection   |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Trading services</b>  |          | 3,489           | 3,489           | 6,489           | 11,310               | 17,794          | 17,794             | -                 | 21,487  | 17,898                 | 20,571                 |
| Energy sources   |          | -               | -               | -               | 5,000                | 13,634          | 13,634             | -                 | 20,735  | 11,018                 | 13,389                 |
| Waste water management   |          | 3,489           | 3,489           | 6,767           | 5,810                | 4,160           | 4,160              | -                 | 52  | -                      | -                      |
| Waste management   |          | -               | -               | (278)           | 500                  | 0               | 0                  | -                 | 700   | 6,880                  | 7,183                  |
| <b>Other</b>   |          | 286             | 286             | 311             | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Capital Expenditure - Functional</b>  | <b>3</b> | 13,142          | 13,142          | 29,170          | 33,553               | 73,029          | 73,029             | -                 | 56,676  | 48,966                 | 57,686                 |
| <b>Funded by:</b>  |          |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| National Government  |          | 12,843          | 12,843          | 28,451          | 31,653               | 46,429          | 46,429             | -                 | 52,951  | 47,915                 | 49,492                 |
| Provincial Government  |          | -               | -               | (278)           | -                    | 26,600          | 26,600             | -                 | 200   | -                      | -                      |
| District Municipality  |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Transfers recognised - capital</b>  | <b>4</b> | 12,843          | 12,843          | 28,173          | 31,653               | 73,029          | 73,029             | -                 | 53,151  | 47,915                 | 49,492                 |
| <b>Borrowing</b>   | <b>6</b> | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Internally generated funds</b>  |          | 299             | 299             | 997             | 1,900                | -               | -                  | -                 | 3,625   | 1,051                  | 5,337                  |
| <b>Total Capital Funding</b>   | <b>7</b> | 13,142          | 13,142          | 29,170          | 33,553               | 73,029          | 73,029             | -                 | 56,776  | 48,966                 | 54,829                 |



## **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 2020/21 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**

| <b>2020/21 Financial Year</b>   | <b>2021/22 MTREF</b>  |
|---|---|
| 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.

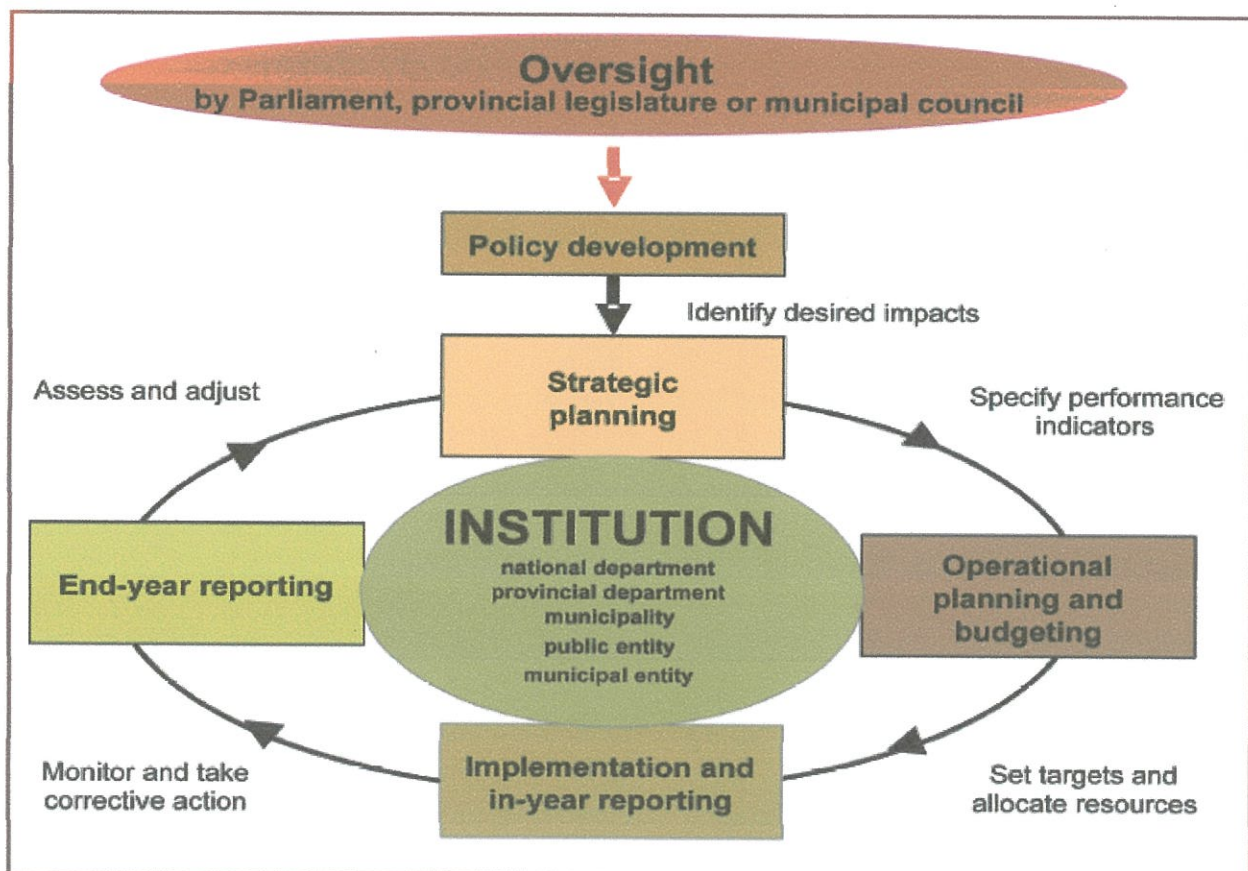


The 2020/21 MTREF has therefore been directly informed by the IDP revision process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

## 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

EC136 Emalaheni (Ec) - Supporting Table SA8 Performance indicators and benchmarks

| Description of financial indicator   | Basis of calculation   | 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 |
| <b>Borrowing Management</b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Credit Rating  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital Charges to Operating Expenditure                                       | Interest & Principal Paid /Operating Expenditure   | 0.0%            | 0.0%            | 1.0%            | 0.1%                 | 0.5%            | 0.5%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| Capital Charges to Own Revenue   | Finance charges & Repayment of borrowing /Own Revenue  | 0.0%            | 0.0%            | 5.1%            | 0.5%                 | 1.8%            | 1.8%               | 0.0%              | 0.1%  | 0.1%                   | 0.1%                   |
| Borrowed funding of 'own' capital expenditure                                  | Borrowing/Capital expenditure excl. transfers and grants and contributions                   | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| <b>Safety of Capital</b>   |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Gearing  | Long Term Borrowing/ Funds & Reserves  | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| <b>Liquidity</b>   |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current Ratio  | Current assets/current liabilities   | 1.1             | 0.8             | 0.8             | 1.2                  | (1.0)           | (1.0)              | -                 | (2.9)   | (0.5)                  | (0.6)                  |
| Current Ratio adjusted for aged debtors  | Current assets less debtors > 90 days/current liabilities                                    | 1.1             | 0.8             | 0.8             | 1.2                  | (1.0)           | (1.0)              | -                 | (2.9)   | (0.5)                  | (0.6)                  |
| Liquidity Ratio  | Monetary Assets/Current Liabilities  | 0.6             | 0.4             | 0.1             | 0.7                  | (0.6)           | (0.6)              | -                 | (0.2)   | (0.3)                  | (0.4)                  |
| <b>Revenue Management</b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Annual Debtors Collection Rate (Payment Level %)                               | Last 12 Mths Receipts/Last 12 Mths Billing   |                 | 0.0%            | 0.0%            | 0.0%                 | 99.6%           | 49.7%              | 49.7%             | 0.0%  | 47.7%                  | 46.6%                  |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) |  | 0.0%            | 0.0%            | 0.0%            | 99.6%                | 49.7%           | 49.7%              | 0.0%              | 47.7%   | 46.6%                  | 44.6%                  |
| Outstanding Debtors to Revenue   | Total Outstanding Debtors to Annual Revenue  | 16.4%           | 23.4%           | 14.7%           | 7.8%                 | 7.5%            | 7.5%               | 0.0%              | 119.0%  | 12.7%                  | 12.9%                  |
| Longstanding Debtors Recovered   | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old                                    |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Creditors Management</b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Creditors System Efficiency  | % of Creditors Paid Within Terms (within MFMA' s 65(e))                                      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Creditors to Cash and Investments  |  | 0.0%            | -410.5%         | -37.5%          | 3.1%                 | -43.1%          | -43.1%             | 0.0%              | -124.2%   | -74.6%                 | -51.7%                 |
| <b>Other Indicators</b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Electricity Distribution Losses (Z)  | Total Volume Losses (kW)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|  | Total Cost of Losses (Rand '000)   | 2986982         | 2811128         | 3299061         | 0                    | 0               | 0                  | 0                 | 0   | 0                      | 0                      |
|  | % Volume (units purchased and generated less units sold)/units purchased and generated       | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Water Distribution Losses (Z)  | Total Volume Losses (kL)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|  | Total Cost of Losses (Rand '000)   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
|  | % Volume (units purchased and generated less units sold)/units purchased and generated       | 0               | 0               | 0               | 0                    | 0               | 0                  | 0                 | 0   | 0                      | 0                      |
| Employee costs   | Employee costs/(Total Revenue - capital revenue)   | 35.0%           | 35.0%           | 49.2%           | 46.7%                | 40.6%           | 40.6%              | 0.0%              | 50.9%   | 49.2%                  | 52.0%                  |
| Remuneration   | Total remuneration/(Total Revenue - capital revenue)   | 40.5%           | 40.5%           | 56.9%           | 54.1%                | 47.2%           | 47.2%              |                   | 58.1%   | 56.8%                  | 60.0%                  |
| Repairs & Maintenance  | R&M/(Total Revenue excluding capital revenue)  | 1.9%            | 1.9%            | 2.8%            | 1.7%                 | 2.3%            | 2.3%               |                   | 1.3%  | 1.3%                   | 1.4%                   |
| Finance charges & Depreciation   | FC&D/(Total Revenue - capital revenue)   | -0.1%           | 0.0%            | 17.8%           | 9.8%                 | 9.1%            | 9.1%               | 0.0%              | 10.6%   | 10.8%                  | 11.5%                  |
| <b>IDP regulation financial viability indicators</b>                           |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| i. Debt coverage   | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year | -               | -               | -               | 10.6                 | 10.6            | 10.6               | -                 | 7.9   | 8.3                    | 8.6                    |
| ii. O/S Service Debtors to Revenue   | Total outstanding service debtors/annual revenue received for services                       | 109.3%          | 155.5%          | 85.5%           | 42.3%                | 42.5%           | 42.5%              | 0.0%              | 711.0%  | 74.6%                  | 71.5%                  |
| iii. Cost coverage   | (Available cash + Investments)/monthly fixed operational expenditure                         | -               | (0.6)           | (3.5)           | 13.8                 | 10.2            | 10.2               | -                 | 7.4   | 14.5                   | 20.1                   |

## 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 95 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. To that effect, an incentive scheme will be rolled out to encourage collection of arrear debt.

