

# **EMALAHLENI MUNICIPALITY**

## **MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2022/2023 to 2024/2025**

**FINAL APPROVED ANNUAL BUDGET OF  
EMALAHLENI  
MUNICIPALITY**

**2022/2023 TO 2024/2025  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

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### Abbreviations and Acronyms

BPC	Budget Planning Committee	NGO	Non-Governmental organisations
CFO	Chief Financial Officer	NKPIs	National Key Performance Indicators
MM	Municipal Manager	OHS	Occupational Health and Safety
CPI	Consumer Price Index	OP	Operational Plan
CRRF	Capital Replacement Reserve Fund	PBO	Public Benefit Organisations
DBSA	Development Bank of South Africa	PHC	Provincial Health Care
DoRA	Division of Revenue Act	PMS	Performance Management System
DWA	Department of Water Affairs	PPE	Property Plant and Equipment
EE	Employment Equity	PPP	Public Private Partnership
EEDSM	Energy Efficiency Demand Side Management	PTIS	Public Transport Infrastructure System
EM	Executive Mayor	RG	Restructuring Grant
FBS	Free basic services	RSC	Regional Services Council
GDP	Gross domestic product	SALGA	South African Local Government Association
GDS	Gauteng Growth and Development Strategy	SDBIP	Service Delivery Budget Implementation Plan
GFS	Government Financial Statistics	SMME	Small Micro and Medium Enterprise
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		

# **Part 1 – Final Annual Budget**

## **1.1 Mayor's Report**

The purpose of this report is to present to Council the Final Annual Budget for the 2022/2023 financial year.

### **LEGISLATIVE BACKGROUND**

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

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

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

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

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

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

Section 21 (1)(a) of the MFMA states that, "The Mayor of a municipality must coordinate the processes of preparing the annual budget and for reviewing the municipality's integrated development plan and budget related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget related policies are mutually consistent and credible".

The IDP/Budget stakeholder consultative engagements are scheduled for the month of April and May 2022. The budget is prepared using the following legislative guidelines as provided by National Treasury:

- ❖ Municipal Budget Circular for the 2021/22 MTREF – Circular 75 & 112
- ❖ mSCOA circular 9, 10 & 11.

Concerted effort has been taken to ensure full compliance with all applicable laws and regulations.

## **DISCUSSION**

The following budget related policies are reviewed and will be implemented with effect from 01 July 2022:

1. Credit Control & Debt Collection Policy
2. Indigent Support Policy
3. Property Rates Policy
4. Tariff Policy
5. Supply Chain Management (SCM) Policy
6. SCM Turnaround Policy
7. Budget Policy
8. Virement Policy
9. Cash & Cash Investment Policy
10. Asset Management Policy
11. Disposal Policy
12. Cost Containment Policy

This budget is prepared with the following key focus considerations:

- ❖ Changes in local government allocations
- ❖ Poor South African economy and inflation targets affecting own revenue projections
- ❖ mSCOA circulars and the version changes from 6.5 to 6.6

## **GRANTS**

Grant Income increased from **R 206,608** million from **R 227,129** million which constitutes **10%** increase on the year-to-year budget.

Grants and subsidies amount to 81% of the total budget.

## **OPERATING 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 realistically anticipated Operating Revenue excluding transfers & subsidies amounted to **R 52,615** million from **R 44,680** million in 2021/22. This constitutes a 17.76% increase on the year-to-year budget.

Own revenue which makes up **19%** of the total operating revenue budget.

## **EXPENDITURE**

The 2022/23 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.

**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 **Average CPI index** increase has been made for employee related costs in line with the 2021/2024 Wage Collective Agreement.

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.

Employee related costs excluding Councillor Allowances now represent **50%** of operating expenditure which is above NT maximum of **40%**. 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.

Total Operating Expenditure is budgeted at R 194,101 million for 2022/23 which is a increase of 1.7% when compared to the budget of R 190,771 million in the 2020/21.

**This will result to a projected surplus of R 3 279. This small surplus shows that zero based budgeting has been applied in preparing the budget.**

Below is a Summary of the 2022/2023 Final Budget as contained in A1 of the Budget.

EC136 Emalahleni (Ec) - Table A1 Budget Summary										
Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	5 414	7 770	9 893	11 000	11 000	11 000	11 000	15 120	15 785	16 495
Service charges	11 794	21 609	23 611	20 000	21 000	21 000	25 654	22 775	23 584	24 501
Investment revenue	772	1 385	2 274	4 000	4 000	4 000	4 000	4 108	4 343	4 538
Transfers recognised - operational	93 037	132 733	165 248	145 852	145 852	145 852	145 852	153 909	153 567	161 522
Other own revenue	6 833	10 887	11 519	9 680	12 552	12 552	12 552	10 509	9 530	9 958
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>117 849</b>	<b>174 384</b>	<b>212 545</b>	<b>190 532</b>	<b>194 404</b>	<b>194 404</b>	<b>199 058</b>	<b>206 421</b>	<b>206 808</b>	<b>217 015</b>
Employee costs	41 278	85 839	86 027	95 936	95 436	95 436	95 436	99 426	104 000	108 783
Remuneration of councillors	6 508	13 486	14 307	13 600	13 600	13 600	13 600	13 600	14 710	15 298
Depreciation & asset impairment	-	11 528	30 858	20 000	14 010	14 010	14 010	16 054	17 982	19 963
Finance charges	12	2 136	1 366	60	60	60	60	80	94	98
Inventory consumed and bulk purchases	8 909	15 081	16 895	17 893	18 637	18 637	18 637	15 489	15 761	16 724
Transfers and grants	103	222	3 320	901	926	926	926	1 315	1 385	1 685
Other expenditure	35 350	54 773	95 916	39 405	48 102	48 102	48 102	48 136	52 235	58 601
<b>Total Expenditure</b>	<b>92 160</b>	<b>183 067</b>	<b>248 689</b>	<b>187 795</b>	<b>190 771</b>	<b>190 771</b>	<b>190 771</b>	<b>194 101</b>	<b>206 166</b>	<b>221 152</b>
<b>Surplus/(Deficit)</b>	<b>25 689</b>	<b>(8 683)</b>	<b>(36 144)</b>	<b>2 736</b>	<b>3 633</b>	<b>3 633</b>	<b>8 287</b>	<b>12 320</b>	<b>642</b>	<b>(4 137)</b>

## CAPITAL EXPENDITURE BUDGET

The Capital expenditure budget is funded through conditional grant allocations as per DORA. Own funds are provided for the capital replacement of movable assets.

**Capital Expenditure** – The budget for 2022/23 is R 85 643 084 million which is a increase of 33% when compared to 2021/22. This is mainly due to additional grant funding received in 2022/23.

The grants are funded from various sources, namely:

- Internally generated funds amounting to R 3,697 million to purchase movable assets thorough the lease option. There is also an own municipal gap funding of R 4,725 million in order to complete the project. Other movable assets R 3,996. Therefore total own capital contribution equals to R 12 418 084 million.
- MIG funding for capital construction assets amounting to R 37,916 million.
- DSRAC ring-fenced allocation through MIG for the rehabilitation of Indwe Sportsfield at R 10, 000 million.
- INEP funding for electrification of rural households to the tune of R 27,200 million.

The detailed capital Projects for 2021/22 MTREF are shown on the table below.

The projects for 2024/25 to the amount of **R 48,483** million must still be provided through the IDP prioritization process. This is envisaged to be included in the 2022/23 Municipal IDP Development Process.

Below is the capital expenditure :



EC136 Emalahleni (Ec) - Table A5 Budgeted Capital Expenditure by vote, functional classification											
Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	300	300	300	300	-	-	-
Vote 3 - Budget and Treasury		-	(295)	(816)	80	80	80	80	-	-	-
Vote 4 - PEDTA		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services and Social Services		-	1 842	53 222	12 723	11 523	11 523	11 523	24 365	260	398
Vote 6 - Infrastructure Development and Human Settlements		-	26 319	(23 574)	41 974	42 874	42 874	42 874	55 199	75 348	85 497
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	27 866	28 832	55 076	54 776	54 776	54 776	79 564	75 608	85 895
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		299	548	930	-	-	-	-	4 000	300	300
Vote 3 - Budget and Treasury		-	-	1 515	1 000	1 000	1 000	1 000	-	-	-
Vote 4 - PEDTA		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services and Social Services		2 523	-	(35 349)	300	300	300	300	1 079	221	1 490
Vote 6 - Infrastructure Development and Human Settlements		10 321	-	63 335	400	8 205	8 205	8 205	1 000	1 566	545
Vote 7 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		13 142	548	30 430	1 700	9 505	9 505	9 505	6 079	2 087	2 335
<b>Total Capital Expenditure - Vote</b>		13 142	28 414	59 262	56 776	64 281	64 281	64 281	85 643	77 695	88 230
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		299	253	1 693	1 380	1 380	1 380	1 380	4 468	530	648
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		299	253	1 693	1 380	1 380	1 380	1 380	4 468	530	648
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		2 236	4 343	17 473	12 323	11 123	11 123	11 123	24 067	151	72
Community and social services		1 287	1 607	12 354	4 550	3 350	3 350	3 350	9 341	151	72
Sport and recreation		949	2 736	5 118	7 673	7 673	7 673	7 673	14 725	-	-
Public safety		-	-	-	100	100	100	100	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		6 831	19 552	38 559	21 586	30 491	30 491	30 491	27 999	75 035	85 169
Planning and development		-	-	732	-	-	-	-	-	-	-
Road transport		6 831	19 552	37 827	21 586	30 491	30 491	30 491	27 999	75 035	85 169
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		3 489	6 767	1 201	21 487	21 287	21 287	21 287	29 109	1 979	2 341
Energy sources		-	-	182	20 735	20 535	20 535	20 535	28 200	1 879	873
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		3 489	6 767	1 019	52	52	52	52	-	-	-
Waste management		-	-	-	700	700	700	700	909	100	1 468
<b>Other</b>		286	(2 501)	336	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	13 142	28 414	59 262	56 776	64 281	64 281	64 281	85 643	77 695	88 230
<b>Funded by:</b>											
National Government		12 843	28 144	(2 335)	52 951	52 951	52 951	52 951	73 220	75 035	85 169
Provincial Government		-	(278)	59 327	200	8 005	8 005	8 005	-	-	-
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>	4	12 843	27 866	56 992	53 151	60 956	60 956	60 956	73 220	75 035	85 169
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		299	548	2 270	3 625	3 325	3 325	3 325	12 423	2 630	3 041
<b>Total Capital Funding</b>	7	13 142	28 414	59 262	56 776	64 281	64 281	64 281	85 643	77 665	88 210

Funded status of the Budget and new budget requests.

The Cash backed reserves/accumulated surplus reconciliations (A8) after all these changes reflects a Net Surplus of R 15,3530 million for 2022/23, R 173,341 million and R 156,425 million for the two outer years, which then reflects a funded budget. The other provisions included in the table below consists of reasonable expected outflows in relation to these provisions over the MTREF.

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

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	(4 142)	(46 980)	(99 945)	(6 431)	(6 431)	(6 431)	(6 431)	216 123	435 672	649 782
Other current investments > 90 days		25 626	52 771	163 796	46 931	46 931	46 931	46 931	(56 626)	(265 089)	(493 358)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>21 484</b>	<b>5 791</b>	<b>63 851</b>	<b>40 500</b>	<b>40 500</b>	<b>40 500</b>	<b>40 500</b>	<b>159 497</b>	<b>170 583</b>	<b>156 425</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		17 874	1 950	12 582	0	0	0	0	152 302	100	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	17 003	17 948	24 489	(249 216)	(248 350)	(248 350)	(247 490)	(8 155)	(2 858)	-
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>34 877</b>	<b>19 899</b>	<b>37 071</b>	<b>(249 216)</b>	<b>(248 350)</b>	<b>(248 350)</b>	<b>(247 490)</b>	<b>144 147</b>	<b>(2 758)</b>	<b>-</b>
<b>Surplus(shortfall)</b>		<b>(13 393)</b>	<b>(14 107)</b>	<b>26 780</b>	<b>289 716</b>	<b>288 850</b>	<b>288 850</b>	<b>287 990</b>	<b>15 350</b>	<b>173 341</b>	<b>156 425</b>

## FACTORS THAT WERE CONSIDERED IN FINALISING PREPARATION OF ANNUAL BUDGET

- Any applications or confirmation of funding/grants to be received by directorates to be considered in the annual budget.
- All Provincial and District allocations recognised in the 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 2022/23 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 approved budget of the municipality for the financial year 2022/2023 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 2022
3. Council resolves that the budget related policies reflected and listed below are approved for the budget year 2022/2023 :
  - 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
4. 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.

In view of the afore mentioned, the following table is a consolidated overview of the proposed 2022/2023 Medium-term Revenue and Expenditure Framework:

Total operating revenue has increased by 17% for the 2022/2023 financial year when compared to the 2021/2022 Adjustments Budget. 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.

### **EXPENDITURE**

The 2022/23 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.

EMALAHLENI MUNICIPALITY				
<b><u>APPROVED TARIFF STRUCTURE FOR 2022/2023 FINANCIAL YEAR</u></b>				
	3,00%		4,4%	
	21/22		22/23	
	Excl Vat	Incl VAT	Excl Vat	Incl VAT
<b>ASSESSMENT RATES</b>				
Residential Properties	0,0081	0,0081	0,0084	0,01
Undeveloped land/Vacant land	0,0081	0,0081	0,0084	0,01
Business and commercial properties	0,0122	0,0122	0,0127	0,01
Properties owned by an organ of state and used for public service purposes	0,0122	0,0122	0,0127	0,01
Agricultural properties	0,0020	0,0020	0,0021	0,00
Public service infrastructure properties	0,0000	0,0000	0,0000	0,00
properties owned by public benefit organisations and used for specified public benefit activities	0,0020	0,0020	0,0000	0,00
Municipal properties (Properties registered in the Municipality's name)	0,0000	0,0000	0,0000	0,00
mining properties	0,0000	0,0000	0,0000	0,00
Indigent subsidy 100% of rates amount				
<b>ELECTRICITY - AS PER NERSA GUIDELINES</b>				
	14,59%		7,47%	
<b>HOUSE HOLDS</b>				
<b>Domestic Indigent Prepaid</b>				
Block 1 - 0 - 50 Kwh	1,3255	1,5243	1,4245	1,64
Block 2 - 51 - 350 Kwh	1,6763	1,9277	1,8015	2,07
Block 3 - 351 - 600 Kwh	2,2107	2,5423	2,3758	2,73
Block 4 - > 600 Kwh	2,6144	3,0066	2,8097	3,23
<b>Domestic Conventional &amp; Prepays - Single Phase</b>				
Block 1 - 0 - 50 Kwh	1,3255	1,5243	1,4245	1,64
Block 2 - 51 - 350 Kwh	1,6763	1,9277	1,8015	2,07
Block 3 - 351 - 600 Kwh	2,2753	2,6166	2,4453	2,81
Block 4 - > 600 Kwh	2,6788	3,0806	2,8789	3,31
<b>Domestic Conventional &amp; Prepays - Three Phase</b>				
Block 1 - 0 - 50 Kwh	1,7646	2,0293	1,8964	2,18
Block 2 - 51 - 350 Kwh	1,9261	2,2150	2,0108	2,31
Block 3 - 351 - 600 Kwh	2,3379	2,6886	2,4408	2,81
Block 4 - > 600 Kwh	2,6760	3,0774	2,7937	3,21
<b>COMMERCIAL</b>				
<b>SMALL ≤ 3 500 Kwh</b>				
<b>CONVENTIONAL SINGLE PHASE</b>				
Basic Charge /month	560,98	645,13	602,89	693,32
Energy charge: kWh	2,1501	2,4726	2,3107	2,66
<b>CONVENTIONAL THREE PHASE</b>				
Basic Charge /month	1 100,71	1 265,82	1182,93	1 360,37
Energy charge: kWh	2,0625	2,3719	2,2166	2,55
Prepaid - Single phase	2,7573	3,1709	2,96	3,41
Prepaid - Three phase	2,8013	3,2215	3,0106	3,46
<b>LARGE &gt; 3 500 Kwh</b>				
Basic Charge /month	1 107,31	1 273,41	1190,03	1 368,53
Energy charge: kWh	1,2133	1,3953	1,3039	1,50
Demand: R/kVA	287,77	330,94	309,27	355,66
<b>WATER &amp; SANITATION (CHDM)</b>				
Basic Charge /month	1 082,92	1 245,36	1130,5718	1 300,16
Kva meter - Kwh	1,6845	1,9371	1,7586	2,02
- Kva	1,8678	2,1480	1,9500	2,24
Single Phase	2,2319	2,5667	2,3301	2,68
Three Phase	2,0673	2,3774	2,1583	2,48
<b>DEPARTMENTAL/STREET LIGHTNING</b>				
<b>@ COST AS PER ESKOM TARIFFS</b>				
<b>TEMPERING PENALTIES</b>				
1ST OFFENCE- Residential	15 000,00	15 000,00	17 500,00	17 500,00
1ST OFFENCE-Businesses	20 000,00	20 000,00	22 500,00	22 500,00
2ND OFFENCE-Residential	20 000,00	20 000,00	22 500,00	22 500,00
2ND OFFENCE-Businesses	30 000,00	30 000,00	32 500,00	32 500,00
RE-CONNECTION FEE - TEMPERING (RESIDENTIAL)	5 000,00	5 000,00	7 500,00	7 500,00
RE-CONNECTION FEE - TEMPERING (BUSINESSES)	10 000,00	10 000,00	12 500,00	12 500,00
<b>RE-CONNECTION FEE - CREDIT CONTROL</b>				
Domestic	422,30	485,65	440,88	507,01
Business/Commercial	783,83	901,40	818,32	941,07
Government	1 206,13	1 387,05	1259,20	1 448,08
<b>NEW CONNECTIONS</b>				
Domestic - Single Phase	1 145,30	1 317,09	1195,69	1 375,05
Business	2 153,38	2 476,38	2248,13	2 585,34
Business/Commercial ( 100 Kva)	6 488,22	7 461,46	6773,70	7 789,76
Business/Commercial - Three Phase (50 Kva)	16 552,80	19 035,72	17281,12	19 873,29

- 4.1. These electricity tariffs are subject to approval by NERSA. Guidelines have been issued by NERSA with the threshold that stipulates that municipalities may increase electricity tariffs within 4,47%. Other service charges have been set at rates that are cost reflective and were benchmarked with municipalities of the same size.
5. 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 2022 the tariffs for other services, as set out in the attached budget

SMALL-SCALE EMBEDDED GENERATION (SOLAR ENERGY)				
<b>HOUSE HOLDS</b>				
<b>IMPORT TARIFF</b>				
Network and service charge	153,73	176,79	160,49	184,57
Energy charge: kWh	1,23	1,41	1,28	1,48
<b>EXPORT TARIFF</b>				
Export tariff	0,90	1,03	0,94	1,08
<b>COMMERCIAL</b>				
<b>SMALL - SINGLE PHASE</b>				
<b>IMPORT TARIFF</b>				
Network and service charge	666,16	766,09	695,47	799,80
Energy charge: kWh	2,00	2,30	2,09	2,40
<b>EXPORT TARIFF</b>				
Export tariff	0,90	1,03	0,94	1,08
<b>SMALL - THRE PHASE</b>				
<b>IMPORT TARIFF</b>				
Network and service charge	12,02	13,82	12,55	14,43
Energy charge: kWh	1,92	2,21	2,01	2,31
<b>EXPORT TARIFF</b>				
Export tariff	0,90	1,03	0,94	1,08
<b>LARGE BUSINESS</b>				
<b>IMPORT TARIFF</b>				
Network and service charge	1 142,73	1 314,14	1193,01	1 371,96
Monthly demand charge: kVa	267,75	307,91	279,53	321,46
Energy charge: kWh	1,13	1,30	1,18	1,35
<b>EXPORT TARIFF</b>				
Export tariff	0,86	0,98	0,89	1,03
<b>MUNICIPAL PARKS (For Exclusive Use)</b>				
Municipal Parks (day events 08h00 - 16h30)	704,30	809,95	735,29	845,58
Municipal Parks (Weekend events 08h00 - 16h30)	1 056,45	1 214,92	1102,93	1 268,37
Charged Entertainment Events	5 652,17	6 500,00	5900,87	6 786,00
AfterHours Use (per additional hour use)	704,30	809,95	735,29	845,58
Cleaning Charges	663,84	763,42	693,05	797,01
Holding Deposit	663,84	763,42	693,05	797,01
<b>REFUSE REMOVAL</b>				
Domestic consumers (once per week)	136,61	157,10	142,62	164,01
Commercial consumers ( once per week)	312,24	359,07	325,98	374,87
Commercial consumers ( two times per week)	684,38	787,03	714,49	821,66
Government consumers ( once per week )	1 388,53	1 596,81	1449,63	1 667,07
Commercial Skip Bins (2.5m³ capacity per collection)	0,00	0,00	639,97	735,97
Indigents	136,61	157,10	142,62	164,01
Subsidy - 100%	136,61	157,10	142,62	164,01
Effective charge				
Special refuse collection	380,33	437,38	397,06	456,62
Special refuse collection - Government and Commercial	434,66	499,86	453,79	521,85
Collection of garden refuse	380,33	437,38	397,06	456,62
Clearing of Vacant Plots	648,73	746,03	677,27	778,86
Tree felling - inside yard per tree	3 944,54	4 536,22	4118,10	4 735,81
Tree Pruning - Inside Yard (per tree)	2 080,93	2 393,07	2172,50	2 498,37
Building rubble - per load	404,23	464,87	422,02	485,32
Disposal of General Waste at Landfill Site	367,29	422,38	383,45	440,97
Disposal of Condemned Waste (per m³) plus special collection fee/Disposal fee	219,50	252,43	229,16	263,54
Grass Cutting - inside the yard - Residential	673,72	774,78	703,37	808,87
Grass Cutting - inside the yard - Government and Commercial	995,37	1 144,68	1039,17	1 195,04

HALL RENTALS				
<b>CATEGORY 1: ENTERTAINMENT</b>				
Town Halls*	688,26	791,50	718,54	826,32
Village Halls*	172,88	198,81	180,48	207,55
Library Halls*	172,88	198,81	180,48	207,55
Kitchen (Dodrecht)*	189,08	217,44	197,40	227,01
<b>CATEGORY 2: NON PROFIT PURPOSES</b>				
Town Halls*	605,06	695,82	631,69	726,44
Village Halls*	152,35	175,20	159,05	182,91
Library Halls*	152,35	175,20	159,05	182,91
Kitchen (Dodrecht)*	189,08	217,44	197,40	227,01
<b>CATEGORY 3: MEETINGS &amp; FUNERALS &amp; PRIZE GIVINGS &amp; SCHOOL EVENTS</b>				
Town Halls*	434,35	499,50	453,46	521,48
Village Halls*	108,05	124,25	112,80	129,72
Library Halls*	108,05	124,25	112,80	129,72
Kitchen (Dodrecht)*	189,08	217,44	197,40	227,01
1. A refundable fee is R 555.00 for Town halls if not damages to property.				
2. A refundable fee is R 245.00 for Village halls if no damage to property.				
* Sundays & Public Holidays - 2 x daily rate				
POUND FEES				
<b>RATES OF MILEAGE</b>				
For all animals going to the pound whether one or more per Km or portion of Km	20,13	23,15	21,01	24,17
For animals transported by vehicle - per km or portion of a km	25,13	28,90	26,24	30,18
<b>TRESPASSING FEES</b>				
Horses, Cattle, Ostriches, Donkeys and Pigs p/head	201,23	231,41	210,08	241,60
Sheep and Goats p/head	150,93	173,57	157,58	181,21
<b>POUND FEES</b>				
Horses, Cattle, Ostriches, Donkeys and Pigs p/head	150,93	173,57	157,58	181,21
Sheep and Goats p/head	117,29	134,89	122,46	140,82
<b>SUSTENANCE FEES</b>				
Horses, Cattle, Ostriches, Donkeys and Pigs p/head	234,77	269,98	245,10	281,86
Sheep and Goats p/head	150,93	173,57	157,58	181,21
<b>FEES FOR ANIMALS</b>				
- to be seperately herded:				
For every stallion, horse, mule or bull p/day	201,23	231,41	210,08	241,60
For every boar, ram, goat or other seperated animals p/day	167,69	192,84	175,07	201,33
<b>COMMONAGE FEE</b>				
Per animal head p/month	25,54	29,37	26,67	30,67
<b>HERDING FEES</b>				
Per animal head p/month	90,76	104,37	94,75	108,97
<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)	939,04	1 079,89	980,35	1 127,41
CEMETRY CHARGES				
INDWE - Site only	150,19	172,71	156,79	180,31
- Digging	688,26	791,50	718,54	826,32
DODRECHT - Site only	150,19	172,71	156,79	180,31
- Digging	688,26	791,50	718,54	826,32
LADY FRERE - Site only	158,83	182,65	165,82	190,69
Exhumation	1 411,31	1 623,01	1473,41	1 694,42
Wall of Remembrance	502,74	578,15	524,86	603,59
INDWE - Adult Site only	150,19	172,71	156,79	180,31
- Adult Site + Digging	688,26	791,50	718,54	826,32
- Child Site only			108,87	125,20
- Child Site + Digging			641,93	738,22
DODRECHT - Adult Site only	150,19	172,71	156,79	180,31
- Adult Site + Digging	688,26	791,50	718,54	826,32
- Child Site only			108,87	125,20
- Child Site + Digging			641,93	738,22
LADY FRERE - Adult Site only	158,83	182,65	165,82	190,69
- Adult Site + Digging	688,26	791,50	718,54	826,32
- Child Site only			108,87	125,20
- Child Site + Digging			641,93	738,22
Adults Reinter & Fill Grave			1808,80	2 080,12
Children reinter & Fill grave			1266,16	1 456,08
Extra Depth			1266,16	1 456,08
Tombstone Application			220,50	253,58
Exhumation	1 411,31	1 623,01	1473,41	1 694,42
Wall of Remembrance	502,74	578,15	524,86	603,59