### **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;
- Impact of COVID-19 pandemic in the local economic development;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- Uncertainty on cost of remuneration due to expired wage collective agreement.

### **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 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 0% increase have been provided for Councillors, a provision of 5% increase has been made for employee related costs. Employee related costs including Councillor Allowances now represent **58%** of operating expenditure which is above NT maximum of **40%**. In the meantime the increase is due to the decrease in the revenue projections brought about by the unfunded budget status. The following strategies are being deployed to curb the escalating personnel costs:

- ❖ Coordinate an institute wide revenue enhancement steering committee with the view of maximizing own revenue potential;
- ❖ Eliminating salary allowances that are outside the Main Collective Agreement.
- ❖ Prioritization of Job Evaluation process to ensure posts are remunerated at the correct level.
- ❖ Consolidate job functions into single posts to avoid duplicate positions in the organogram.
- ❖ Reduce consulting fees by upskilling internal staff which will reduce operating expenditure and improve the ratio of employee costs.

#### **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

| R thousand | Description                                      | Ref | 2017/18<br>Audited<br>Outcome | 2018/19<br>Audited<br>Outcome | 2019/20<br>Audited<br>Outcome | Current Year 2020/21 |                    |                       | 2021/22 Medium Term Revenue & Expenditure Framework |                           |                           |  |
|------------|--|-----|-------------------------------|-------------------------------|-------------------------------|----------------------|--------------------|-----------------------|---|---------------------------|---------------------------|--|
|            |  |     |                               |                               |                               | Original<br>Budget   | Adjusted<br>Budget | Full Year<br>Forecast | Budget Year<br>2021/22                              | Budget Year +1<br>2022/23 | Budget Year +2<br>2023/24 |  |
|            | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |     |                               |                               |                               |                      |                    |                       |   |                           |                           |  |
|            | <b>Receipts</b>                                  |     |                               |                               |                               |                      |                    |                       |   |                           |                           |  |
|            | 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               | 8,885              | 8,885                 | 9,329   | 9,796                     | 9,796                     |  |
| 1          | Transfers and Subsidies - Operational            |     | -                             | -                             | -                             | 141,127              | 165,344            | 165,344               | 148,931   | 149,122                   | 149,122                   |  |
| 1          | Transfers and Subsidies - Capital                |     | -                             | -                             | -                             | 33,484               | 33,484             | 33,484                | 35,837  | 35,837                    | 35,837                    |  |
|            | Interest   |     | -                             | -                             | -                             | -                    | 4,889              | 4,889                 | 5,134   | 5,391                     | 5,391                     |  |
|            | Dividends  |     | -                             | -                             | -                             | -                    | -                  | -                     | -   | -                         | -                         |  |
|            | <b>Payments</b>                                  |     |                               |                               |                               |                      |                    |                       |   |                           |                           |  |
|            | Suppliers and employees                          |     | -                             | (8,287)                       | (50,717)                      | -                    | (85,461)           | (95,461)              | (74,491)  | (78,095)                  | (78,095)                  |  |
|            | Finance charges                                  |     | -                             | -                             | -                             | -                    | 1,067              | 1,067                 | 294   | 309                       | 309                       |  |
| 1          | Transfers and Grants                             |     | -                             | -                             | -                             | -                    | -                  | -                     | -   | -                         | -                         |  |
|            | <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> |     | -                             | (8,287)                       | (50,717)                      | 222,367              | 167,519            | 167,519               | 137,814   | 137,414                   | 137,414                   |  |
|            | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |     |                               |                               |                               |                      |                    |                       |   |                           |                           |  |
|            | <b>Receipts</b>                                  |     |                               |                               |                               |                      |                    |                       |   |                           |                           |  |
|            | Proceeds on disposal of PPE                      |     | -                             | -                             | -                             | -                    | -                  | -                     | -   | -                         | -                         |  |
|            | Decrease (increase) in non-current receivables   |     | -                             | -                             | -                             | -                    | -                  | -                     | -   | -                         | -                         |  |
|            | Decrease (increase) in non-current investments   |     | -                             | -                             | -                             | -                    | -                  | -                     | -   | -                         | -                         |  |
|            | <b>Payments</b>                                  |     |                               |                               |                               |                      |                    |                       |   |                           |                           |  |
|            | Capital assets                                   |     | -                             | -                             | -                             | (33,553)             | (37,751)           | (37,751)              | (56,776)  | (48,966)                  | (57,886)                  |  |
|            | <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> |     | -                             | -                             | -                             | (33,553)             | (37,751)           | (37,751)              | (56,776)  | (48,966)                  | (57,886)                  |  |
|            | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |     |                               |                               |                               |                      |                    |                       |   |                           |                           |  |
|            | <b>Receipts</b>                                  |     |                               |                               |                               |                      |                    |                       |   |                           |                           |  |
|            | Short term loans                                 |     | -                             | -                             | -                             | -                    | -                  | -                     | -   | -                         | -                         |  |
|            | Borrowing long term/refinancing                  |     | -                             | -                             | -                             | -                    | -                  | -                     | -   | -                         | -                         |  |
|            | Increase (decrease) in consumer deposits         |     | -                             | -                             | -                             | -                    | -                  | -                     | 0   | 0                         | 0                         |  |
|            | <b>Payments</b>                                  |     |                               |                               |                               |                      |                    |                       |   |                           |                           |  |
|            | Repayment of borrowing                           |     | -                             | -                             | -                             | -                    | -                  | -                     | -   | -                         | -                         |  |
|            | <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> |     | -                             | -                             | -                             | -                    | -                  | -                     | -   | -                         | -                         |  |
|            | <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     |     | -                             | (8,287)                       | (50,717)                      | 188,814              | 129,768            | 129,768               | 81,038  | 88,448                    | 79,728                    |  |
| 2          | Cash/cash equivalents at the year begin:         |     | -                             | 4,145                         | 4,145                         | 4,145                | 5,791              | 5,791                 | 10,054  | 91,092                    | 179,539                   |  |
| 2          | Cash/cash equivalents at the year end:           |     | -                             | (4,142)                       | (46,572)                      | 192,959              | 135,559            | 135,559               | 91,092  | 179,539                   | 259,267                   |  |



### 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

| 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 |
| <b>R thousand</b>                                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Cash and investments available</b>             |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end             | 1   | -               | (4,142)         | (46,572)        | 192,959              | 135,559         | 135,559            | -                 | 91,092  | 179,539                | 259,267                |
| Other current investments > 90 days               |     | 21,519          | 25,626          | 52,364          | (172,463)            | (115,064)       | (115,064)          | -                 | (75,671)  | (143,934)              | (212,382)              |
| Non current assets - Investments                  | 1   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash and investments available:</b>            |     | <b>21,519</b>   | <b>21,484</b>   | <b>5,791</b>    | <b>20,496</b>        | <b>20,495</b>   | <b>20,495</b>      | <b>-</b>          | <b>15,421</b>                                       | <b>35,605</b>          | <b>46,885</b>          |
| <b>Application of cash and investments</b>        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Unspent conditional transfers                     |     | 17,641          | 17,641          | 1,000           | -                    | -               | -                  | -                 | 27,538  | 0                      | 0                      |
| Unspent borrowing                                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Statutory requirements                            | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other working capital requirements                | 3   | -               | 17,003          | 17,944          | (8,860)              | (67,392)        | (67,392)           | -                 | (246,032)   | (148,297)              | (147,691)              |
| Other provisions                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Long term investments committed                   | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Reserves to be backed by cash/investments         | 5   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Application of cash and investments:</b> |     | <b>17,641</b>   | <b>34,644</b>   | <b>18,944</b>   | <b>(8,860)</b>       | <b>(67,392)</b> | <b>(67,392)</b>    | <b>-</b>          | <b>(218,494)</b>                                    | <b>(148,297)</b>       | <b>(147,691)</b>       |
| <b>Surplus(shortfall)</b>                         |     | <b>3,878</b>    | <b>(13,160)</b> | <b>(13,153)</b> | <b>29,355</b>        | <b>87,887</b>   | <b>87,887</b>      | <b>-</b>          | <b>233,915</b>                                      | <b>183,902</b>         | <b>194,576</b>         |

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 |                 |                    |                   | 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 |
| <b>Funding measures</b>                                       |              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end - R'000                 | 18(1)b       | 1   | –               | (4,142)         | (46,572)        | 192,959              | 135,559         | 135,559            | –                 | 91,092  | 179,539                | 259,267                |
| Cash + investments at the year end less applications - R'000  | 18(1)b       | 2   | 3,878           | (13,160)        | (13,153)        | 29,355               | 87,887          | 87,887             | –                 | 233,915   | 183,902                | 194,576                |
| Cash year end/monthly employee/supplier payments              | 18(1)b       | 3   | –               | (0.6)           | (3.5)           | 13.8                 | 10.2            | 10.2               | –                 | 7.4   | 14.5                   | 20.1                   |
| Surplus/(Deficit) excluding depreciation offsets: R'000       | 18(1)        | 4   | 25,840          | 25,690          | 1,019           | 33,553               | 102,933         | 102,933            | –                 | 53,687  | 48,896                 | 36,744                 |
| Service charge rev % change - macro CPI target exclusive      | 18(1)a,(2)   | 5   | N.A.            | (6.0%)          | 64.7%           | 16.0%                | 2.4%            | (6.0%)             | (106.0%)          | (26.2%)   | (1.8%)                 | (1.6%)                 |
| Cash receipts % of Ratepayer & Other revenue                  | 18(1)a,(2)   | 6   | 0.0%            | 0.0%            | 0.0%            | 95.2%                | 52.9%           | 52.9%              | 0.0%              | 59.3%   | 58.6%                  | 56.2%                  |
| Debt impairment expense as a % of total billable revenue      | 18(1)a,(2)   | 7   | 51.2%           | 51.2%           | 57.4%           | 11.2%                | 7.7%            | 7.7%               | 0.0%              | 9.7%  | 9.3%                   | 8.9%                   |
| Capital payments % of capital expenditure                     | 18(1)c,(19)  | 8   | 0.0%            | 0.0%            | 0.0%            | 100.0%               | 51.7%           | 51.7%              | 0.0%              | 100.0%  | 100.0%                 | 100.0%                 |
| 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%              | 0.0%  | 0.0%                   | 0.0%                   |
| Grants % of Govt. legislated/gazetted allocations             | 18(1)a       | 10  |                 |                 |                 |                      |                 |                    |                   | 0.0%  | 0.0%                   | 0.0%                   |
| Current consumer debtors % change - incr(decr)                | 18(1)a       | 11  | N.A.            | 42.3%           | (7.0%)          | (39.2%)              | 8.7%            | 0.0%               | (100.0%)          | 1226.4%   | (89.1%)                | 0.0%                   |
| Long term receivables % change - incr(decr)                   | 18(1)a       | 12  | N.A.            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| R&M % of Property Plant & Equipment                           | 20(1)(vi)    | 13  | 0.5%            | 0.5%            | 1.1%            | 0.8%                 | 1.1%            | 1.1%               | 0.0%              | 0.5%  | 0.5%                   | 0.5%                   |
| Asset renewal % of capital budget                             | 20(1)(vi)    | 14  | 3.2%            | 3.2%            | 45.7%           | 41.3%                | 15.4%           | 15.4%              | 0.0%              | 46.2%   | 33.9%                  | 42.3%                  |