ACCOMODATION: INDWE RESORT				
Rondavels - Chalets per day	355,35	408,65	370,99	426,63
Igloo per day	151,41	174,12	158,07	181,78
Entrance fee per day	43,26	49,75	45,16	51,94
Refundable fee per day	221,45	254,67	231,19	265,87
SPORTS FIELDS				
Stadium per day - Sports Activities	529,73	609,19	553,04	636,00
Stadium per day - Non-Sports Activities	1 059,46	1 218,38	1106,08	1 271,99
Holding Deposits	1 634,61	1 879,80	1706,53	1 962,51
Flood Lights per hour	90,05	103,56	94,01	108,12
Stadium per day - Sports Activities	529,73	609,19	553,04	636,00
Stadium per day - Non-Sports Activities	1 059,46	1 218,38	1106,08	1 271,99
Charged Entertainment Events	5 652,17	6 500,00	5900,87	6 786,00
Flood Lights per night (18h00 PM to 06h00 AM)	0,00	0,00	300,00	345,00
Holding Deposits - Sports	1 634,61	1 879,80	1706,53	1 962,51
Holding Deposits - Non Sport	2 173,91	2 500,00	2269,56	2 610,00
Holding Deposits - Entertainment	0,00	0,00	3500,00	4 025,00
Annual Contracts (max use of 2 days per week, excluding flood lights) (Lower tariff may be negotiated subject to approval by the Municipal Manager)	28 389,60	32 648,04	29638,74	34 084,55
Office & Boardroom Rental per day				
RENTAL OF MUNICIPAL BUILDINGS				
payable p/month OR as per agreement				
House Tenants (Residential purposes)	Rental tariffs to be based on valuation report			
NGO's, Service providers and Companies				
Government Departments				
BUILDING PLANS				
Calculated per square meter (less than 60 m²)	599,59	689,52	625,97	719,86
Residential Dwellings	10,19	11,72	10,64	12,24
Out buildings (Residential)	12,59	14,48	13,15	15,12
Residential alterations	8,99	10,34	9,39	10,80
Flats	47,37	54,47	49,45	56,87
Commercial dwellings (Shops)	36,33	41,79	37,93	43,62
Commercial dwellings (Taverns)	60,91	70,04	63,59	73,12
Offices	36,33	41,79	37,93	43,62
Churches	21,79	25,06	22,75	26,16
Carports	32,45	37,32	33,88	38,96
Mobile Network Stations ( Rate per number )	7 166,46	8 241,43	7481,78	8 604,05
Septic tanks (rate per m³)	30,58	35,17	31,92	36,71
Erection of Hoardings (rate per meter )	12,59	14,48	13,15	15,12
Building inspection fee (Complete inspection)	479,67	551,62	500,77	575,89
Property Rates Clearance Certificate	126,02	144,92	131,57	151,30
Encroachment fees: per m² Residential	421,23	484,42	439,77	505,73
Encroachment fees: per m² Business	505,47	581,29	527,71	606,87
Loading and Offloading zone	0,00	0,00	750,00	862,50
ADMINISTRATIVE CHARGES				
PHOTOCOPIES AND FAXES				
Photocopies				
A4(per sheet)	2,12	2,43	2,21	2,54
A3(per sheet)	3,18	3,66	3,32	3,82
Faxes				
Local	8,84	10,16	9,22	10,61
National	11,80	13,57	12,32	14,17
International	11,80	13,57	12,32	14,17
Tender Documents	176,68	203,19	184,46	212,13
Note : that Tender documents will depend on the number of pages.				
OTHER TARIFFS				
LIVESTOCK BRANDING				
Cattle	10,00	11,50	8,70	10,00
Sheep	6,00	6,90	5,22	6,00
PLANT HIRE				
TIPPER TRUCK	745,72	857,58	778,53	895,31
GRADER	1 331,79	1 531,56	1390,39	1 598,95
BACKACTOR	532,51	612,39	555,94	639,33
SMOOTH DRUM ROLLER	745,72	857,58	778,53	895,31
WATERCART	781,77	899,04	816,17	938,59
NOTES				
1. The plant rates are hourly rates.				
SAND PER LOAD				
Bakkie	272,17	313,00	284,15	326,77
4 ton truck	1 241,13	1 427,30	1295,74	1 490,10
6 ton truck	1 861,70	2 140,95	1943,61	2 235,15
8 ton truck	2 482,25	2 854,59	2591,47	2 980,19
TRAFFIC SERVICES				
Patrol vehicle per Hour	16,21	18,64	16,92	19,46
Traffic Officer per hour (Mondays to Thursdays)	145,86	167,74	152,28	175,12
Traffic Officer per hour (Sundays and Public Holidays)	172,88	198,81	180,48	207,55
Vehicle Pound fee for Public Transport impounded for operating at an illegal Rank	2 060,00	2 369,00	2150,64	2 473,24
Vehicle Pound storage fee per night per- motor vehicle	360,50	414,58	376,36	432,82
Penalty for operating an illegal car wash	1 545,00	1 776,75	1612,98	1 854,93
Penalty for failure to produce permit- informal trader	206,00	236,90	215,06	247,32
Penalty for failure to produce permit- formal business	2 060,00	2 369,00	2150,64	2 473,24
Trading in a restricted or prohibited zone- street trader/ hawker	51,50	59,23	53,77	61,83
Penalty for urinating in public other than designated facility	103,00	118,45	107,53	123,66
Penalty for drinking alcohol in public	206,00	236,90	215,06	247,32



BUSINESS LICENSES: ALL UNITS - ANNUAL				
Business licenses - Hawkers	48,62	55,91	50,76	58,37
Small Commercials	2 017,62	2 320,26	2106,39	2 422,35
Large Commercial	4 129,26	4 748,64	4310,94	4 957,58
Sales or supply of meals or perishable foodstuff (restaurants,takeaways or any food outlet)	498,74	573,55	520,68	598,79
Sales or supply of meals or perishable foodstuff (emerging township businesses-tuckshops)	248,39	285,65	259,32	298,22
Cellphone Shops	499,78	574,75	521,77	600,04
Clothing Shops	499,78	574,75	521,77	600,04
Clothing Shops (chain stores)	0,00	0,00	2230,20	2 564,73
Funeral Palour	499,78	574,75	521,77	600,04
Abattoir	3 917,70	4 505,35	4090,07	4 703,59
Cosmetic Shops	501,65	576,90	523,72	602,28
Pharmacy	501,65	576,90	523,72	602,28
Fabric Shops	501,65	576,90	523,72	602,28
Gymnasium	345,35	397,15	360,54	414,62
Provision of entertainment night clubs	3 917,70	4 505,35	4090,07	4 703,59
Accomodation establishments	498,74	573,55	520,68	598,79
Supermarkets and Chain store	3 917,70	4 505,35	4090,07	4 703,59
Saloons	501,65	576,90	523,72	602,28
Take away Liquor stores	915,09	1 052,35	955,35	1 098,65
Furniture stores	915,09	1 052,35	955,35	1 098,65
Filling stations	3 917,70	4 505,35	4090,07	4 703,59
Hardware stores	3 917,70	4 505,35	4090,07	4 703,59
Car / tractor Dealership	3 917,70	4 505,35	4090,07	4 703,59
Internet café	501,65	576,90	523,72	602,28
TV/Cell Shone Repair shops	345,35	397,15	360,54	414,62
Fruit and Vegetable Shops	345,35	397,15	360,54	414,62
Panel beaters, Mechanics, welding and motor spares	501,65	576,90	523,72	602,28
Driving schools	248,39	285,65	259,32	298,22
Banks	915,09	1 052,35	955,35	1 098,65
Herbal shops	345,35	397,15	360,54	414,62
Agricultural supply	468,83	539,15	489,45	562,87
Factory	0,00	0,00	2230,20	2 564,73
Tyre Shop and Repairs	0,00	0,00	285,65	328,50
Taverns	0,00	0,00	2230,20	2 564,73
Casino and Gambling	0,00	0,00	4999,20	5 749,08
Coffee Shop	0,00	0,00	285,65	328,50
Bakeries and Confectionaries	0,00	0,00	579,13	666,00
Butcheries	0,00	0,00	539,16	620,03
Car Wash	0,00	0,00	285,65	328,50
Book Shop	0,00	0,00	285,65	328,50
Personal Care; Nails	0,00	0,00	285,65	328,50
Cash loans	0,00	0,00	2230,20	2 564,73
Mini-Supermarket	0,00	0,00	2230,20	2 564,73
Quarry	0,00	0,00	1569,23	1 804,61
Spazashop	0,00	0,00	285,65	328,50
Temporary Stalls in towns	0,00	0,00	350,30	402,85
Laundry and Dry Cleaners	0,00	0,00	576,90	663,44
Dairy Shop	0,00	0,00	539,16	620,03
Business Services Offices	0,00	0,00	780,90	898,04
Warehouse	0,00	0,00	1190,20	1 368,73
Scrap yard	0,00	0,00	2230,20	2 564,73
Electrical Appliances Shop	0,00	0,00	576,90	663,44
Sand Mining	0,00	0,00	1569,23	1 804,61
Coal Mining	0,00	0,00	4248,45	4 885,72
Cooperative / Individuals trading on Brick Making, Sewing and Recycling	0,00	0,00	498,20	572,93
Penalties for formal businesses operating without business licence	0,00	0,00	1300,00	1 495,00
Penalties for informal businesses operating without business licence	0,00	0,00	300,00	345,00
Business Licence holder found trading expired goods- First Offender	0,00	0,00	6000,00	6 900,00
Business Licence holder found trading expired goods- Repeat Offender	0,00	0,00	12000,00	13 800,00
Applcation fee for businesses	170,98	196,63	178,51	205,28
Issuing of duplicate license	136,79	157,31	142,81	164,23
SIGNAGE				
<b>Free standing Signage</b>				
Sign boards: small size	1 088,85	1 252,17	1136,76	1 307,27
Sign boards: medium size	1 838,57	2 114,35	1919,47	2 207,38
Tower: Small size (Not exceeding 80 m²)	2 178,65	2 505,45	2274,51	2 615,69
Tower: Large size (Exceeding 80 m²)	2 616,11	3 008,53	2731,22	3 140,90

LAND USE APPLICATIONS				
<b>CATEGORY 1 - LAND DEVELOPMENT APPLICATIONS</b>				
<b>Amendment of an application</b>				
- If already approved by the Municipality	Same as tariff of new application			
- If not approved by the Municipality	10% of tariff of new application			
<b>Phasing / cancellation of approved layout plan</b>	1 601,97	1 842,26	1 672,45	1 923,32
<b>Rezoning:</b>				
(a) Advertising fees	2 793,74	3 212,81	2 916,67	3 354,17
(b) Erven 0 – 2500m <sup>2</sup>	999,91	1 149,89	1 043,90	1 200,49
(c) Erven 0 – 2500m <sup>2</sup>	1 999,82	2 299,79	2 087,81	2 400,98
(d) Erven 5001 – 10 000m <sup>2</sup>	8 387,23	9 645,32	8 756,27	10 069,71
(e) Erven 1h – 5h	11 180,98	12 858,13	11 672,94	13 423,88
(f) Erven 1h – 5h	13 976,72	16 073,23	14 591,70	16 780,45
<b>Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title deed</b>	419,96	482,96	438,44	504,21
<b>Amendment or cancellation of a general plan of a township</b>	1 754,84	2 018,07	1 832,05	2 106,86
<b>Subdivision of land:</b>				
(a) Basic Fee	799,93	919,92	835,12	960,39
(b) Change per subdivision (Remainder considered a subdivision)	50,00	57,49	52,20	60,02
(c) Subdivisions into more than 10 erven (Township Establishment)	12 647,84	14 545,02	13 204,35	15 185,00
Permanent closure of road or public open space - per closure	530,95	610,59	554,31	637,46
Development or change on communal land	2 091,81	2 405,58	2 183,85	2 511,43
<b>CATEGORY 2 - LAND USE APPLICATIONS</b>				
Subdivision of land provided for in land use scheme or town planning scheme	520,95	599,10	543,87	625,46
Subdivision of land	520,95	599,10	543,87	625,46
Application for Consolidation	520,95	599,10	543,87	625,45
Consent use	999,91	1 149,89	1 043,90	1 200,49
The removal, amendment or suspension of a restrictive title condition relating to the density of residential development	619,94	712,93	647,22	744,30
<b>Departures:</b>				
(a) Advertising fee for departures	2 742,75	3 154,16	2 863,43	3 292,94
(b) Erven smaller than 500m <sup>2</sup>	259,98	298,97	271,42	312,13
(c) Erven 500 – 750m <sup>2</sup>	491,96	565,75	513,60	590,64
(a) Erven larger than 750m <sup>2</sup>		0,00	755,76	869,12
Occasional use: other rights	769,93	885,42	803,81	924,38
Material amendments to original application prior to approval / refusal				
<b>MISCELLANEOUS FEES</b>				
Extension of validity period of approval	799,93	919,92	835,12	960,39
<b>Certificates:</b>				
(a) Zoning certificate - per certificate	99,99	114,99	104,39	120,05
(b) Any other certificate - per certificate	99,99	114,99	104,39	120,05
Public hearing and inspection	3 480,68	4 002,78	3 633,83	4 178,91
Reason for decision of municipal planning tribunal, land development officer or appeal authority	1 268,88	1 459,22	1 324,71	1 523,42
Re-issuing of any notice of approval of any application	256,98	295,52	268,28	308,53
Deed search and copy of the title deed	162,99	187,43	170,16	195,68
<b>Public notice:</b>				
(a) Public notice and advertisements in the legal section of the paper	1 592,85	1 831,78	1 662,94	1 912,38
(b) Public notice and advertisements in the body of the paper	2 867,74	3 297,90	2 993,92	3 443,01
Way leave application (application to determine where the Council's services are located or a specific area where new services are to be installed)	2 508,77	2 885,09	2 619,16	3 012,03
Exemption of subdivision or consolidation in terms Bylaw			1 089,00	1 252,35
Any other application not provided for elsewhere in this schedule of fees	3 480,68	4 002,78	3 633,83	4 178,91
<b>COPIES</b>				
<b>Spatial Development Framework:</b>				
(a) Hard copy - per region	173,96	200,05	181,61	208,85
(b) In electronic format - per region	82,01	94,31	85,62	98,46
Copy of land Use Scheme or town Planning scheme (Scheme Book)	400,85	460,98	418,49	481,27
Scheme Regulations - per set	666,94	766,98	696,28	800,73
Search fees - per erf	27,01	31,06	28,20	32,43
Diagrammes - per diagramme	27,01	31,06	28,20	32,43

## **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 2022/2023 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 4,4%. This increase would see the current adjusted budget figure increase by this percentage from R 11 million to R 15,120 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 budget seeks to realign this projection to more realistically collectable levels. This has resulted in the budget figures not necessarily reflecting the proposed tariff increases.

### **Refuse**

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

### **Agency Services**

Agency fees revenue has decreased in the 2023 financial year compared to the 2 prior years. The municipality has considered the 2 prior year actuals when projecting the revenue and this resulted in an above CPI increase when compared to the adjustment budget.

### **License and Permits**

A new motor vehicle testing station (MVTs) will be commissioned in the 2020/2021 financial year and this will provide new revenue for the municipality. This new revenue will consequently cause an above CPI increase from the 2019/2020 financial year to the 2020/2021 and subsequent financial years. An above 100% increase in revenue is projected under this revenue source.

### **Rental facilities and Equipment**

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

### **Interest Earned on Outstanding Debtors**

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

### **Fines and Penalties**

The current year collections for penalties was above average collection when compared with the 2 prior years. This trend is not necessarily sustainable and as such the municipality had projected a more averaged budget for the 2022/2023 financial year to cater for above average achievement in the current year and this resulted in a significant reduction in budget when compared with the adjustment budget figures.

### **Other Revenue**

The testing station has been finished but is anticipated to be commissioned in the new financial year and a budget to this effect has been provided under licensing income.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality will also have to look to revamp its revenue enhancement strategy. The latter will assist the municipality to identify areas to improve their revenue collection. In the absence of a revenue enhancement strategy, the following information were used to help the municipality's revenue management

- National Treasury's guidelines and macroeconomic policy
- Limited growth in the Municipality and continued economic development
- Efficient revenue management, which aims to ensure an improve percentage increase in annual collection rate for property rates and other key service charges. This percentage is low compared to past history, but is being calculated conservatively due to the signs of financial stress currently being experienced
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA)
- Achievement of full cost recovery of specific user charges especially in relation to trading services
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
- Increase ability to extend new services and recover costs
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecasts for the MTREF period is on average 3.0% per annum. The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases and which are beyond the control of the municipality hampers this goal.

The following table is a summary of the 2022/2023 MTREF (classified by main revenue source):

The percentage revenue from own sources increases during the budget year. In the two outer years of the MTREF the increases in revenue is fairly consistent. The growth in revenue contributions are indicated below (Excluding Capital Transfers). In line with the formats prescribed by the Municipal

Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

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

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	5 414	7 770	9 893	11 000	11 000	11 000	11 000	15 120	15 785	16 495
Service charges - electricity revenue	2	7 987	13 421	14 041	15 000	16 000	16 000	18 346	17 615	18 197	18 872
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	3 807	8 188	9 570	5 000	5 000	5 000	7 308	5 160	5 387	5 629
Rental of facilities and equipment		502	541	208	544	544	544	544	510	564	589
Interest earned - external investments		772	1 385	2 274	4 000	4 000	4 000	4 000	4 108	4 343	4 538
Interest earned - outstanding debtors		3 583	6 385	5 266	3 130	4 630	4 630	4 630	2 010	3 413	3 567
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		250	155	1 032	150	150	150	150	200	209	218
Licences and permits		970	1 744	1 436	4 010	4 010	4 010	4 010	3 500	3 654	3 818
Agency services		375	537	1 712	1 529	2 029	2 029	2 029	1 591	1 690	1 766
Transfers and subsidies		93 037	132 733	165 248	145 852	145 852	145 852	145 852	153 909	153 567	161 522
Other revenue	2	1 152	1 505	1 865	316	1 189	1 189	1 189	2 699	0	0
Gains		—	20	—	—	—	—	—	—	—	—
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>117 849</b>	<b>174 384</b>	<b>212 545</b>	<b>190 532</b>	<b>194 404</b>	<b>194 404</b>	<b>199 058</b>	<b>206 421</b>	<b>206 808</b>	<b>217 015</b>

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality at 19%, but operating grants forms the major funding source at 81 %. 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.

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 R153,909 million in the 2022/2023 financial year, increases to, R153,567 million in 2023/2024 and R161,522 million in 2024/2025. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependant on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. The contribution for Councillors Allowances also increased significantly for the budget year.

Revenue from capital transfers as indicated below increases from R73,220 million in 2022/2023 to R44,517 million in 2023/2024 and R48,483 million in 2024/2025.

Breakdown of Grants for the 2022/2023 financial year:

GRANT NAME	Revised 2021/22	2022/23 per initial 2021/22 Dora	2022/23 per revised DORB	2023/24	2024/25
EQUITABLE SHARE	R 135 035 000	R 140 356 000	R 146 186 000	R 153 517 000	R 161 472 000
EPWP	R 2 003 000	R 1 692 000	R 1 692 000	R 0	R 0
FMG	R3 100 000	R 3 100 000	R 3 100 000	R 3 100 000	R 3 100 000
MIG	R 35 275 000	R 37 915 000	R 47 916 000	R 39 492 000	R 41 169 000
INEP	R 19 440 000	R 10 000 000	R 27 200 000	R 7 000 000	R 7 314 000
LIBRARY GRANT	R 950 000	R 1 035 000	R 1 035 000	R 1 082 000	Not yet confirmed
DEPARTMENT OF TRANSPORT	R28 000 000	Not yet confirmed	Not yet confirmed	Not yet confirmed	Not yet confirmed
<b>GRANTS &amp; SUBSIDIES</b>	<b>R 223 803 000</b>	<b>R 194 098 000</b>	<b>R 227 129 000</b>	<b>R 204 191 000</b>	<b>R 213 055 000</b>

EC136 Emalahleni (Ec) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and council		9 077	9 077	8 011	7 554	7 554	7 554	600	8 409	8 742
Vote 2 - Corporate Services		–	8	20 975	–	–	–	–	50	50
Vote 3 - Budget and Treasury		92 776	130 054	165 573	150 331	151 203	151 203	176 476	167 925	177 710
Vote 4 - PEDTA		6	(353)	(709)	(2 049)	(2 049)	(2 049)	(2 439)	(2 548)	(2 662)
Vote 5 - Community Services and Social Services		7 534	17 166	17 070	14 874	16 874	16 874	11 296	11 704	11 100
Vote 6 - Infrastructure Development and Human Settlement		8 456	50 307	64 497	72 773	81 578	81 578	93 708	65 785	70 559
Vote 7 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	2	<b>117 849</b>	<b>206 259</b>	<b>275 417</b>	<b>243 483</b>	<b>255 160</b>	<b>255 160</b>	<b>279 641</b>	<b>251 326</b>	<b>265 498</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and council		15 605	31 990	31 741	28 753	29 929	29 929	28 985	31 182	32 424
Vote 2 - Corporate Services		19 466	21 082	28 692	36 072	34 702	34 702	37 116	40 537	45 751
Vote 3 - Budget and Treasury		23 827	46 469	91 313	24 550	26 524	26 524	27 751	29 746	31 981
Vote 4 - PEDTA		4 000	8 724	8 840	14 353	13 992	13 992	15 693	15 980	16 878
Vote 5 - Community Services and Social Services		10 712	39 239	38 008	31 689	35 745	35 745	33 610	35 798	37 269
Vote 6 - Infrastructure Development and Human Settlement		18 549	35 562	50 094	52 379	49 879	49 879	50 946	52 924	56 849
Vote 7 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	2	<b>92 160</b>	<b>183 067</b>	<b>248 689</b>	<b>187 795</b>	<b>190 771</b>	<b>190 771</b>	<b>194 101</b>	<b>206 166</b>	<b>221 152</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>25 690</b>	<b>23 192</b>	<b>26 728</b>	<b>55 687</b>	<b>64 389</b>	<b>64 389</b>	<b>85 540</b>	<b>45 159</b>	<b>44 346</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.9 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the



impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. The tariff increase for electricity is 4,4% that is in line with the NERSA guideline.

The Draft Budget is based on the Assumption of an average collection rate at about 95%. We will also endeavour to collect at least about R 10 million from the arear debtors book to cover for this low collection rate.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is at R2 million in 2022/2023 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 increase is 4,4%. This increase would see the current adjusted budget figure increase by this percentage from R 11 million to R 15,120 million.

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

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of 80 000;
- The limit for indigent households is twice the amount of government social pensions.

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

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2022/23 financial year based on a general 4,4 per cent increase from 1 July 2022.

#### **1.4.2 Sale of Electricity and Impact of Tariff Increases**

Electricity has been adjusted to be increased by an average of 3% in the draft 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 4,4% per cent to offset the additional bulk purchase cost from 1 July 2022. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

#### **ELECTRICITY TARIFFS & CHARGES**

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

Implementation subject to NERSA approval.

Tariffs are applicable throughout Emalahleni Municipality unless indicated otherwise.

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

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 4,4% 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 18,9% are being regarded as "acceptable" in the industry and Emalahleni Municipality is well above that norm.

## **Comparison between current electricity charges and increases**

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality should comply with this requirement.