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

EC136 Emalahleni (Ec) - Supporting Table SA22 Summary councillor and staff benefits

| Summary of Employee and Councillor remuneration          | 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   |     | A               | B               | C               | D                    | E               | F                  | G   | H                      | I                      |
| <b>Councillors (Political Office Bearers plus Other)</b> |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                 |     | 5,476           | 5,476           | 11,396          | 13,070               | 13,070          | 13,070             | 11,082  | 11,976                 | 12,503                 |
| Pension and UIF Contributions                            |     | -               | -               | -               | -                    | 0               | 0                  | 146   | 152                    | 158                    |
| Cellphone Allowance                                      |     | 695             | 695             | 1,391           | 1,350                | 1,350           | 1,350              | 1,840   | 1,918                  | 2,002                  |
| Housing Allowances                                       |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other benefits and allowances                            |     | 336             | 336             | 699             | 329                  | 329             | 329                | 532   | 554                    | 578                    |
| <b>Sub Total - Councillors</b>                           |     | <b>6,508</b>    | <b>6,508</b>    | <b>13,486</b>   | <b>14,749</b>        | <b>14,749</b>   | <b>14,749</b>      | <b>13,600</b>                                       | <b>14,599</b>          | <b>15,241</b>          |
| <b>% increase</b>  | 4   |                 | -               | 107.2%          | 9.4%                 | 0.0%            | -                  | (7.8%)  | 7.3%                   | 4.4%                   |
| <b>Senior Managers of the Municipality</b>               |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                 |     | 4,003           | 4,003           | 8,063           | 10,694               | 10,694          | 10,694             | 756   | 787                    | 822                    |
| Pension and UIF Contributions                            |     | 4               | 4               | 8               | 11                   | 11              | 11                 | 4,568   | 4,760                  | 4,970                  |
| Medical Aid Contributions                                |     | -               | -               | -               | -                    | 0               | 0                  | 1,903   | 1,963                  | 2,070                  |
| Overtime   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Performance Bonus  |     | 28              | 28              | 103             | 1,442                | 1,442           | 1,442              | 30  | 31                     | 32                     |
| Motor Vehicle Allowance                                  |     | -               | -               | -               | -                    | 0               | 0                  | 3,492   | 3,638                  | 3,798                  |
| Cellphone Allowance                                      |     | 80              | 80              | 185             | -                    | -               | -                  | 272   | 284                    | 296                    |
| Housing Allowances                                       |     | -               | -               | -               | -                    | 0               | 0                  | 3,542   | 3,691                  | 3,853                  |
| Other benefits and allowances                            |     | 0               | 0               | 0               | 1                    | 1               | 1                  | 3,451   | 3,596                  | 3,755                  |
| <b>Sub Total - Senior Managers of Municipality</b>       |     | <b>4,115</b>    | <b>4,115</b>    | <b>8,359</b>    | <b>12,147</b>        | <b>12,147</b>   | <b>12,147</b>      | <b>18,014</b>                                       | <b>18,771</b>          | <b>19,597</b>          |
| <b>% increase</b>  | 4   |                 | -               | 103.1%          | 45.3%                | 0.0%            | -                  | 48.3%   | 4.2%                   | 4.4%                   |
| <b>Other Municipal Staff</b>                             |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                 |     | 26,652          | 26,652          | 47,571          | 54,940               | 53,750          | 53,750             | 15,127  | 10,704                 | 11,175                 |
| Pension and UIF Contributions                            |     | 4,227           | 4,227           | 9,629           | 9,576                | 9,081           | 9,081              | 13,363  | 13,925                 | 14,537                 |
| Medical Aid Contributions                                |     | 1,448           | 1,448           | 3,195           | 3,526                | 3,526           | 3,526              | 1,672   | 1,743                  | 1,819                  |
| Overtime   |     | 688             | 688             | 1,748           | 2,250                | 1,250           | 1,250              | 4,975   | 5,184                  | 5,412                  |
| Performance Bonus  |     | 1,761           | 1,761           | 3,575           | 5,372                | 5,392           | 5,392              | 3,271   | 3,408                  | 3,558                  |
| Motor Vehicle Allowance                                  |     | 1,501           | 1,501           | 4,766           | 4,548                | 4,548           | 4,548              | 3,952   | 4,129                  | 4,310                  |
| Cellphone Allowance                                      |     | 503             | 503             | 583             | 529                  | 529             | 529                | 7,545   | 7,861                  | 8,207                  |
| Housing Allowances                                       |     | 82              | 82              | 1,039           | 168                  | 168             | 168                | 2,687   | 2,799                  | 2,923                  |
| Other benefits and allowances                            |     | 230             | 230             | 1,317           | 768                  | 768             | 768                | 21,553  | 22,459                 | 23,447                 |
| Payments in lieu of leave                                |     | 41              | 41              | 2,727           | -                    | 0               | 0                  | 1,754   | 1,828                  | 1,908                  |
| Long service awards                                      |     | 23              | 23              | 593             | -                    | 0               | 0                  | 898   | 936                    | 977                    |
| Post-retirement benefit obligations                      |     | -               | -               | 707             | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Other Municipal Staff</b>                 |     | <b>37,157</b>   | <b>37,157</b>   | <b>77,450</b>   | <b>81,677</b>        | <b>79,011</b>   | <b>79,011</b>      | <b>76,797</b>                                       | <b>74,975</b>          | <b>78,274</b>          |
| <b>% increase</b>  | 4   |                 | -               | 108.4%          | 5.5%                 | (3.3%)          | -                  | (2.8%)  | (2.4%)                 | 4.4%                   |
| <b>Total Parent Municipality</b>                         |     | <b>47,780</b>   | <b>47,780</b>   | <b>99,296</b>   | <b>108,573</b>       | <b>105,908</b>  | <b>105,908</b>     | <b>108,411</b>                                      | <b>108,345</b>         | <b>113,112</b>         |
|  |     |                 | -               | 107.8%          | 9.3%                 | (2.5%)          | -                  | 2.4%  | (0.1%)                 | 4.4%                   |
| <b>Board Members of Entities</b>                         |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Board Members of Entities</b>             |     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>% increase</b>  | 4   |                 | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Senior Managers of Entities</b>                       |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Senior Managers of Entities</b>           |     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>% increase</b>  | 4   |                 | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Other Staff of Entities</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Other Staff of Entities</b>               |     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>% increase</b>  | 4   |                 | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Municipal Entities</b>                          |     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>           |     | <b>47,780</b>   | <b>47,780</b>   | <b>99,296</b>   | <b>108,573</b>       | <b>105,908</b>  | <b>105,908</b>     | <b>108,411</b>                                      | <b>108,345</b>         | <b>113,112</b>         |
| <b>% increase</b>  | 4   |                 | -               | 107.8%          | 9.3%                 | (2.5%)          | -                  | 2.4%  | (0.1%)                 | 4.4%                   |
| <b>TOTAL MANAGERS AND STAFF</b>                          | 5,7 | <b>41,272</b>   | <b>41,272</b>   | <b>85,809</b>   | <b>93,824</b>        | <b>91,159</b>   | <b>91,159</b>      | <b>94,811</b>                                       | <b>93,746</b>          | <b>97,871</b>          |