### **1.4.3 Waste Removal and Impact of Tariff Increases**

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

The Municipality should implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main cost drivers for this section are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role as cost drivers. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation should be incorporated into the next planning cycle.

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

## **Comparison between current waste removal fees and increases**

### **1.4.4 Overall impact of tariff increases on households**

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

Note that in all instances the overall impact of the tariff increases on household's bills has a net average effect of about 4,4%.

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2022/2023 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 75 and 11
- mSCOA circular 9, 10 & 11
- 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 2022/2023 budget and MTREF (classified per main type of operating expenditure):

Expenditure By Type											
Employee related costs	2	41 278	85 839	86 027	95 936	95 436	95 436	95 436	99 426	104 000	108 783
Remuneration of councillors		6 508	13 486	14 307	13 600	13 600	13 600	13 600	13 600	14 710	15 298
Debt impairment	3	8 811	13 312	8 324	3 000	2 000	2 000	2 000	2 000	3 000	3 000
Depreciation & asset impairment	2	–	11 528	30 858	20 000	14 010	14 010	14 010	16 054	17 982	19 963
Finance charges		12	2 136	1 366	60	60	60	60	80	94	98
Bulk purchases - electricity	2	7 363	12 868	13 185	12 000	13 378	13 378	13 378	14 000	14 616	15 274
Inventory consumed	8	1 546	2 213	3 710	5 893	5 259	5 259	5 259	1 489	1 145	1 450
Contracted services		14 909	21 108	16 245	9 883	18 359	18 359	18 359	19 221	18 456	23 793
Transfers and subsidies		103	222	3 320	901	926	926	926	1 315	1 385	1 685
Other expenditure	4, 5	11 629	20 303	23 517	26 522	27 743	27 743	27 743	26 916	30 780	31 807
Losses		–	51	47 829	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>92 160</b>	<b>183 067</b>	<b>248 689</b>	<b>187 795</b>	<b>190 771</b>	<b>190 771</b>	<b>190 771</b>	<b>194 101</b>	<b>206 166</b>	<b>221 152</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 **Average CPI index** increase has been made for employee related costs in line with the 2021/2024 Wage Collective Agreement.

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.

Employee related costs excluding Councillor Allowances now represent **50%** of operating expenditure which is above NT maximum of **40%**. 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.

**Depreciation & Asset Impairment** – The 2022/23 budget amounts to **R 16,054 million** which is a **14%** increase from the 2021/22 budget of **R 14,010 million**. Strides are being taken to gradually phase-in the cash backed surplus for depreciation. In the 2022/23 financial year, plans are on track to ensure the surplus equivalent to depreciation on movable assets in cash-backed. This will be achieved mainly by ring-fenced monies collected on long-outstanding debtors.

**Finance Charges** – A budget of R 0,090 million has been allocated, this equates to 50% increase from 2021/22 budget of R 0,060 million. This is due to the new lease contract that has been concluded with effect from January 2022.

**Inventory consumed** – Inventory consumed is budgeted at R 1,489 million has been allocated for 2022/23, this equates to 75% decrease from 2021/22 budget of R 5,893 million. This decrease is due to reclassification of repairs and maintenance expenditure to contracted services.

**Bulk Purchases** – Budget is at R 14,000 million, this is due to an average monthly invoice of R 1, 000 million from Eskom. This is an increase of 4.6% when compared to 2021/22 budget of R 13,378 million. This variance is because there is an existing strategy to curb electricity losses which is already yielding positive results in the 2021/22 financial year. The electricity losses have been decreasing from 31% in 2019/20 to 19% in 2020/21.

**Contracted Services** – There has been a nominal decrease in budget for contracted services which was budgeted for at R 18,359 million in 2021/22, with the 2022/23 budget allocated at R 19,221 million. This is equal to 4.7% increase which is mainly due to the repairs and maintenance which was reclassified from inventory consumed to contracted services. There would have otherwise been a decrease 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 & 2021/22. An amount of R 3,200 million has been allocated for repairs and maintenance resulting in 18% of total allocation.

**Other expenditure** – The Audit Fees are budgeted at R 4,500 million for 2022/23 which is a 0% increase from the 2021/22 actual fees incurred. This is due to the anticipated effectiveness of the audit action plan and the additional staff capacity already engaged.

Year on year increase is at 17.5% when compared to the previous year.

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 194,101 million for 2022/23 which is a increase of 1.7% when compared to the budget of R 190,771 million in the 2020/21.

**This will result to a projected surplus of R 3 279. This small surplus shows that zero based budgeting has been applied in preparing the budget.**

#### **Main operational expenditure categories for the 2022/2023 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 2022/2023 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. R4,718 million has been budgeted for repairs and maintenance in the MTREF which represents 2,43% of the total allocation.

During the compilation of the 2022/2023 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	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 medium term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		1 066	2 598	(588)	1 355	1 355	1 355	1 950	642	1 959
Roads Infrastructure		—	—	—	—	—	—	—	—	—
Roads		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		850	2 054	89	200	200	200	650	—	679
Storm water Conveyance		850	2 054	89	200	200	200	650	—	679
Electrical Infrastructure		216	545	(676)	1 155	1 155	1 155	1 300	642	1 279
MV Substations		50	187	209	500	500	500	500	50	552
MV Switching Stations		—	—	—	—	—	—	—	—	—
MV Networks		86	230	(1 099)	200	204	204	500	435	57
LV Networks		80	128	213	405	401	401	300	157	670
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Dams and Weirs		—	—	—	—	—	—	—	—	—
<b>Community Assets</b>		257	575	96	—	—	—	468	470	719
Community Facilities		257	555	96	—	—	—	468	470	719
Halls		232	370	162	—	—	—	368	261	501
Cemeteries/Crematoria		—	23	—	—	—	—	100	209	218
Parks		26	81	—	—	—	—	—	—	—
Public Open Space		—	81	(65)	—	—	—	—	—	—
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		—	—	—	—	—	—	—	—	—
<b>Other assets</b>		193	441	637	—	—	—	850	359	938
Operational Buildings		193	441	476	—	—	—	850	359	938
Municipal Offices		193	441	476	—	—	—	850	359	938
Housing		—	—	161	—	—	—	—	—	—
Social Housing		—	—	161	—	—	—	—	—	—
<b>Biological or Cultivated Assets</b>		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
<b>Intangible Assets</b>		48	70	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		48	70	—	—	—	—	—	—	—
Computer Software and Applications		48	70	—	—	—	—	—	—	—
<b>Computer Equipment</b>		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
<b>Furniture and Office Equipment</b>		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
<b>Machinery and Equipment</b>		27	3 529	492	—	—	—	150	157	164
Machinery and Equipment		27	3 529	492	—	—	—	150	157	164
<b>Transport Assets</b>		648	962	859	1 100	2 119	2 119	1 170	—	2 700
Transport Assets		648	962	859	1 100	2 119	2 119	1 170	—	2 700
<b>Land</b>		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
<b>Zoo's, Marine and Non-biological Animals</b>		—	—	55	—	—	—	130	100	100
Zoo's, Marine and Non-biological Animals		—	—	55	—	—	—	130	100	100
<b>Total Repairs and Maintenance Expenditure</b>	1	2 240	8 174	1 551	2 455	3 474	3 474	4 718	1 727	6 579
<b>R&amp;M as a % of PPE</b>		0,5%	4,5%	0,3%	0,6%	0,8%	0,8%	1,1%	2,0%	8,4%
<b>R&amp;M as % Operating Expenditure</b>		2,4%	4,5%	0,6%	1,3%	1,8%	1,8%	2,5%	0,9%	3,2%

### **Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2022/2023 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 R7,320 million compromising of R2,440 million for electricity, R2,440 million for property rates and R2.440 million for refuse for the 2022/2023 financial year and increases to R7,644 million and R7,986 million in 2023/2024 and 2024/2025 respectively.

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



**EC136 Emalahleni (Ec) - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		<b>101 853</b>	<b>139 867</b>	<b>195 164</b>	<b>155 368</b>	<b>156 741</b>	<b>156 741</b>	<b>173 756</b>	<b>173 052</b>	<b>183 020</b>
Executive and council		9 077	9 201	8 011	7 554	7 554	7 554	—	7 783	8 087
Finance and administration		92 776	130 666	187 154	147 814	149 187	149 187	173 756	165 269	174 933
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		<b>209</b>	<b>2 327</b>	<b>2 628</b>	<b>4 643</b>	<b>4 643</b>	<b>4 643</b>	<b>2 026</b>	<b>2 096</b>	<b>1 060</b>
Community and social services		209	1 852	1 069	4 025	4 025	4 025	1 036	1 113	33
Sport and recreation		0	0	—	—	—	—	—	—	—
Public safety		—	325	342	614	614	614	990	983	1 027
Housing		—	150	1 217	4	4	4	—	—	—
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>39</b>	<b>35 868</b>	<b>45 791</b>	<b>37 429</b>	<b>45 234</b>	<b>45 234</b>	<b>49 808</b>	<b>39 701</b>	<b>43 446</b>
Planning and development		39	35 868	43 496	37 429	37 429	37 429	49 808	39 701	43 446
Road transport		—	—	2 296	—	7 805	7 805	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>14 020</b>	<b>26 330</b>	<b>30 256</b>	<b>40 440</b>	<b>42 940</b>	<b>42 940</b>	<b>49 360</b>	<b>31 580</b>	<b>32 856</b>
Energy sources		8 416	14 289	17 488	35 340	36 340	36 340	43 900	26 084	27 113
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		5 604	12 041	12 768	5 100	6 600	6 600	5 460	5 496	5 743
<b>Other</b>	4	<b>1 209</b>	<b>1 866</b>	<b>1 577</b>	<b>5 602</b>	<b>5 602</b>	<b>5 602</b>	<b>4 691</b>	<b>4 897</b>	<b>5 117</b>
<b>Total Revenue - Functional</b>	2	<b>117 331</b>	<b>206 259</b>	<b>275 417</b>	<b>243 483</b>	<b>255 160</b>	<b>255 160</b>	<b>279 641</b>	<b>251 326</b>	<b>265 498</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		<b>58 898</b>	<b>93 829</b>	<b>161 203</b>	<b>92 794</b>	<b>99 709</b>	<b>99 709</b>	<b>100 255</b>	<b>108 675</b>	<b>118 254</b>
Executive and council		14 899	11 769	29 532	25 296	26 922	26 922	26 036	28 074	29 163
Finance and administration		43 532	81 168	130 740	65 717	71 031	71 031	72 415	79 148	87 571
Internal audit		467	892	931	1 781	1 756	1 756	1 805	1 454	1 520
<b>Community and public safety</b>		<b>5 559</b>	<b>8 220</b>	<b>16 423</b>	<b>35 262</b>	<b>35 236</b>	<b>35 236</b>	<b>36 158</b>	<b>38 197</b>	<b>38 417</b>
Community and social services		3 572	8 285	11 201	23 455	23 419	23 419	23 289	24 664	25 078
Sport and recreation		834	1 784	1 739	4 574	4 574	4 574	4 785	5 005	5 235
Public safety		—	(4 148)	2 129	2 474	2 484	2 484	2 514	2 728	2 838
Housing		1 153	2 300	1 353	4 759	4 759	4 759	5 571	5 801	5 267
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>9 803</b>	<b>19 390</b>	<b>38 368</b>	<b>34 286</b>	<b>28 076</b>	<b>28 076</b>	<b>30 712</b>	<b>33 535</b>	<b>36 116</b>
Planning and development		7 582	16 047	27 292	30 702	24 442	24 442	27 409	31 831	34 336
Road transport		2 221	3 343	11 076	3 584	3 634	3 634	3 302	1 704	1 781
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>15 979</b>	<b>59 332</b>	<b>29 524</b>	<b>22 231</b>	<b>24 629</b>	<b>24 629</b>	<b>23 476</b>	<b>22 328</b>	<b>24 796</b>
Energy sources		9 832	18 255	18 649	18 643	21 111	21 111	20 360	20 058	21 572
Water management		—	—	—	—	—	—	—	—	—
Waste water management		1 666	3 723	1 798	593	593	593	986	366	1 061
Waste management		4 482	37 355	9 077	2 995	2 925	2 925	2 130	1 904	2 163
<b>Other</b>	4	<b>873</b>	<b>2 295</b>	<b>3 171</b>	<b>3 223</b>	<b>3 122</b>	<b>3 122</b>	<b>3 499</b>	<b>3 431</b>	<b>3 569</b>
<b>Total Expenditure - Functional</b>	3	<b>91 113</b>	<b>183 067</b>	<b>248 689</b>	<b>187 795</b>	<b>190 771</b>	<b>190 771</b>	<b>194 101</b>	<b>206 166</b>	<b>221 152</b>
<b>Surplus/(Deficit) for the year</b>		<b>26 218</b>	<b>23 192</b>	<b>26 728</b>	<b>55 687</b>	<b>64 389</b>	<b>64 389</b>	<b>85 540</b>	<b>45 159</b>	<b>44 346</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.9 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. The tariff increase for electricity is 4,4% that is in line with the NERSA guideline.