## 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 Term Revenue and Expenditure Framework |                        |                        |
|--|-----|---------------------|----------|----------|----------|----------|----------|----------|----------|--------|----------|----------|----------|---|------------------------|------------------------|
|  |     | July                | August   | Sept.    | October  | November | December | January  | February | March  | April    | May      | June     | Budget Year 2021/22                           | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
| Revenue By Source  |     |                     |          |          |          |          |          |          |          |        |          |          |          |   |                        |                        |
| Property rates   |     | 917                 | 917      | 917      | 917      | 917      | 917      | 917      | 917      | 917    | 917      | 917      | 917      | 11,000  | 11,462                 | 11,914                 |
| Service charges - electricity revenue  |     | 1,250               | 1,250    | 1,250    | 1,250    | 1,250    | 1,250    | 1,250    | 1,250    | 1,250  | 1,250    | 1,250    | 1,250    | 15,000  | 15,630                 | 16,314                 |
| Service charges - water revenue  |     | -                   | -        | -        | -        | -        | -        | -        | -        | -      | -        | -        | -        | -   | -                      | -                      |
| Service charges - sanitation revenue   |     | -                   | -        | -        | -        | -        | -        | -        | -        | -      | -        | -        | -        | -   | -                      | -                      |
| Service charges - refuse revenue   |     | 417                 | 417      | 417      | 417      | 417      | 417      | 417      | 417      | 417    | 417      | 417      | 417      | 5,000   | 5,210                  | 5,414                  |
| Rental of facilities and equipment   |     | 45                  | 45       | 45       | 45       | 45       | 45       | 45       | 45       | 45     | 45       | 45       | 45       | 544   | 567                    | 591                    |
| Interest earned - external investments   |     | 167                 | 167      | 167      | 167      | 167      | 167      | 167      | 167      | 167    | 167      | 167      | 167      | 2,000   | 2,084                  | 2,168                  |
| Interest earned - outstanding debtors  |     | 261                 | 261      | 261      | 261      | 261      | 261      | 261      | 261      | 261    | 261      | 261      | 261      | 3,130   | 3,261                  | 3,392                  |
| Dividends received   |     | -                   | -        | -        | -        | -        | -        | -        | -        | -      | -        | -        | -        | -   | -                      | -                      |
| Fines, penalties and forfeits  |     | 13                  | 13       | 13       | 13       | 13       | 13       | 13       | 13       | 13     | 13       | 13       | 13       | 150   | 156                    | 162                    |
| Licences and permits   |     | 334                 | 334      | 334      | 334      | 334      | 334      | 334      | 334      | 334    | 334      | 334      | 334      | 4,010   | 4,179                  | 4,348                  |
| Agency services  |     | 127                 | 127      | 127      | 127      | 127      | 127      | 127      | 127      | 127    | 127      | 127      | 127      | 1,529   | 1,594                  | 1,659                  |
| Transfers and subsidies  |     | 61,500              | 1,235    | 734      | 1,636    | 734      | 41,245   | 734      | 1,335    | 34,493 | 734      | 734      | 734      | 145,852                                       | 148,389                | 144,014                |
| Other revenue  |     | 26                  | 26       | 26       | 26       | 26       | 26       | 26       | 26       | 26     | 26       | 26       | 26       | 316   | 329                    | 342                    |
| Gains  |     | -                   | -        | -        | -        | -        | -        | -        | -        | -      | -        | -        | -        | -   | -                      | -                      |
| Total Revenue (excluding capital transfers and contributions)  |     | 65,057              | 4,782    | 4,291    | 5,162    | 4,291    | 44,802   | 4,291    | 4,892    | 38,050 | 4,291    | 4,291    | 4,291    | 188,532                                       | 192,861                | 190,414                |
| Expenditure By Type  |     |                     |          |          |          |          |          |          |          |        |          |          |          |   |                        |                        |
| Employee related costs   |     | 7,995               | 7,995    | 7,995    | 7,995    | 7,995    | 7,995    | 7,995    | 7,995    | 7,995  | 7,995    | 7,995    | 7,995    | 95,936  | 94,918                 | 99,014                 |
| Remuneration of councillors  |     | 1,133               | 1,133    | 1,133    | 1,133    | 1,133    | 1,133    | 1,133    | 1,133    | 1,133  | 1,133    | 1,133    | 1,133    | 13,800  | 14,599                 | 15,398                 |
| Debt impairment  |     | 250                 | 250      | 250      | 250      | 250      | 250      | 250      | 250      | 250    | 250      | 250      | 250      | 3,000   | 3,000                  | 3,000                  |
| Depreciation & asset impairment  |     | 1,667               | 1,667    | 1,667    | 1,667    | 1,667    | 1,667    | 1,667    | 1,667    | 1,667  | 1,667    | 1,667    | 1,667    | 20,000  | 20,840                 | 21,680                 |
| Finance charges  |     | 5                   | 5        | 5        | 5        | 5        | 5        | 5        | 5        | 5      | 5        | 5        | 5        | 60  | 63                     | 66                     |
| 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    | 12,000  | 12,504                 | 13,008                 |
| Inventory consumed   |     | 491                 | 491      | 491      | 491      | 491      | 491      | 491      | 491      | 491    | 491      | 491      | 491      | 5,893   | 6,036                  | 6,314                  |
| Contracted services  |     | 824                 | 824      | 824      | 824      | 824      | 824      | 824      | 824      | 824    | 824      | 824      | 824      | 9,883   | 10,064                 | 10,551                 |
| Transfers and subsidies  |     | 75                  | 75       | 75       | 75       | 75       | 75       | 75       | 75       | 75     | 75       | 75       | 75       | 901   | 939                    | 977                    |
| Other expenditure  |     | 2,210               | 2,210    | 2,210    | 2,210    | 2,210    | 2,210    | 2,210    | 2,210    | 2,210  | 2,210    | 2,210    | 2,210    | 26,522  | 27,021                 | 28,212                 |
| Losses   |     | -                   | -        | -        | -        | -        | -        | -        | -        | -      | -        | -        | -        | -   | -                      | -                      |
| Total Expenditure  |     | 15,650              | 15,650   | 15,650   | 15,650   | 15,650   | 15,649   | 15,650   | 15,650   | 15,650 | 15,650   | 15,650   | 15,650   | 187,705                                       | 189,984                | 198,214                |
| Surplus/(Deficit)  |     | 49,407              | (10,868) | (11,359) | (10,487) | (11,359) | 29,152   | (11,359) | (10,758) | 22,400 | (11,359) | (11,359) | (11,359) | 736   | 2,877                  | (7,799)                |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |     | 2,793               | 13,562   | 2,793    | 2,793    | 9,109    | 2,793    | 2,793    | 5,147    | 2,793  | 2,793    | 2,793    | 2,793    | 52,951  | 46,019                 | 44,514                 |
| 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  |     | 52,200              | 2,706    | (8,566)  | (7,694)  | (2,250)  | 31,945   | (8,566)  | (5,611)  | 25,193 | (8,566)  | (8,566)  | (8,566)  | 53,687  | 48,896                 | 36,774                 |
| Taxation   |     | -                   | -        | -        | -        | -        | -        | -        | -        | -      | -        | -        | -        | -   | -                      | -                      |
| Attributable to minorities   |     | -                   | -        | -        | -        | -        | -        | -        | -        | -      | -        | -        | -        | -   | -                      | -                      |
| Share of surplus/ (deficit) of associate   |     | -                   | -        | -        | -        | -        | -        | -        | -        | -      | -        | -        | -        | -   | -                      | -                      |
| Surplus/(Deficit)  | 1   | 52,200              | 2,706    | (8,566)  | (7,694)  | (2,250)  | 31,945   | (8,566)  | (5,611)  | 25,193 | (8,566)  | (8,566)  | (8,566)  | 53,687  | 48,896                 | 36,774                 |



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

EC136 Emalaheni (Ec) - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

| Description  |  | Ref | Budget Year 2021/22 |        |         |         |          |          |         |          |        |         |         |         | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|--|-----|---------------------|--------|---------|---------|----------|----------|---------|----------|--------|---------|---------|---------|---|------------------------|------------------------|
| R thousand   |  |     | July                | August | Sept.   | October | November | December | January | February | March  | April   | May     | June    | Budget Year 2021/22                           | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
| Revenue by Vote  |  |     |                     |        |         |         |          |          |         |          |        |         |         |         |   |                        |                        |
| Vote 1 - Executive and council                           |  |     | 3,038               | -      | -       | -       | -        | 2,828    | -       | -        | 1,688  | -       | -       | -       | 7,554   | 7,789                  | 8,094                  |
| Vote 2 - Corporate Services                              |  |     | -                   | -      | -       | -       | -        | -        | -       | -        | -      | -       | -       | -       | -   | -                      | -                      |
| Vote 3 - Budget and Treasury                             |  |     | 59,465              | 1,737  | 1,737   | 1,737   | 1,737    | 39,420   | 1,737   | 1,737    | 33,808 | 1,737   | 1,737   | 1,737   | 148,331                                       | 154,162                | 150,120                |
| Vote 4 - PEDTA   |  |     | (171)               | (171)  | (171)   | (171)   | (171)    | (171)    | (171)   | (171)    | (171)  | (171)   | (171)   | (171)   | (2,949)                                       | (2,135)                | (2,229)                |
| Vote 5 - Community Services and Social Services          |  |     | 1,240               | 1,240  | 1,240   | 1,240   | 1,240    | 1,240    | 1,240   | 1,240    | 1,240  | 1,240   | 1,240   | 1,240   | 14,874  | 12,333                 | 12,834                 |
| Vote 6 - Infrastructure Development and Human Settlement |  |     | 4,277               | 15,548 | 4,277   | 5,179   | 10,593   | 4,277    | 4,277   | 7,233    | 4,277  | 4,277   | 4,277   | 4,277   | 72,773  | 66,731                 | 66,136                 |
| 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                                    |  |     | 67,849              | 18,354 | 7,084   | 7,985   | 13,400   | 47,594   | 7,084   | 10,039   | 40,842 | 7,084   | 7,084   | 7,084   | 241,483                                       | 238,880                | 234,955                |
| Expenditure by Vote to be appropriated                   |  |     |                     |        |         |         |          |          |         |          |        |         |         |         |   |                        |                        |
| Vote 1 - Executive and council                           |  |     | 2,396               | 2,396  | 2,396   | 2,396   | 2,396    | 2,396    | 2,396   | 2,396    | 2,396  | 2,396   | 2,396   | 2,396   | 28,753  | 30,388                 | 31,725                 |
| Vote 2 - Corporate Services                              |  |     | 3,006               | 3,006  | 3,006   | 3,006   | 3,006    | 3,006    | 3,006   | 3,006    | 3,006  | 3,006   | 3,006   | 3,006   | 36,072  | 37,461                 | 38,978                 |
| Vote 3 - Budget and Treasury                             |  |     | 2,046               | 2,046  | 2,046   | 2,046   | 2,046    | 2,046    | 2,046   | 2,046    | 2,046  | 2,046   | 2,046   | 2,046   | 24,550  | 25,180                 | 26,288                 |
| Vote 4 - PEDTA   |  |     | 1,196               | 1,196  | 1,196   | 1,196   | 1,196    | 1,196    | 1,196   | 1,196    | 1,196  | 1,196   | 1,196   | 1,196   | 14,363  | 14,965                 | 15,613                 |
| Vote 5 - Community Services and Social Services          |  |     | 2,641               | 2,641  | 2,641   | 2,641   | 2,641    | 2,641    | 2,641   | 2,641    | 2,641  | 2,641   | 2,641   | 2,641   | 31,689  | 29,112                 | 30,393                 |
| Vote 6 - Infrastructure Development and Human Settlement |  |     | 4,365               | 4,365  | 4,365   | 4,365   | 4,365    | 4,365    | 4,365   | 4,365    | 4,365  | 4,365   | 4,365   | 4,365   | 52,379  | 52,887                 | 55,214                 |
| 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                                |  |     | 15,650              | 15,650 | 15,650  | 15,650  | 15,650   | 15,649   | 15,650  | 15,650   | 15,650 | 15,650  | 15,650  | 15,650  | 187,795                                       | 189,984                | 198,211                |
| Surplus/(Deficit) before assoc.                          |  |     | 52,200              | 2,705  | (8,566) | (7,665) | (2,250)  | 31,945   | (8,566) | (5,611)  | 25,193 | (8,566) | (8,566) | (8,566) | 53,687  | 48,896                 | 36,744                 |
| Taxation   |  |     | -                   | -      | -       | -       | -        | -        | -       | -        | -      | -       | -       | -       | -   | -                      | -                      |
| Attributable to minorities                               |  |     | -                   | -      | -       | -       | -        | -        | -       | -        | -      | -       | -       | -       | -   | -                      | -                      |
| Share of surplus/ (deficit) of associate                 |  |     | -                   | -      | -       | -       | -        | -        | -       | -        | -      | -       | -       | -       | -   | -                      | -                      |
| Surplus/(Deficit)  |  |     | 52,200              | 2,705  | (8,566) | (7,665) | (2,250)  | 31,945   | (8,566) | (5,611)  | 25,193 | (8,566) | (8,566) | (8,566) | 53,687  | 48,896                 | 36,744                 |