The final budget is based on the Assumption of an average collection rate at about 95%. We will also endeavour to collect at least about R 10 million from the arear debtors book to cover for this low collection rate.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is at R2 million in 2022/2023 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.

### **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 4,4%. This increase would see the current adjusted budget figure increase by this percentage from R 11 million to R 15,120 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 80000
- The limit for indigent households is twice the amount of government social pensions.

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

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2022/23 financial year based on a general 4,4 per cent increase from 1 July 2022.

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

Electricity has been adjusted to be increased by an average of 3% in the draft 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 4,4% per cent to offset the additional bulk purchase cost from 1 July 2022. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

### **ELECTRICITY TARIFFS & CHARGES**

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

Implementation subject to NERSA approval.

Tariffs are applicable throughout Emalahleni Municipality unless indicated otherwise.

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

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 4,4% 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 18,9% are being regarded as “acceptable” in the industry and Emalahleni Municipality is well above that norm.

### **Comparison between current electricity charges and increases**

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality should comply with this requirement.

### **Waste Removal and Impact of Tariff Increases**

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

The Municipality should implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main cost drivers for this section are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role as cost drivers. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation should be incorporated into the next planning cycle.

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

### **Comparison between current waste removal fees and increases overall impact of tariff increases on households**

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

REFUSE REMOVAL	3%			
Domestic consumers (once per week)	136,61	157,10	142,62	164,01
Commercial consumers ( once per week)	312,24	359,07	325,98	374,87
Commercial consumers ( two times per week)	684,38	787,03	714,49	821,66
Government consumers ( once per week )	1 388,53	1 596,81	1449,63	1 667,07
Commercial Skip Bins (2.5m <sup>3</sup> capacity per collection)	0,00	0,00	639,97	735,97
Indigents	136,61	157,10	142,62	164,01
Subsidy - 100%	136,61	157,10	142,62	164,01
Effective charge				
Special refuse collection	380,33	437,38	397,06	456,62
Special refuse collection - Government and Commercial	434,66	499,86	453,79	521,85
Collection of garden refuse	380,33	437,38	397,06	456,62
Clearing of Vacant Plots	648,73	746,03	677,27	778,86
Tree felling - inside yard per tree	3 944,54	4 536,22	4118,10	4 735,81
Tree Pruning - Inside Yard (per tree)	2 080,93	2 393,07	2172,50	2 498,37
Building rubble - per load	404,23	464,87	422,02	485,32
Disposal of General Waste at Landfill Site	367,29	422,38	383,45	440,97
Disposal of Condemned Waste (per m <sup>3</sup> ) plus special collection fee/Disposal fee	219,50	252,43	229,16	263,54
Grass Cutting - inside the yard - Residential	673,72	774,78	703,37	808,87
Grass Cutting - inside the yard - Government and Commercial	995,37	1 144,68	1039,17	1 195,04

Note that in all instances the overall impact of the tariff increases on household's bills has a net average effect of about 4,4%.

## Capital expenditure

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

EC136 Emalahleni (Ec) - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23	Medium Term Revenue &	
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		1 235	1 751	2 545	0	0	0	500	1 044	—
Roads Infrastructure		1 235	1 473	—	—	—	—	—	—	—
Roads		1 235	1 473	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Drainage Collection		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	0	0	0	500	1 044	—
Power Plants		—	—	—	—	—	—	—	—	—
MV Networks		—	—	—	—	—	—	500	1 044	—
LV Networks		—	—	—	0	0	0	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Dams and Weirs		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Pump Station		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	278	2 545	—	—	—	—	—	—
Landfill Sites		—	278	2 545	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
<b>Community Assets</b>		1 744	1 663	12 691	1 300	1 300	1 300	5 611	—	—
Community Facilities		1 744	1 663	12 691	1 300	1 300	1 300	5 611	—	—
Centres		—	—	11 771	—	—	—	5 611	—	—
Testing Stations		286	(2 796)	336	—	—	—	—	—	—
Cemeteries/Crematoria		1 287	1 607	584	1 300	1 300	1 300	—	—	—
Public Open Space		170	2 852	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Indoor Facilities		—	—	—	—	—	—	—	—	—
<b>Other assets</b>		—	—	—	—	—	—	200	—	—
Operational Buildings		—	—	—	—	—	—	200	—	—
Municipal Offices		—	—	—	—	—	—	—	—	—
Stores		—	—	—	—	—	—	200	—	—
Housing		—	—	—	—	—	—	—	—	—
Staff Housing		—	—	—	—	—	—	—	—	—
<b>Biological or Cultivated Assets</b>		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
<b>Intangible Assets</b>		—	—	—	—	—	—	809	—	1 368
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	809	—	1 368
Solid Waste Licenses		—	—	—	—	—	—	809	—	1 368
<b>Computer Equipment</b>		—	—	321	0	0	0	500	300	300
Computer Equipment		—	—	321	0	0	0	500	300	300
<b>Furniture and Office Equipment</b>		299	548	672	50	50	50	1 220	21	22
Furniture and Office Equipment		299	548	672	50	50	50	1 220	21	22
<b>Machinery and Equipment</b>		—	—	(154)	400	400	400	550	722	645
Machinery and Equipment		—	—	(154)	400	400	400	550	722	645
<b>Transport Assets</b>		—	—	1 431	1 000	1 000	1 000	3 500	—	—
Transport Assets		—	—	1 431	1 000	1 000	1 000	3 500	—	—
<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 new ass</b>	<b>1</b>	<b>3 277</b>	<b>3 962</b>	<b>17 506</b>	<b>2 750</b>	<b>2 750</b>	<b>2 750</b>	<b>12 890</b>	<b>2 087</b>	<b>2 335</b>

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

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

Vote Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and council		9 077	9 077	8 011	7 554	7 554	7 554	600	8 409	8 742
Vote 2 - Corporate Services		—	8	20 975	—	—	—	—	50	50
Vote 3 - Budget and Treasury		92 776	130 054	165 573	150 331	151 203	151 203	176 476	167 925	177 710
Vote 4 - PEDTA		6	(353)	(709)	(2 049)	(2 049)	(2 049)	(2 439)	(2 548)	(2 662)
Vote 5 - Community Services and Social Services		7 534	17 166	17 070	14 874	16 874	16 874	11 296	11 704	11 100
Vote 6 - Infrastructure Development and Human Settlements		8 456	50 307	64 497	72 773	81 578	81 578	93 708	65 785	70 559
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>Total Revenue by Vote</b>	2	<b>117 849</b>	<b>206 259</b>	<b>275 417</b>	<b>243 483</b>	<b>255 160</b>	<b>255 160</b>	<b>279 641</b>	<b>251 326</b>	<b>265 498</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and council		15 605	31 990	31 741	28 753	29 929	29 929	28 985	31 182	32 424
Vote 2 - Corporate Services		19 466	21 082	28 692	36 072	34 702	34 702	37 116	40 537	45 751
Vote 3 - Budget and Treasury		23 827	46 469	91 313	24 550	26 524	26 524	27 751	29 746	31 981
Vote 4 - PEDTA		4 000	8 724	8 840	14 353	13 992	13 992	15 693	15 980	16 878
Vote 5 - Community Services and Social Services		10 712	39 239	38 008	31 689	35 745	35 745	33 610	35 798	37 269
Vote 6 - Infrastructure Development and Human Settlements		18 549	35 562	50 094	52 379	49 879	49 879	50 946	52 924	56 849
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>Total Expenditure by Vote</b>	2	<b>92 160</b>	<b>183 067</b>	<b>248 689</b>	<b>187 795</b>	<b>190 771</b>	<b>190 771</b>	<b>194 101</b>	<b>206 166</b>	<b>221 152</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>25 690</b>	<b>23 192</b>	<b>26 728</b>	<b>55 687</b>	<b>64 389</b>	<b>64 389</b>	<b>85 540</b>	<b>45 159</b>	<b>44 346</b>

**EC136 Emalahleni (Ec) - Table A6 Budgeted Financial Position**

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		(5 352)	3 975	12 513	1 500	1 500	1 500	1 500	159 497	170 583	156 425
Call investment deposits	1	26 836	1 816	51 338	39 000	39 000	39 000	39 000	–	–	–
Consumer debtors	1	19 354	24 571	7 737	15 000	15 000	15 000	15 000	2 054	–	–
Other debtors		8 186	5 453	8 110	4 000	4 000	4 000	4 000	14 082	6 757	–
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	–	0	0	0	0	1 120	(1 430)	–
<b>Total current assets</b>		<b>49 024</b>	<b>35 816</b>	<b>79 698</b>	<b>59 500</b>	<b>59 500</b>	<b>59 500</b>	<b>59 500</b>	<b>176 752</b>	<b>175 910</b>	<b>156 425</b>
<b>Non current assets</b>											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		4 149	5 712	2 258	4 140	4 140	4 140	4 140	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	450 324	182 969	445 441	424 908	432 413	432 413	432 413	84 834	77 895	87 062
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		401	299	219	320	320	320	320	809	–	1 368
Other non-current assets		183	183	183	183	183	183	183	–	–	–
<b>Total non current assets</b>		<b>455 057</b>	<b>189 163</b>	<b>448 101</b>	<b>429 550</b>	<b>437 055</b>	<b>437 055</b>	<b>437 055</b>	<b>85 643</b>	<b>77 895</b>	<b>88 430</b>
<b>TOTAL ASSETS</b>		<b>504 082</b>	<b>224 979</b>	<b>527 799</b>	<b>489 050</b>	<b>496 555</b>	<b>496 555</b>	<b>496 555</b>	<b>262 395</b>	<b>253 805</b>	<b>244 855</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	372	–	–	0	0	0	–	–	–
Consumer deposits		72	72	77	50	50	50	50	–	–	–
Trade and other payables	4	37 305	21 791	43 101	(249 622)	(249 622)	(249 622)	(249 622)	148 949	265	–
Provisions		20 594	32 101	15 932	27 000	27 000	27 000	27 000	–	–	–
<b>Total current liabilities</b>		<b>57 971</b>	<b>54 335</b>	<b>59 110</b>	<b>(222 572)</b>	<b>(222 572)</b>	<b>(222 572)</b>	<b>(222 572)</b>	<b>148 949</b>	<b>265</b>	<b>–</b>
<b>Non current liabilities</b>											
Borrowing		–	–	–	–	(0)	(0)	(0)	–	–	–
Provisions		12 947	2 263	13 558	11 500	11 500	11 500	11 500	–	–	–
<b>Total non current liabilities</b>		<b>12 947</b>	<b>2 263</b>	<b>13 558</b>	<b>11 500</b>	<b>11 500</b>	<b>11 500</b>	<b>11 500</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>		<b>70 918</b>	<b>56 598</b>	<b>72 668</b>	<b>(211 072)</b>	<b>(211 072)</b>	<b>(211 072)</b>	<b>(211 072)</b>	<b>148 949</b>	<b>265</b>	<b>–</b>
<b>NET ASSETS</b>	5	<b>433 164</b>	<b>168 380</b>	<b>455 131</b>	<b>700 122</b>	<b>707 627</b>	<b>707 627</b>	<b>707 627</b>	<b>113 446</b>	<b>253 540</b>	<b>244 855</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		430 135	441 835	473 519	428 692	437 393	437 393	437 393	85 540	45 159	44 346
Reserves	4	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>430 135</b>	<b>441 835</b>	<b>473 519</b>	<b>428 692</b>	<b>437 393</b>	<b>437 393</b>	<b>437 393</b>	<b>85 540</b>	<b>45 159</b>	<b>44 346</b>



- Consumer debtors of R2,054 million for 2022/2023 financial year
- Property, plant and equipment is reflecting a healthy asset base of R84,834 million for 2022/2023, R77,895 million and R87,062 million for the outer years
- The Statement of Financial Position reflects a healthy accumulated surplus of R85,540 million, R45,159 million and R44,346 million for the outer years