## MBRR SA27 - Budgeted monthly revenue and expenditure (municipal vote)

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

| Budgeted Income Revenue and Expenditure (functional classification) |  |     |                     |        |         |         |          |          |         |          |        |         |         |         |   |                        |                        |
|---|--|-----|---------------------|--------|---------|---------|----------|----------|---------|----------|--------|---------|---------|---------|---|------------------------|------------------------|
| Description   |  | Ref | Budget Year 2021/22 |        |         |         |          |          |         |          |        |         |         |         | Medium Term Revenue and Expenditure Framework |                        |                        |
| R thousand  |  |     | July                | August | Sept.   | October | November | December | January | February | March  | April   | May     | June    | Budget Year 2021/22                           | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
| Revenue - Functional  |  |     |                     |        |         |         |          |          |         |          |        |         |         |         |   |                        |                        |
| Governance and administration                                       |  |     | 62,294              | 1,528  | 1,528   | 1,528   | 1,528    | 42,038   | 1,528   | 1,528    | 35,287 | 1,528   | 1,528   | 1,528   | 153,368                                       | 159,329                | 155,476                |
| Executive and council   |  |     | 3,038               | —      | —       | —       | —        | 2,828    | —       | 1,688    | —      | —       | —       | —       | 7,554   | 7,789                  | 8,094                  |
| Finance and administration  |  |     | 59,255              | 1,528  | 1,528   | 1,528   | 1,528    | 39,210   | 1,528   | 1,528    | 33,599 | 1,528   | 1,528   | 1,528   | 145,814                                       | 151,540                | 147,382                |
| Internal audit  |  |     | —                   | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | —       | —   | —                      | —                      |
| Community and public safety   |  |     | 387                 | 387    | 387     | 387     | 387      | 387      | 387     | 387      | 387    | 387     | 387     | 387     | 4,643   | 1,672                  | 1,704                  |
| Community and social services                                       |  |     | 335                 | 335    | 335     | 335     | 335      | 335      | 335     | 335      | 335    | 335     | 335     | 335     | 4,025   | 1,029                  | 1,032                  |
| Sport and recreation  |  |     | —                   | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | —       | —   | —                      | —                      |
| Public safety   |  |     | 51                  | 51     | 51      | 51      | 51       | 51       | 51      | 51       | 51     | 51      | 51      | 51      | 614   | 640                    | 698                    |
| Housing   |  |     | 0                   | 0      | 0       | 0       | 0        | 0        | 0       | 0        | 0      | 0       | 0       | 0       | 4   | 4                      | 4                      |
| Health  |  |     | —                   | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | —       | —   | —                      | —                      |
| Economic and environmental services                                 |  |     | 2,952               | 3,453  | 2,952   | 3,854   | 2,952    | 2,952    | 2,952   | 3,553    | 2,952  | 2,952   | 2,952   | 2,952   | 37,429  | 40,159                 | 41,835                 |
| Planning and development  |  |     | 2,952               | 3,453  | 2,952   | 3,854   | 2,952    | 2,952    | 2,952   | 3,553    | 2,952  | 2,952   | 2,952   | 2,952   | 37,429  | 40,159                 | 41,835                 |
| Road transport  |  |     | —                   | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | —       | —   | —                      | —                      |
| Environmental protection  |  |     | —                   | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | —       | —   | —                      | —                      |
| Trading services  |  |     | 1,750               | 12,520 | 1,750   | 1,750   | 8,066    | 1,750    | 1,750   | 4,104    | 1,750  | 1,750   | 1,750   | 1,750   | 40,440  | 31,882                 | 29,645                 |
| Energy sources  |  |     | 1,325               | 12,095 | 1,325   | 1,325   | 7,841    | 1,325    | 1,325   | 3,679    | 1,325  | 1,325   | 1,325   | 1,325   | 35,340  | 26,568                 | 24,297                 |
| Water management  |  |     | —                   | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | —       | —   | —                      | —                      |
| Waste water management  |  |     | —                   | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | —       | —   | —                      | —                      |
| Waste management  |  |     | 425                 | 425    | 425     | 425     | 425      | 425      | 425     | 425      | 425    | 425     | 425     | 425     | 5,100   | 5,314                  | 5,548                  |
| Other   |  |     | 467                 | 467    | 467     | 467     | 467      | 467      | 467     | 467      | 467    | 467     | 467     | 467     | 5,602   | 5,838                  | 6,095                  |
| Total Revenue - Functional  |  |     | 67,849              | 18,354 | 7,084   | 7,985   | 13,400   | 47,594   | 7,084   | 10,039   | 40,842 | 7,084   | 7,084   | 7,084   | 241,483                                       | 238,880                | 234,955                |
| Expenditure - Functional  |  |     |                     |        |         |         |          |          |         |          |        |         |         |         |   |                        |                        |
| Governance and administration                                       |  |     | 7,733               | 7,733  | 7,733   | 7,733   | 7,733    | 7,733    | 7,733   | 7,733    | 7,733  | 7,733   | 7,733   | 7,733   | 92,794  | 96,592                 | 100,740                |
| Executive and council   |  |     | 2,108               | 2,108  | 2,108   | 2,108   | 2,108    | 2,108    | 2,108   | 2,108    | 2,108  | 2,108   | 2,108   | 2,108   | 25,296  | 26,786                 | 27,964                 |
| Finance and administration  |  |     | 5,476               | 5,476  | 5,476   | 5,476   | 5,476    | 5,476    | 5,476   | 5,476    | 5,476  | 5,476   | 5,476   | 5,476   | 65,717  | 67,949                 | 70,807                 |
| Internal audit  |  |     | 148                 | 148    | 148     | 148     | 148      | 148      | 148     | 148      | 148    | 148     | 148     | 148     | 1,781   | 1,855                  | 1,936                  |
| Community and public safety   |  |     | 2,939               | 2,939  | 2,939   | 2,939   | 2,939    | 2,939    | 2,939   | 2,939    | 2,939  | 2,939   | 2,939   | 2,939   | 35,282  | 32,836                 | 34,280                 |
| Community and social services                                       |  |     | 1,955               | 1,955  | 1,955   | 1,955   | 1,955    | 1,955    | 1,955   | 1,955    | 1,955  | 1,955   | 1,955   | 1,955   | 23,455  | 20,533                 | 21,436                 |
| Sport and recreation  |  |     | 381                 | 381    | 381     | 381     | 381      | 381      | 381     | 381      | 381    | 381     | 381     | 381     | 4,574   | 4,766                  | 4,976                  |
| Public safety   |  |     | 206                 | 206    | 206     | 206     | 206      | 206      | 206     | 206      | 206    | 206     | 206     | 206     | 2,474   | 2,578                  | 2,691                  |
| Housing   |  |     | 397                 | 397    | 397     | 397     | 397      | 397      | 397     | 397      | 397    | 397     | 397     | 397     | 4,759   | 4,959                  | 5,178                  |
| Health  |  |     | —                   | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | —       | —   | —                      | —                      |
| Economic and environmental services                                 |  |     | 2,857               | 2,857  | 2,857   | 2,857   | 2,857    | 2,857    | 2,857   | 2,857    | 2,857  | 2,857   | 2,857   | 2,857   | 34,286  | 34,034                 | 35,531                 |
| Planning and development  |  |     | 2,559               | 2,559  | 2,559   | 2,559   | 2,559    | 2,559    | 2,559   | 2,559    | 2,559  | 2,559   | 2,559   | 2,559   | 30,702  | 30,300                 | 31,632                 |
| Road transport  |  |     | 299                 | 299    | 299     | 299     | 299      | 299      | 299     | 299      | 299    | 299     | 299     | 299     | 3,584   | 3,734                  | 3,886                  |
| 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  | 23,164                 | 24,184                 |
| 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  | 19,426                 | 20,281                 |
| Water management  |  |     | —                   | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | —       | —   | —                      | —                      |
| Waste water management  |  |     | 49                  | 49     | 49      | 49      | 49       | 49       | 49      | 49       | 49     | 49      | 49      | 49      | 593   | 618                    | 645                    |
| Waste management  |  |     | 250                 | 250    | 250     | 250     | 250      | 250      | 250     | 250      | 250    | 250     | 250     | 250     | 2,995   | 3,121                  | 3,256                  |
| Other   |  |     | 269                 | 269    | 269     | 269     | 269      | 269      | 269     | 269      | 269    | 269     | 269     | 269     | 3,223   | 3,358                  | 3,506                  |
| Total Expenditure - Functional                                      |  |     | 15,650              | 15,650 | 15,650  | 15,650  | 15,650   | 15,649   | 15,650  | 15,650   | 15,650 | 15,650  | 15,650  | 15,650  | 187,795                                       | 189,984                | 198,211                |
| Surplus/(Deficit) before assoc.                                     |  |     | 52,200              | 2,705  | (8,566) | (7,665) | (2,250)  | 31,945   | (8,566) | (5,611)  | 25,193 | (8,566) | (8,566) | (8,566) | 53,687  | 48,886                 | 36,744                 |
| Share of surplus/ (deficit) of associate                            |  |     | (750,984)           | —      | —       | —       | —        | —        | —       | —        | —      | —       | —       | 750,984 | —   | —                      | —                      |
| Surplus/(Deficit)   |  | 1   | (698,784)           | 2,705  | (8,566) | (7,665) | (2,250)  | 31,945   | (8,566) | (5,611)  | 25,193 | (8,566) | (8,566) | 742,418 | 53,687  | 48,886                 | 36,744                 |

## MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)



EC136 Emlahlani (Ec) - Supporting Table SA26 Budgeted monthly capital expenditure (municipal vote)

| Description  | Ref | Budget Year 2021/22 |        |       |         |       |       |         |       |       |       |       |       | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|-----|---------------------|--------|-------|---------|-------|-------|---------|-------|-------|-------|-------|-------|---|------------------------|------------------------|
|  |     | July                | August | Sept. | October | Nov.  | Dec.  | January | Feb.  | March | April | May   | June  | Budget Year 2021/22                           | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
| <b>R thousand</b>  |     |                     |        |       |         |       |       |         |       |       |       |       |       |   |                        |                        |
| <b>Multi-year expenditure to be appropriated</b>         | 1   |                     |        |       |         |       |       |         |       |       |       |       |       |   |                        |                        |
| Vote 1 - Executive and council                           |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Vote 2 - Corporate Services                              |     | 25                  | 25     | 25    | 25      | 25    | 25    | 25      | 25    | 25    | 25    | 25    | 25    | 300   | -                      | 1,429                  |
| Vote 3 - Budget and Treasury                             |     | 7                   | 7      | 7     | 7       | 7     | 7     | 7       | 7     | 7     | 7     | 7     | 7     | 80  | 500                    | 500                    |
| Vote 4 - PEDTA   |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Vote 5 - Community Services and Social Services          |     | 1,080               | 1,280  | 1,080 | 1,080   | 1,080 | 1,080 | 1,080   | 1,080 | 1,080 | 1,080 | 1,080 | 1,080 | 13,163  | 17,071                 | 19,118                 |
| Vote 6 - Infrastructure Development and Human Settlement |     | 3,775               | 4,367  | 4,446 | 3,977   | 4,230 | 3,098 | 2,991   | 2,991 | 2,991 | 2,991 | 2,991 | 2,991 | 41,833  | 30,873                 | 36,118                 |
| 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]                              |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| <b>Capital multi-year expenditure sub-total</b>          | 2   | 4,887               | 5,668  | 5,558 | 5,089   | 5,350 | 4,208 | 4,103   | 4,103 | 4,103 | 4,103 | 4,103 | 4,103 | 55,376  | 48,445                 | 57,165                 |
| <b>Single-year expenditure to be appropriated</b>        |     |                     |        |       |         |       |       |         |       |       |       |       |       |   |                        |                        |
| Vote 1 - Executive and council                           |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Vote 2 - Corporate Services                              |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | 221                    | 221                    |
| Vote 3 - Budget and Treasury                             |     | 83                  | 83     | 83    | 83      | 83    | 83    | 83      | 83    | 83    | 83    | 83    | 83    | 1,000   | 300                    | 300                    |
| 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    | 33    | 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]                              |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| <b>Capital single-year expenditure sub-total</b>         | 2   | 117                 | 117    | 117   | 117     | 117   | 117   | 117     | 117   | 117   | 117   | 117   | 117   | 1,400   | 521                    | 521                    |
| <b>Total Capital Expenditure</b>                         | 2   | 5,004               | 5,785  | 5,675 | 5,206   | 5,467 | 4,324 | 4,219   | 4,219 | 4,219 | 4,219 | 4,219 | 4,219 | 56,776  | 48,966                 | 57,686                 |