EC136 Emalahleni (Ec) - Table A7 Budgeted Cash Flows

Description		Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			–	–	–	5 487	5 487	5 487	5 487	5 487	5 761	5 761
Service charges			–	–	–	9 294	9 294	9 294	9 294	9 294	9 294	9 294
Other revenue			–	–	–	6 550	6 550	6 550	6 550	6 550	6 825	7 125
Transfers and Subsidies - Operational		1	–	–	–	145 852	145 852	145 852	145 852	145 693	148 389	144 009
Transfers and Subsidies - Capital		1	–	–	–	52 951	52 951	52 951	52 951	46 020	46 019	44 517
Interest			–	–	–	3 130	3 130	3 130	3 130	3 130	3 261	3 405
Dividends			–	–	–	–	–	–	–	–	–	–
Payments												
Suppliers and employees			(8 287)	(50 717)	(105 365)	(189 839)	(189 839)	(189 839)	(189 839)	–	–	–
Finance charges			–	–	–	294	294	294	294	–	–	–
Transfers and Grants		1	–	–	–	(901)	(901)	(901)	(901)	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES			(8 287)	(50 717)	(105 365)	32 816	32 816	32 816	32 816	216 173	219 549	214 110
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables			–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments			–	–	–	–	–	–	–	–	–	–
Payments												
Capital assets			–	–	–	(56 776)	(56 776)	(56 776)	(56 776)	–	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES			–	–	–	(56 776)	(56 776)	(56 776)	(56 776)	–	–	–
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing			–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits			–	–	–	–	–	–	–	(50)	–	–
Payments												
Repayment of borrowing			–	(407)	(372)	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES			–	(407)	(372)	–	–	–	–	(50)	–	–
NET INCREASE/ (DECREASE) IN CASH HELD			(8 287)	(51 125)	(105 736)	(23 960)	(23 960)	(23 960)	(23 960)	216 123	219 549	214 110
Cash/cash equivalents at the year begin:		2	4 145	4 145	5 791	17 529	17 529	17 529	17 529	–	216 123	435 672
Cash/cash equivalents at the year end:		2	(4 142)	(46 980)	(99 945)	(6 431)	(6 431)	(6 431)	(6 431)	216 123	435 672	649 782

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2022/2023 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents were estimated to total R216,123 million in 2022/2023 financial year and increases to R435,672 million as at the end of the 2023/2024 financial year and R649,782 million in 2024/2025.

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

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

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(4 142)	(46 980)	(99 945)	(6 431)	(6 431)	(6 431)	(6 431)	216 123	435 672	649 782
Other current investments > 90 days		25 626	52 771	163 796	46 931	46 931	46 931	46 931	(56 626)	(265 089)	(493 358)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		21 484	5 791	63 851	40 500	40 500	40 500	40 500	159 497	170 583	156 425
Application of cash and investments											
Unspent conditional transfers		17 874	1 950	12 582	0	0	0	0	152 302	100	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	17 003	17 948	24 489	(249 216)	(248 350)	(248 350)	(247 490)	(8 155)	(2 858)	–
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		34 877	19 899	37 071	(249 216)	(248 350)	(248 350)	(247 490)	144 147	(2 758)	–
Surplus(shortfall)		(13 393)	(14 107)	26 780	289 716	288 850	288 850	287 990	15 350	173 341	156 425

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2022/23 MTREF the end objective of the medium-term framework was to ensure the budget is funded and aligned to section 18 of the MFMA.

EC136 Emlahlani (Ec) - Table A9 Asset Management										
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	3 277	3 962	17 506	2 750	2 750	2 750	12 890	2 087	2 335
Roads Infrastructure		1 235	1 473	—	—	0	0	500	1 044	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	278	2 545	—	—	—	—	—	—
Infrastructure		1 235	1 751	2 545	0	0	0	500	1 044	—
Community Facilities		1 744	1 663	12 691	1 300	1 300	1 300	5 611	—	—
Community Assets		1 744	7 663	12 691	1 300	1 300	1 300	5 611	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	200	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		—	—	—	—	—	—	200	—	—
Licences and Rights		—	—	—	—	—	—	809	—	1 368
Intangible Assets		—	—	—	—	—	—	809	—	1 368
Computer Equipment		—	—	321	0	0	0	500	300	300
Furniture and Office Equipment		299	548	672	50	50	50	1 220	21	22
Machinery and Equipment		—	—	(154)	400	400	400	550	722	645
Transport Assets		—	—	1 431	1 000	1 000	1 000	3 500	—	—
<b>Total Renewal of Existing Assets</b>	2	417	15 704	(5 734)	26 402	22 802	22 802	19 482	413	427
Roads Infrastructure		—	14 133	(3 414)	21 457	19 357	19 357	15 771	—	—
Solid Waste Infrastructure		—	(278)	(2 545)	—	—	—	—	—	—
Infrastructure		—	13 855	(5 959)	21 457	19 357	19 357	15 771	—	—
Community Facilities		—	—	—	3 300	1 900	1 900	3 711	100	100
Sport and Recreation Facilities		417	1 850	225	—	—	—	—	—	—
Community Assets		417	1 850	225	3 300	1 900	1 900	3 711	100	100
Operational Buildings		—	—	—	645	445	445	—	—	—
Other Assets		—	—	—	645	445	445	—	—	—
Machinery and Equipment		—	—	—	250	150	150	—	—	—
Transport Assets		—	—	—	750	950	950	—	313	327
<b>Total Upgrading of Existing Assets</b>	6	9 448	8 747	47 491	27 624	38 729	38 729	53 272	75 195	85 467
Roads Infrastructure		5 595	3 946	41 603	21 486	30 491	30 491	11 028	75 035	85 169
Storm water Infrastructure		3 489	6 767	1 019	52	52	52	—	—	—
Electrical Infrastructure		—	—	—	19 440	19 440	19 440	27 200	—	—
Infrastructure		9 086	10 713	42 261	19 522	30 627	30 627	38 228	75 035	85 169
Sport and Recreation Facilities		362	(1 966)	5 230	7 673	7 673	7 673	14 725	—	—
Community Assets		362	(1 966)	5 230	7 673	7 673	7 673	14 725	—	—
Computer Equipment		—	—	—	300	300	300	—	—	—
Furniture and Office Equipment		—	—	—	130	130	130	318	160	298
<b>Total Capital Expenditure</b>	4	13 142	28 414	59 262	56 776	64 281	64 281	85 643	77 695	88 230
Roads Infrastructure		6 831	19 552	37 827	21 486	30 491	30 491	26 799	75 035	85 169
Storm water Infrastructure		3 489	6 767	1 019	52	52	52	—	—	—
Electrical Infrastructure		—	—	—	19 440	19 440	19 440	27 200	1 044	—
Infrastructure		10 321	26 319	38 846	40 979	49 984	49 984	54 499	76 079	85 169
Community Facilities		1 744	1 663	12 691	4 600	3 200	3 200	9 321	100	100
Sport and Recreation Facilities		279	(119)	5 455	7 673	7 673	7 673	14 725	—	—
Community Assets		2 623	7 547	18 145	12 273	10 873	10 873	24 047	100	100
Operational Buildings		—	—	—	645	445	445	200	—	—
Other Assets		—	—	—	645	445	445	200	—	—
Licences and Rights		—	—	—	—	—	—	809	—	1 368
Intangible Assets		—	—	—	—	—	—	809	—	1 368
Computer Equipment		—	—	321	300	300	300	500	300	300
Furniture and Office Equipment		299	548	672	180	180	180	1 538	181	320
Machinery and Equipment		—	—	(154)	650	550	550	722	645	645
Transport Assets		—	—	1 431	1 750	1 950	1 950	3 500	313	327
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		13 142	28 414	59 262	56 776	64 281	64 281	85 643	77 695	88 230
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	455 057	131 639	399 060	429 400	436 905	436 905	71 779	2 860	3 261
Roads Infrastructure		18 252	30 972	196 013	86 404	95 409	95 409	23 271	—	—
Storm water Infrastructure		3 489	6 767	8 126	7 796	7 796	7 796	—	—	—
Electrical Infrastructure		295	11 972	11 632	20 912	20 912	20 912	27 700	1 044	—
Solid Waste Infrastructure		171	457	448	401	401	401	—	—	—
Infrastructure		22 207	50 168	216 219	115 512	124 517	124 517	50 971	1 044	—
Community Assets		24 370	18 719	100 623	32 738	31 338	31 338	13 711	100	100
Heritage Assets		183	183	183	183	183	183	—	—	—
Investment properties		4 149	5 712	2 258	4 140	4 140	4 140	—	—	—
Other Assets		9 270	49 314	29 638	10 082	9 882	9 882	200	—	—
Intangible Assets		401	299	219	320	320	320	809	—	1 368
Computer Equipment		60	1 419	1 891	1 518	1 518	1 518	500	300	300
Furniture and Office Equipment		282	4 259	3 602	2 964	2 964	2 964	3 381	381	520
Machinery and Equipment		393 087	2 339	2 339	257 737	257 637	257 637	1 750	722	645
Transport Assets		—	(3 174)	7 669	3 157	3 357	3 357	3 500	313	327
Land		—	—	34 918	—	0	0	—	—	—
Zoo's, Marine and Non-biological Animals		1 049	1 049	—	1 049	1 049	1 049	—	—	—
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	455 057	131 639	399 060	429 400	436 905	436 905	71 779	2 860	3 261
<b>EXPENDITURE OTHER ITEMS</b>		2 240	11 720	18 008	22 455	17 484	17 484	20 773	19 709	26 542
Depreciation	7	—	3 545	16 456	20 000	—	—	16 054	17 982	19 963
Repairs and Maintenance by Asset Class	3	2 240	8 174	1 551	2 455	3 474	3 474	4 718	1 727	6 579
Roads Infrastructure		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		850	2 054	89	200	200	200	650	—	679
Electrical Infrastructure		—	215	(545)	1 155	1 155	1 155	642	—	1 279
Infrastructure		1 066	2 598	(588)	1 355	1 355	1 355	1 950	642	1 959
Community Facilities		257	555	96	—	—	—	468	470	719
Sport and Recreation Facilities		—	20	—	—	—	—	—	—	—
Community Assets		257	575	96	—	—	—	468	470	719
Operational Buildings		193	441	476	—	—	—	850	359	938
Housing		—	—	161	—	—	—	—	—	—
Other Assets		193	441	637	—	—	—	850	359	938
Licences and Rights		48	70	—	—	—	—	—	—	—
Intangible Assets		48	70	—	—	—	—	—	—	—
Machinery and Equipment		27	3 529	492	—	—	—	150	157	164
Transport Assets		648	962	859	1 100	2 119	2 119	1 170	—	2 700
Zoo's, Marine and Non-biological Animals		—	—	55	—	—	—	130	100	100
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		2 240	11 720	18 008	22 455	17 484	17 484	20 773	19 709	26 542
Renewal and upgrading of Existing Assets as % of total capex		75.1%	86.1%	70.5%	95.2%	95.7%	95.7%	84.9%	97.3%	97.4%
Renewal and upgrading of Existing Assets as % of deprec		0.0%	689.7%	253.7%	270.1%	439.2%	439.2%	453.2%	420.5%	430.3%
R&M as a % of PPE		0.5%	4.5%	0.3%	0.6%	0.8%	0.8%	5.6%	2.2%	7.6%
Renewal and upgrading and R&M as a % of PPE		3.0%	25.0%	11.0%	13.0%	15.0%	15.0%	108.0%	2704.0%	2836.0%

#### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until there is a way or accounting reform that allows the municipality to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog. The implementation of mSCOA and the costing segment will assist in this regard but for now as the costing segment is not yet fully implemented it is still difficult to align all repairs and maintenance expenditure to that cost driver.