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

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

| Description  | Ref | Budget Year 2021/22 |        |       |         |       |       |         |       |       |       |       |       | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|-----|---------------------|--------|-------|---------|-------|-------|---------|-------|-------|-------|-------|-------|---|------------------------|------------------------|
|  |     | July                | August | Sept. | October | Nov.  | Dec.  | January | Feb.  | March | April | May   | June  | Budget Year 2021/22                           | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
| <b>R thousand</b>  |     |                     |        |       |         |       |       |         |       |       |       |       |       |   |                        |                        |
| <b>Capital Expenditure - Functional</b>  | 1   |                     |        |       |         |       |       |         |       |       |       |       |       |   |                        |                        |
| Governance and administration  |     | 115                 | 115    | 115   | 115     | 115   | 115   | 115     | 115   | 115   | 115   | 115   | 115   | 1,380   | 1,021                  | 2,456                  |
| Executive and council  |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Finance and administration   |     | 115                 | 115    | 115   | 115     | 115   | 115   | 115     | 115   | 115   | 115   | 115   | 115   | 1,380   | 1,021                  | 2,456                  |
| Internal audit   |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Community and public safety  |     | 1,022               | 1,222  | 1,022 | 1,022   | 1,022 | 1,022 | 1,022   | 1,022 | 1,022 | 1,022 | 1,022 | 1,022 | 12,463  | 10,191                 | 11,928                 |
| Community and social services  |     | 309                 | 509    | 309   | 309     | 309   | 309   | 309     | 309   | 309   | 309   | 309   | 309   | 3,000   | 4,425                  | 4,425                  |
| Sport and recreation   |     | 614                 | 614    | 614   | 614     | 614   | 614   | 614     | 614   | 614   | 614   | 614   | 614   | 7,373   | 7,191                  | 7,505                  |
| Public safety  |     | 8                   | 8      | 8     | 8       | 8     | 8     | 8       | 8     | 8     | 8     | 8     | 8     | 100   | -                      | -                      |
| Housing  |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Health   |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Economic and environmental services  |     | 2,076               | 2,658  | 2,747 | 2,278   | 2,540 | 1,397 | 1,292   | 1,292 | 1,292 | 1,292 | 1,292 | 1,292 | 21,446  | 19,855                 | 22,736                 |
| Planning and development   |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Road transport   |     | 2,076               | 2,658  | 2,747 | 2,278   | 2,540 | 1,397 | 1,292   | 1,292 | 1,292 | 1,292 | 1,292 | 1,292 | 21,446  | 19,855                 | 22,736                 |
| Environmental protection   |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Trading services   |     | 1,791               | 1,791  | 1,791 | 1,791   | 1,791 | 1,791 | 1,791   | 1,791 | 1,791 | 1,791 | 1,791 | 1,791 | 21,487  | 17,898                 | 20,577                 |
| Energy sources   |     | 1,728               | 1,728  | 1,728 | 1,728   | 1,728 | 1,728 | 1,728   | 1,728 | 1,728 | 1,728 | 1,728 | 1,728 | 20,735  | 11,018                 | 13,388                 |
| Water management   |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Waste water management   |     | 4                   | 4      | 4     | 4       | 4     | 4     | 4       | 4     | 4     | 4     | 4     | 4     | 52  | -                      | -                      |
| Waste management   |     | 58                  | 58     | 58    | 58      | 58    | 58    | 58      | 58    | 58    | 58    | 58    | 58    | 700   | 6,880                  | 7,185                  |
| Other  |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| <b>Total Capital Expenditure - Functional</b>  | 2   | 5,004               | 5,785  | 5,675 | 5,206   | 5,467 | 4,324 | 4,219   | 4,219 | 4,219 | 4,219 | 4,219 | 4,219 | 56,776  | 48,966                 | 57,686                 |
| <b>Funded by:</b>  |     |                     |        |       |         |       |       |         |       |       |       |       |       |   |                        |                        |
| National Government  |     | 4,702               | 5,283  | 5,373 | 4,904   | 5,165 | 4,022 | 3,917   | 3,917 | 3,917 | 3,917 | 3,917 | 3,917 | 52,951  | 47,915                 | 49,495                 |
| Provincial Government  |     | -                   | 200    | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | 200   | -                      | -                      |
| 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   |     | 4,702               | 5,483  | 5,373 | 4,904   | 5,165 | 4,022 | 3,917   | 3,917 | 3,917 | 3,917 | 3,917 | 3,917 | 53,151  | 47,915                 | 49,495                 |
| Borrowing  |     | -                   | -      | -     | -       | -     | -     | -       | -     | -     | -     | -     | -     | -   | -                      | -                      |
| Internally generated funds   |     | 302                 | 302    | 302   | 302     | 302   | 302   | 302     | 302   | 302   | 302   | 302   | 302   | 3,625   | 1,051                  | 5,337                  |
| <b>Total Capital Funding</b>   |     | 5,004               | 5,785  | 5,675 | 5,206   | 5,467 | 4,324 | 4,219   | 4,219 | 4,219 | 4,219 | 4,219 | 4,219 | 56,776  | 48,966                 | 54,832                 |

## MBRR SA30 - Budgeted monthly cash

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

| MONTHLY CASH FLOWS   | Budget Year 2021/22 |                |                |                |                |               |                |                |               |                |                |                | Medium Term Revenue and Expenditure Framework |                        |                     |
|--|---------------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|----------------|---|------------------------|---------------------|
|  | July                | August         | Sept.          | October        | November       | December      | January        | February       | March         | April          | May            | June           | Budget Year 2021/22                           | Budget Year +1 2022/23 | Budget Year 2023/24 |
| R thousand   |                     |                |                |                |                |               |                |                |               |                |                |                |   |                        |                     |
| <b>Cash Receipts By Source</b>   |                     |                |                |                |                |               |                |                |               |                |                |                |   |                        |                     |
| Property rates   | 457                 | 457            | 457            | 457            | 457            | 457           | 457            | 457            | 457           | 457            | 457            | 457            | 1   | 5,487                  | 5,761               |
| Service charges - electricity revenue  | 279                 | 279            | 279            | 279            | 279            | 279           | 279            | 279            | 279           | 279            | 279            | 279            | 3,346   | 3,346                  | 3,3                 |
| Service charges - water revenue  | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Service charges - sanitation revenue   | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Service charges - refuse revenue   | 496                 | 496            | 496            | 496            | 496            | 496           | 496            | 496            | 496           | 496            | 496            | 496            | 5,947   | 5,947                  | 5,9                 |
| Rental of facilities and equipment   | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Interest earned - external investments   | 428                 | 428            | 428            | 428            | 428            | 428           | 428            | 428            | 428           | 428            | 428            | 428            | 5,134   | 5,381                  | 5,3                 |
| Interest earned - outstanding debtors  | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Dividends received   | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Fines, penalties and forfeits  | 18                  | 18             | 18             | 18             | 18             | 18            | 18             | 18             | 18            | 18             | 18             | 18             | 212   | 222                    | 2                   |
| Licences and permits   | 388                 | 388            | 388            | 388            | 388            | 388           | 388            | 388            | 388           | 388            | 388            | 388            | 4,651   | 4,883                  | 4,8                 |
| Agency services  | 127                 | 127            | 127            | 127            | 127            | 127           | 127            | 127            | 127           | 127            | 127            | 127            | 1,529   | 1,606                  | 1,6                 |
| Transfers and Subsidies - Operational  | 61,789              | 1,475          | 778            | 1,675          | 774            | 41,345        | 774            | 1,405          | 34,563        | 804            | 800            | 750            | 146,931                                       | 149,122                | 149,1               |
| Other revenue  | 245                 | 245            | 245            | 245            | 245            | 245           | 245            | 245            | 245           | 245            | 245            | 245            | 2,938   | 3,084                  | 3,0                 |
| <b>Cash Receipts by Source</b>   | <b>64,226</b>       | <b>3,912</b>   | <b>3,215</b>   | <b>4,112</b>   | <b>3,211</b>   | <b>43,782</b> | <b>3,211</b>   | <b>3,842</b>   | <b>37,000</b> | <b>3,241</b>   | <b>3,236</b>   | <b>3,186</b>   | <b>176,174</b>                                | <b>179,363</b>         | <b>179,3</b>        |
| <b>Other Cash Flows by Source</b>  |                     |                |                |                |                |               |                |                |               |                |                |                |   |                        |                     |
| 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          | 2,986          | 2,986          | 35,837  | 35,837                 | 35,8                |
| 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                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | 0   | 0                      | 0                   |
| Decrease (increase) in non-current receivables   | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Decrease (increase) in non-current investments   | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| <b>Total Cash Receipts by Source</b>   | <b>67,212</b>       | <b>6,898</b>   | <b>6,201</b>   | <b>7,098</b>   | <b>6,197</b>   | <b>46,768</b> | <b>6,197</b>   | <b>6,828</b>   | <b>39,986</b> | <b>6,227</b>   | <b>6,223</b>   | <b>6,173</b>   | <b>212,011</b>                                | <b>215,200</b>         | <b>215,2</b>        |
| <b>Cash Payments by Type</b>   |                     |                |                |                |                |               |                |                |               |                |                |                |   |                        |                     |
| Employee related costs   | 9,517               | 9,517          | 9,517          | 9,517          | 9,517          | 9,517         | 9,517          | 9,517          | 9,517         | 9,517          | 9,517          | 9,517          | 114,203                                       | 114,920                | 114,9               |
| Remuneration of councillors  | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Finance charges  | (29)                | (29)           | (29)           | (29)           | (29)           | (29)          | (29)           | (29)           | (29)          | (29)           | (29)           | (29)           | (294)   | (309)                  | (3                  |
| Bulk purchases - electricity   | 1,251               | 1,251          | 1,251          | 1,251          | 1,251          | 1,251         | 1,251          | 1,251          | 1,251         | 1,251          | 1,251          | 1,251          | 15,915  | 15,786                 | 15,7                |
| Acquisitions - water & other inventory   | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Contracted services  | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Transfers and grants - other municipalities  | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Transfers and grants - other   | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Other expenditure  | (4,581)             | (4,581)        | (4,581)        | (4,581)        | (4,581)        | (4,581)       | (4,581)        | (4,581)        | (4,581)       | (4,581)        | (4,581)        | (4,581)        | (54,728)                                      | (52,581)               | (52,5               |
| <b>Cash Payments by Type</b>   | <b>6,183</b>        | <b>6,183</b>   | <b>6,183</b>   | <b>6,183</b>   | <b>6,183</b>   | <b>6,183</b>  | <b>6,183</b>   | <b>6,183</b>   | <b>6,183</b>  | <b>6,183</b>   | <b>6,183</b>   | <b>6,183</b>   | <b>74,197</b>                                 | <b>77,788</b>          | <b>77,7</b>         |
| <b>Other Cash Flows/Payments by Type</b>   |                     |                |                |                |                |               |                |                |               |                |                |                |   |                        |                     |
| Capital assets   | 4,731               | 4,731          | 4,731          | 4,731          | 4,731          | 4,731         | 4,731          | 4,731          | 4,731         | 4,731          | 4,731          | 4,731          | 56,776  | 48,966                 | 57,6                |
| Repayment of borrowing   | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| Other Cash Flows/Payments  | -                   | -              | -              | -              | -              | -             | -              | -              | -             | -              | -              | -              | -   | -                      | -                   |
| <b>Total Cash Payments by Type</b>   | <b>10,914</b>       | <b>10,914</b>  | <b>10,914</b>  | <b>10,914</b>  | <b>10,914</b>  | <b>10,914</b> | <b>10,914</b>  | <b>10,914</b>  | <b>10,914</b> | <b>10,914</b>  | <b>10,914</b>  | <b>10,914</b>  | <b>130,973</b>                                | <b>126,752</b>         | <b>126,4</b>        |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>  | <b>56,298</b>       | <b>(4,016)</b> | <b>(4,713)</b> | <b>(3,816)</b> | <b>(4,717)</b> | <b>35,854</b> | <b>(4,717)</b> | <b>(4,086)</b> | <b>28,072</b> | <b>(4,667)</b> | <b>(4,662)</b> | <b>(4,742)</b> | <b>81,038</b>                                 | <b>88,448</b>          | <b>78,7</b>         |
| Cash/cash equivalents at the month/year begin:   | 10,954              | 66,351         | 62,335         | 57,622         | 53,807         | 49,090        | 84,943         | 80,226         | 76,140        | 105,212        | 100,525        | 95,833         | 10,954  | 91,062                 | 179,5               |
| Cash/cash equivalents at the month/year end:   | 66,351              | 62,335         | 57,622         | 53,807         | 49,090         | 84,943        | 80,226         | 76,140         | 105,212       | 100,525        | 95,833         | 91,092         | 91,092  | 179,538                | 259,2               |

## 1.15 Capital expenditure details

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



EC136 Emalahleni (Ec) - Supporting Table SA34a Capital expenditure on new assets 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 |
| <b>Capital expenditure on new assets by Asset Class/Sub-class</b> | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   |          | 1,235           | 1,235           | 1,473           | 500                  | 8,706           | 8,706              | 0   | 6,880                  | 7,183                  |
| Roads Infrastructure  |          | 1,235           | 1,235           | 1,473           | -                    | -               | -                  | -   | -                      | -                      |
| Roads   |          | 1,235           | 1,235           | 1,473           | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Infrastructure  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Attenuation   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electrical Infrastructure   |          | -               | -               | -               | -                    | 8,706           | 8,706              | 0   | -                      | -                      |
| LV Networks   |          | -               | -               | -               | -                    | 8,706           | 8,706              | 0   | -                      | -                      |
| Water Supply Infrastructure                                       |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Solid Waste Infrastructure  |          | -               | -               | -               | 500                  | 0               | 0                  | -   | 6,880                  | 7,183                  |
| Landfill Sites  |          | -               | -               | -               | 500                  | 0               | 0                  | -   | 6,880                  | 7,183                  |
| Rail Infrastructure   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Information and Communication Infrastructure                      |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Data Centres  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Community Assets</b>   |          | 1,744           | 1,744           | 4,770           | -                    | 514             | 514                | 1,740   | -                      | -                      |
| Community Facilities  |          | 1,744           | 1,744           | 4,770           | -                    | 514             | 514                | 1,740   | -                      | -                      |
| Testing Stations  |          | 286             | 286             | 311             | -                    | -               | -                  | -   | -                      | -                      |
| Cemeteries/Crematoria   |          | 1,287           | 1,287           | 1,607           | -                    | 514             | 514                | 1,740   | -                      | -                      |
| Public Open Space   |          | 170             | 170             | 2,852           | -                    | -               | -                  | -   | -                      | -                      |
| Sport and Recreation Facilities                                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Computer Equipment</b>   |          | -               | -               | -               | 190                  | -               | -                  | 0   | 500                    | 500                    |
| Computer Equipment  |          | -               | -               | -               | 190                  | -               | -                  | 0   | 500                    | 500                    |
| <b>Furniture and Office Equipment</b>                             |          | 299             | 299             | 997             | 200                  | -               | -                  | 50  | 221                    | 221                    |
| Furniture and Office Equipment                                    |          | 299             | 299             | 997             | 200                  | -               | -                  | 50  | 221                    | 221                    |
| <b>Machinery and Equipment</b>                                    |          | -               | -               | -               | 110                  | -               | -                  | 400   | 30                     | 30                     |
| Machinery and Equipment   |          | -               | -               | -               | 110                  | -               | -                  | 400   | 30                     | 30                     |
| <b>Transport Assets</b>   |          | -               | -               | -               | 1,400                | -               | -                  | 1,000   | 300                    | 300                    |
| Transport Assets  |          | -               | -               | -               | 1,400                | -               | -                  | 1,000   | 300                    | 300                    |
| <b>Land</b>   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Zoo's, Marine and Non-biological Animals</b>                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Zoo's, Marine and Non-biological Animals                          |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Capital Expenditure on new assets</b>                    | <b>1</b> | <b>3,277</b>    | <b>3,277</b>    | <b>7,240</b>    | <b>2,400</b>         | <b>9,220</b>    | <b>9,220</b>       | <b>3,190</b>  | <b>7,931</b>           | <b>8,234</b>           |

EC136 Emalahleni (Ec) - Supporting Table SA34b Capital expenditure on the renewal of existing assets 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   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b> |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   |     | -               | -               | 11,483          | 13,866               | 10,416          | 10,416             | 21,297  | 13,618                 | 14,259                 |
| Roads Infrastructure  |     | -               | -               | 11,761          | 8,866                | 5,488           | 5,488              | 21,297  | 12,600                 | 13,727                 |
| Roads   |     | -               | -               | 11,761          | 8,866                | 5,488           | 5,488              | 21,297  | 12,600                 | 13,727                 |
| Storm water Infrastructure  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Drainage Collection   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electrical Infrastructure   |     | -               | -               | -               | 5,000                | 4,928           | 4,928              | -   | 1,018                  | 531                    |
| LV Networks   |     | -               | -               | -               | 5,000                | 4,928           | 4,928              | -   | 1,018                  | 531                    |
| Water Supply Infrastructure   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Dams and Weirs  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation Infrastructure   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Pump Station  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Solid Waste Infrastructure  |     | -               | -               | (278)           | -                    | -               | -                  | -   | -                      | -                      |
| Waste Processing Facilities   |     | -               | -               | (278)           | -                    | -               | -                  | -   | -                      | -                      |
| Rail Infrastructure   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Coastal Infrastructure  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Sand Pumps  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Information and Communication Infrastructure                                      |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Data Centres  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Community Assets</b>   |     | 417             | 417             | 1,850           | -                    | 820             | 820                | 3,300   | 3,000                  | 4,429                  |
| Community Facilities  |     | -               | -               | -               | -                    | -               | -                  | 3,300   | 3,000                  | 4,429                  |
| Halls   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Centres   |     | -               | -               | -               | -                    | -               | -                  | 3,300   | 3,000                  | 4,429                  |
| Sport and Recreation Facilities   |     | 417             | 417             | 1,850           | -                    | 820             | 820                | -   | -                      | -                      |
| Indoor Facilities   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Outdoor Facilities  |     | 417             | 417             | 1,850           | -                    | 820             | 820                | -   | -                      | -                      |
| <b>Other assets</b>   |     | -               | -               | -               | -                    | -               | -                  | 645   | -                      | 1,429                  |
| Operational Buildings   |     | -               | -               | -               | -                    | -               | -                  | 645   | -                      | 1,429                  |
| Municipal Offices   |     | -               | -               | -               | -                    | -               | -                  | 645   | -                      | 1,429                  |
| Housing   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Machinery and Equipment</b>  |     | -               | -               | -               | -                    | -               | -                  | 250   | -                      | 1,429                  |
| Machinery and Equipment   |     | -               | -               | -               | -                    | -               | -                  | 250   | -                      | 1,429                  |
| <b>Transport Assets</b>   |     | -               | -               | -               | -                    | -               | -                  | 750   | -                      | 2,857                  |
| Transport Assets  |     | -               | -               | -               | -                    | -               | -                  | 750   | -                      | 2,857                  |
| <b>Land</b>   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Land  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Zoo's, Marine and Non-biological Animals</b>                                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Zoo's, Marine and Non-biological Animals  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Capital Expenditure on renewal of existing assets</b>                    | 1   | 417             | 417             | 13,333          | 13,866               | 11,236          | 11,236             | 26,242  | 16,618                 | 24,402                 |
| <b>Renewal of Existing Assets as % of total capex</b>                             |     | 4.4%            | 3.2%            | 45.7%           | 41.3%                | 15.4%           | 15.4%              | 46.2%   | 33.9%                  | 42.3%                  |
| <b>Renewal of Existing Assets as % of deprecn"</b>                                |     | -277.0%         | 0.0%            | 63.7%           | 71.5%                | 58.0%           | 58.0%              | 131.2%  | 79.7%                  | 112.2%                 |



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

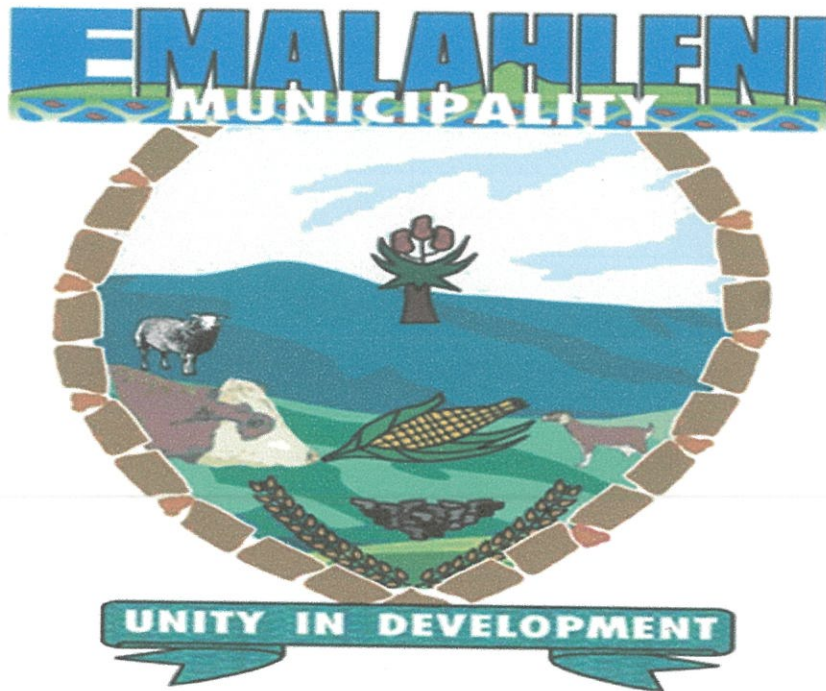
| Description   | Ref      | 2017/18         | 2018/19         | 2019/20         | Current Year 2020/21 |                 |                    | 2021/22 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |          | 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 |
| <b>R thousand</b>   | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Repairs and maintenance expenditure by Asset Class/Sub-class</b> |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Infrastructure</b>   |          | #REF!           | #REF!           | #REF!           | #REF!                | #REF!           | #REF!              | #REF!   | #REF!                  | #REF!                  |
| Roads Infrastructure  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Roads   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Infrastructure  |          | 850             | 850             | 2,054           | 500                  | 92              | 92                 | 200   | 208                    | 218                    |
| Storm water Conveyance  |          | 850             | 850             | 2,054           | 500                  | 92              | 92                 | 200   | 208                    | 218                    |
| Electrical Infrastructure   |          | 216             | 216             | 565             | 440                  | 1,135           | 1,135              | 1,155   | 1,204                  | 1,256                  |
| Power Plants  |          | -               | -               | -               | -                    | 100             | 100                | 50  | 52                     | 54                     |
| MV Substations  |          | 50              | 50              | 187             | 85                   | 400             | 400                | 500   | 521                    | 544                    |
| MV Networks   |          | 86              | 86              | 250             | 200                  | 200             | 200                | 200   | 208                    | 218                    |
| LV Networks   |          | 80              | 80              | 128             | 155                  | 435             | 435                | 405   | 422                    | 441                    |
| Water Supply Infrastructure   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Community Assets</b>   |          | 257             | 257             | 575             | 640                  | 617             | 617                | -   | -                      | -                      |
| Community Facilities  |          | 257             | 257             | 555             | 640                  | 617             | 617                | -   | -                      | -                      |
| Halls   |          | 232             | 232             | 370             | 535                  | 487             | 487                | -   | -                      | -                      |
| Cemeteries/Crematoria   |          | -               | -               | 23              | 35                   | -               | -                  | -   | -                      | -                      |
| Parks   |          | 26              | 26              | 81              | 30                   | 20              | 20                 | -   | -                      | -                      |
| Public Open Space   |          | -               | -               | 81              | 40                   | 110             | 110                | -   | -                      | -                      |
| Sport and Recreation Facilities                                     |          | -               | -               | 20              | -                    | -               | -                  | -   | -                      | -                      |
| Outdoor Facilities  |          | -               | -               | 20              | -                    | -               | -                  | -   | -                      | -                      |
|   |          | 1               | 1               | 1               | 1                    | 1               | 1                  | 1   | 1                      | 1                      |
| <b>Heritage assets</b>  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Monuments   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Investment properties</b>  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Revenue Generating  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Improved Property   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Non-revenue Generating  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Improved Property   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Other assets</b>   |          | 193             | 193             | 441             | 300                  | 993             | 993                | -   | -                      | -                      |
| Operational Buildings   |          | 193             | 193             | 441             | 300                  | 712             | 712                | -   | -                      | -                      |
| Municipal Offices   |          | 193             | 193             | 441             | 300                  | 712             | 712                | -   | -                      | -                      |
| Housing   |          | -               | -               | -               | -                    | 282             | 282                | -   | -                      | -                      |
| Social Housing  |          | -               | -               | -               | -                    | 282             | 282                | -   | -                      | -                      |
| <b>Biological or Cultivated Assets</b>                              |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological or Cultivated Assets                                     |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Intangible Assets</b>  |          | 48              | 48              | 70              | -                    | -               | -                  | -   | -                      | -                      |
| Servitudes  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Licences and Rights   |          | 48              | 48              | 70              | -                    | -               | -                  | -   | -                      | -                      |
| Computer Software and Applications                                  |          | 48              | 48              | 70              | -                    | -               | -                  | -   | -                      | -                      |
| <b>Computer Equipment</b>   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Computer Equipment  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Furniture and Office Equipment</b>                               |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Furniture and Office Equipment                                      |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Machinery and Equipment</b>                                      |          | 27              | 27              | 242             | 345                  | 708             | 708                | -   | -                      | -                      |
| Machinery and Equipment   |          | 27              | 27              | 242             | 345                  | 708             | 708                | -   | -                      | -                      |
| <b>Transport Assets</b>   |          | 648             | 648             | 941             | 1,195                | 1,485           | 1,485              | 1,100   | 1,146                  | 1,197                  |
| Transport Assets  |          | 648             | 648             | 941             | 1,195                | 1,485           | 1,485              | 1,100   | 1,146                  | 1,197                  |
| <b>Land</b>   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Land  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Zoo's, Marine and Non-biological Animals</b>                     |          | -               | -               | -               | -                    | 99              | 99                 | -   | -                      | -                      |
| Zoo's, Marine and Non-biological Animals                            |          | -               | -               | -               | -                    | 99              | 99                 | -   | -                      | -                      |
| <b>Total Repairs and Maintenance Expenditure</b>                    | <b>1</b> | <b>2,240</b>    | <b>2,240</b>    | <b>4,887</b>    | <b>3,420</b>         | <b>5,128</b>    | <b>5,128</b>       | <b>2,455</b>  | <b>2,558</b>           | <b>2,671</b>           |
| <b>R&amp;M as a % of PPE</b>  |          | <b>0.5%</b>     | <b>0.5%</b>     | <b>1.1%</b>     | <b>0.8%</b>          | <b>1.1%</b>     | <b>1.1%</b>        | <b>0.0%</b>   | <b>0.5%</b>            | <b>0.5%</b>            |
| <b>R&amp;M as % Operating Expenditure</b>                           |          | <b>2.4%</b>     | <b>2.4%</b>     | <b>2.4%</b>     | <b>1.7%</b>          | <b>2.6%</b>     | <b>2.6%</b>        | <b>0.0%</b>   | <b>1.4%</b>            | <b>1.4%</b>            |

## 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.





### 1.16 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 28 MAY 2021

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MAY 2021

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

| EC139 Enactment (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              | 9,167             | 11,000  | 11,462                 | 11,966                 |
| Service charges - electricity revenue  | 2    | 7,987           | 7,987           | 13,421          | 18,391               | 20,391          | 20,391             | 23,581            | 15,000  | 15,630                 | 16,318                 |
| 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              | 11,495            | 5,000   | 5,210                  | 5,439                  |
| Rental of facilities and equipment   |      | 502             | 502             | 555             | 949                  | 949             | 949                | 949               | 544   | 567                    | 582                    |
| Interest earned - external investments   |      | 772             | 772             | 1,385           | 1,792                | 5,349           | 5,349              | 5,349             | 4,000   | 2,084                  | 2,176                  |
| Interest earned - outstanding debtors  |      | 3,583           | 3,583           | 6,397           | 5,435                | 5,435           | 5,435              | 5,435             | 3,130   | 3,261                  | 3,405                  |
| Dividends received   |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Fines, penalties and forfeits  |      | 250             | 250             | 155             | 202                  | 202             | 202                | 202               | 150   | 156                    | 163                    |
| Licences and permits   |      | 970             | 970             | 1,744           | 4,429                | 3,498           | 3,498              | 3,498             | 4,010   | 4,179                  | 4,362                  |
| Agency services  |      | 375             | 375             | 537             | 1,457                | 2,388           | 2,388              | 2,388             | 1,529   | 1,594                  | 1,664                  |
| Transfers and subsidies  |      | 93,037          | 93,037          | 132,733         | 148,749              | 164,974         | 164,974            | 164,974           | 145,852   | 148,257                | 143,930                |
| Other revenue  | 2    | 1,152           | 1,152           | 1,505           | 1,849                | 1,944           | 1,944              | 1,944             | 316   | 329                    | 344                    |
| Gains  |      | -               | -               | 20              | -                    | 1,000           | 1,000              | 1,000             | -   | -                      | -                      |
| Total Revenue (excluding capital transfers and contributions)  |      | 117,849         | 117,849         | 174,409         | 200,714              | 224,592         | 224,592            | 229,982           | 190,532   | 192,729                | 190,359                |
| Expenditure By Type  |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee related costs   | 2    | 41,278          | 41,278          | 85,809          | 93,824               | 91,159          | 91,159             | 91,159            | 95,936  | 94,918                 | 99,094                 |
| Remuneration of councillors  |      | 6,508           | 6,508           | 13,486          | 14,749               | 14,749          | 14,749             | 14,749            | 13,600  | 14,599                 | 15,241                 |
| Debt impairment  | 3    | 8,811           | 8,811           | 16,870          | 4,000                | 3,000           | 3,000              | 3,000             | 3,000   | 3,000                  | 3,000                  |
| Depreciation & asset impairment  | 2    | (151)           | -               | 28,923          | 19,384               | 19,384          | 19,384             | 19,384            | 20,000  | 20,840                 | 21,757                 |
| Finance charges  |      | 12              | 12              | 2,136           | 280                  | 1,067           | 1,067              | 1,067             | 60  | 83                     | 65                     |
| Bulk purchases - electricity   | 2    | 7,363           | 7,363           | 12,868          | 14,300               | 13,300          | 13,300             | 13,300            | 12,000  | 12,504                 | 13,054                 |
| Inventory consumed   | 8    | 1,546           | 1,546           | 2,213           | 4,421                | 7,922           | 7,922              | 7,922             | 5,893   | 6,036                  | 6,302                  |
| Contracted services  |      | 14,909          | 14,909          | 17,745          | 33,165               | 25,448          | 25,448             | 25,448            | 9,883   | 10,064                 | 10,507                 |
| Transfers and subsidies  |      | 103             | 103             | 222             | -                    | -               | -                  | -                 | 901   | 939                    | 981                    |
| Other expenditure  | 4, 5 | 11,629          | 11,629          | 23,504          | 14,690               | 18,775          | 18,775             | 18,775            | 26,522  | 27,021                 | 28,210                 |
| Losses   |      | -               | -               | 1,487           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total Expenditure  |      | 92,009          | 92,160          | 205,265         | 198,614              | 194,803         | 194,803            | 194,803           | 187,795   | 189,984                | 198,211                |
| Surplus/(Deficit)  |      | 25,840          | 25,690          | (30,856)        | 1,900                | 29,789          | 29,789             | 35,179            | 2,736   | 2,745                  | (7,852)                |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |      | -               | -               | 31,875          | 31,653               | 73,144          | 73,144             | 73,144            | 52,951  | 43,511                 | 40,819                 |
| 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  |      | 25,840          | 25,690          | 1,019           | 33,553               | 102,933         | 102,933            | 108,323           | 55,687  | 46,256                 | 32,967                 |
| Taxation   |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) after taxation   |      | 25,840          | 25,690          | 1,019           | 33,553               | 102,933         | 102,933            | 108,323           | 55,687  | 46,256                 | 32,967                 |
| Attributable to minorities   |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) attributable to municipality   |      | 25,840          | 25,690          | 1,019           | 33,553               | 102,933         | 102,933            | 108,323           | 55,687  | 46,256                 | 32,967                 |
| Share of surplus/(deficit) of associate  |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) for the year   |      | 25,840          | 25,690          | 1,019           | 33,553               | 102,933         | 102,933            | 108,323           | 55,687  | 46,256                 | 32,967                 |

### Capital expenditure budget

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