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Household service targets</b>	1									
<b><u>Water:</u></b>										
Piped water inside dwelling		--	--	--	--	--	--	--	--	--
Piped water inside yard (but not in dwelling)		--	--	--	--	--	--	--	--	--
Using public tap (at least min.service level)	2	--	--	--	--	--	--	--	--	--
Other water supply (at least min.service level)	4	--	--	--	--	--	--	--	--	--
Minimum Service Level and Above sub-total		--	--	--	--	--	--	--	--	--
Using public tap (< min.service level)	3	--	--	--	--	--	--	--	--	--
Other water supply (< min.service level)	4	--	--	--	--	--	--	--	--	--
No water supply		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total		--	--	--	--	--	--	--	--	--
<b>Total number of households</b>	5									
<b><u>Sanitation/sewerage:</u></b>										
Flush toilet (connected to sewerage)		--	--	--	--	--	--	--	--	--
Flush toilet (w ith septic tank)		--	--	--	--	--	--	--	--	--
Chemical toilet		--	--	--	--	--	--	--	--	--
Pit toilet (v entilated)		--	--	--	--	--	--	--	--	--
Other toilet provisions (> min.service level)		--	--	--	--	--	--	--	--	--
Minimum Service Level and Above sub-total		--	--	--	--	--	--	--	--	--
Bucket toilet		--	--	--	--	--	--	--	--	--
Other toilet provisions (< min.service level)		--	--	--	--	--	--	--	--	--
No toilet provisions		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total		--	--	--	--	--	--	--	--	--
<b>Total number of households</b>	5									
<b><u>Energy:</u></b>										
Electricity (at least min.service level)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (min.service level)		--	--	--	--	--	--	--	--	--
Minimum Service Level and Above sub-total		--	--	--	--	--	--	--	--	--
Electricity (< min.service level)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (< min. service level)		--	--	--	--	--	--	--	--	--
Other energy sources		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total		--	--	--	--	--	--	--	--	--
<b>Total number of households</b>	5									
<b><u>Refuse:</u></b>										
Removed at least once a week		--	--	--	--	--	--	--	--	--
Minimum Service Level and Above sub-total		--	--	--	--	--	--	--	--	--
Removed less frequently than once a week		--	--	--	--	--	--	--	--	--
Using communal refuse dump		--	--	--	--	--	--	--	--	--
Using own refuse dump		--	--	--	--	--	--	--	--	--
Other rubbish disposal		--	--	--	--	--	--	--	--	--
No rubbish disposal		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total		--	--	--	--	--	--	--	--	--
<b>Total number of households</b>	5									
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (free minimum level service)		--	--	--	--	--	--	--	--	--
Electricity/other energy (50kwh per household per month)		--	--	--	--	--	--	--	--	--
Refuse (removed at least once a week)		--	--	--	--	--	--	--	--	--
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		--	--	--	--	--	--	--	--	--
Sanitation (free sanitation service to indigent households)		--	--	--	--	--	--	--	--	--
Electricity/other energy (50kwh per indigent household per month)		--	--	--	--	--	--	--	--	--
Refuse (removed once a week for indigent households)		--	--	--	--	--	--	--	--	--
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		--	--	--	--	--	--	--	--	--
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		--	--	--	--	--	--	--	--	--
Water (kilolitres per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (kilolitres per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (Rand per household per month)		--	--	--	--	--	--	--	--	--
Electricity (kw h per household per month)		--	--							

## **Part 2 – Supporting Documentation**

### **1.6 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.

### **1.6.1 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 2022) 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 2022.

### **1.6.2 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 2022/2023 MTREF, based on the approved 2022/23 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 2022/23 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 2021/22 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.

### **1.6.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2022/2023 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 2022/2023 MTREF:



- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2021/22 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 75 and 112 has been taken into consideration in the planning and prioritisation process.

## **1.7 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 2022/23 MTREF and further planning refinements that have directly informed the compilation of the budget:

#### **IDP Strategic Objectives**

2021/2022 Financial Year	2022/23 MTREF
--------------------------	---------------

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

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

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

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

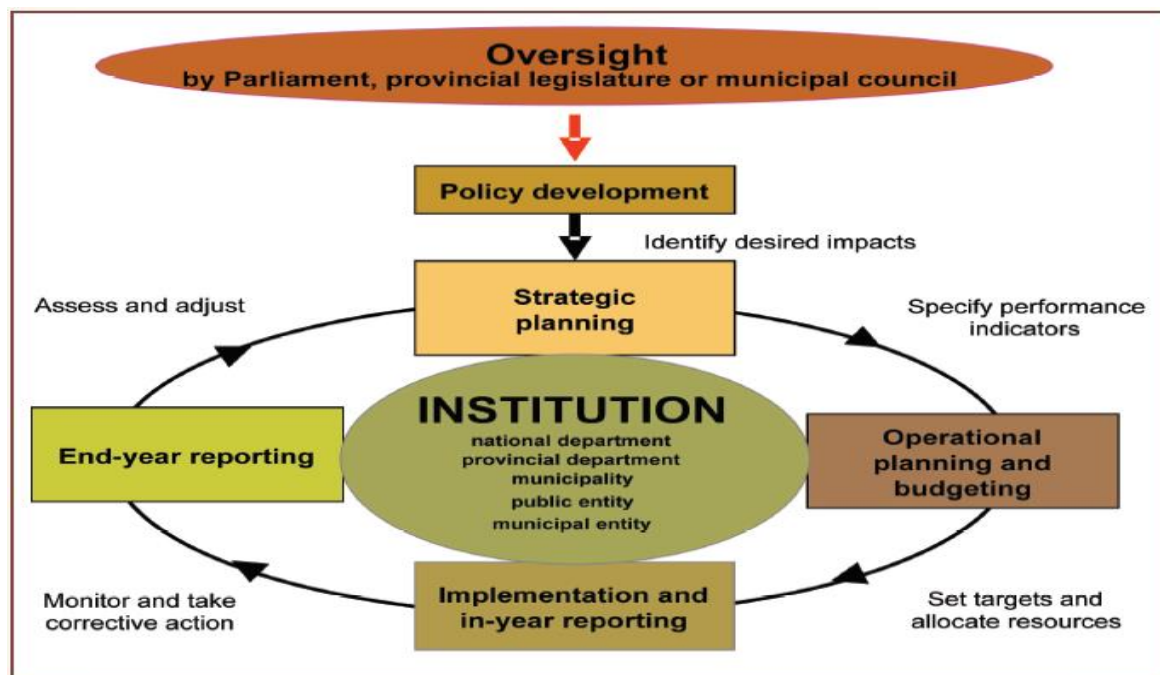
In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners. Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the new IDP. The 2022/23 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.

## **1.8 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.

Description of financial indicator	Basis of calculation	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,0%	1,4%	0,7%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0,0%	6,1%	3,7%	0,1%	0,1%	0,1%	0,1%	0,2%	0,2%	0,2%
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><u>Safety of Capital</u></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><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	0,8	0,7	1,3	(0,3)	(0,3)	(0,3)	(0,3)	1,2	663,8	—
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,8	0,7	1,3	(0,3)	(0,3)	(0,3)	(0,3)	1,2	663,8	—
Liquidity Ratio	Monetary Assets/Current Liabilities	0,4	0,1	1,1	(0,2)	(0,2)	(0,2)	(0,2)	1,1	643,7	—
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0,0%	0,0%	0,0%	47,7%	46,2%	46,2%	40,3%	39,0%	38,2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0,0%	0,0%	0,0%	47,7%	46,2%	46,2%	40,3%	39,0%	38,2%	36,7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23,4%	17,2%	7,5%	10,0%	9,8%	9,8%	9,5%	7,8%	3,3%	0,0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		-410,5%	-37,2%	-24,5%	3706,1%	3706,1%	3706,1%	3706,1%	-0,5%	0,0%	0,0%
<b><u>Other Indicators</u></b>											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)	8346033	1255346	1405963	0	0	1731973,931	1731973,931	1558776,537	1402899,276	1262609,35
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	1 602	1 649	2 201	13	13	13	13	2 105	2 168	2 211
	Total Volume Losses (k€)	—	—	—	—	—	—	—	—	—	—
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	35,0%	49,2%	40,5%	50,4%	49,1%	49,1%	47,9%	48,2%	50,3%	50,1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	40,5%	57,0%	47,2%	57,5%	56,1%	56,1%		54,8%	57,4%	57,2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1,9%	4,7%	0,7%	1,3%	1,8%	1,8%		2,3%	0,8%	3,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0,0%	7,8%	15,2%	10,5%	7,2%	7,2%	7,1%	7,8%	8,7%	9,2%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	60,9	112,0	15,1	14,3	14,3	14,3	17,0	16,1	15,6	16,3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	155,5%	100,3%	47,0%	60,2%	58,4%	58,4%	51,1%	42,0%	16,9%	0,0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0,6)	(3,6)	(8,0)	(0,5)	(0,5)	(0,5)	(0,5)	16,2	31,2	43,4

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

Calculation data  
Debtors > 90 days  
Monthly fixed operational expenditure  
Fixed operational expenditure % assumption  
Own capex  
Borrowing

[illegible]

## 1.8.1 Performance indicators and benchmarks

### 1.8.1.1 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 2022/23 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 2022/23 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 2022/2023 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

### 1.8.1.2 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.

#### 1.8.1.3 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 2022/23 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 2022/23 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.

#### 1.8.1.4 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.

#### 1.8.1.5 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.

#### 1.8.1.6 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.

#### **1.8.2 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.

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

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

#### **1.9.1 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 2022/23 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 60 per cent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

#### **1.9.2 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).

### **1.9.3 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.

### **1.9.4 Supply Chain Management Policy**

The Supply Chain Management Policy was reviewed presented to Council in March 2022. Any amendments policy to the policy will be considered by Council when it arises of which the amendments will be extensively consulted on.

### **1.9.5 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 March 2022 and is expected to be adopted before the end of the financial year to be implemented in the 2022/2023 financial year.

### **1.9.6 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.

### **1.9.7 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).

## **1.10 Overview of budget assumptions**

### **1.10.1 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 2022 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.

### **1.10.2 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 2022/2023 MTREF:

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

### **1.10.3 Credit rating outlook**

The Municipality did not perform a credit rating outlook.

### **1.10.4 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.

### **1.10.5 Collection rate for revenue services**

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

The rate of revenue collection is currently expressed as an averaged percentage 42 per cent of annual billings. Cash flow is assumed to be on average 42 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.

### **1.10.6 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.

#### **1.10.7 Salary increases**

An 0% increase have been provided for Councillors, a provision of 4,9% increase has been made for employee related costs and a 4,9% increase has been provided for directors remuneration increase. Employee related costs including Councillor allowances now represent 50% of Total expenditure which is above NT maximum of 40%. The municipality will continue to improve its revenue enhancement and delay filling of non- crucial posts to ensure the percentage is brought down and maintained under control.

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

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 2022 to May 2022 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 2022/2023 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. 75 and 112 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2022/2023 MTREF. Changes in local government allocations
- ❖ Poor South African economy and inflation targets affecting own revenue projections
- ❖ mSCOA circulars and the version changes from 6.5 to 6.6

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 2022/2023 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 2022/2023 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

#### **1.10.9 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 2022/23 MTREF of which performance has been factored into the cash flow budget.

### **1.11 Overview of budget funding**

#### **1.11.1 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.

#### **1.11.2 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	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(4 142)	(46 980)	(99 945)	(6 431)	(6 431)	(6 431)	(6 431)	216 123	435 672	649 782
Cash + investments at the yr end less applications - R'000	18(1)b	2	(13 393)	(14 107)	26 780	289 716	288 850	288 850	287 990	15 350	173 341	156 425
Cash year end/monthly employee/supplier payments	18(1)b	3	(0,6)	(3,6)	(8,0)	(0,5)	(0,5)	(0,5)	(0,5)	16,2	31,2	43,4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	25 690	23 192	26 728	55 687	64 389	64 389	69 043	85 540	45 159	44 346
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	64,7%	8,0%	(13,5%)	(2,8%)	(6,0%)	8,5%	12,4%	(2,1%)	(1,9%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0,0%	0,0%	0,0%	52,4%	47,9%	47,9%	43,3%	44,1%	44,7%	43,5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	51,2%	45,3%	24,8%	9,7%	6,2%	6,2%	5,5%	5,3%	7,6%	7,3%
Capital payments % of capital expenditure	18(1)c;19	8	0,0%	0,0%	0,0%	100,0%	88,3%	88,3%	88,3%	0,0%	0,0%	0,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	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.	9,0%	(47,2%)	19,9%	0,0%	0,0%	0,0%	(15,1%)	(58,1%)	(100,0%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,5%	4,5%	0,3%	0,6%	0,8%	0,8%	1,1%	5,6%	2,2%	7,6%
Asset renewal % of capital budget	20(1)(vi)	14	3,2%	55,3%	(9,7%)	46,5%	35,5%	35,5%	0,0%	22,7%	0,5%	0,5%

### Cash/cash equivalent position :

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short-term debt at the end of the financial year.



Cash plus investments less application of funds:

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. the reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents:

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

Surplus/deficit excluding depreciation offsets:

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets.

Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2022/23 MTREF and outer years the municipality has no deficits.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Property Rates/service charge revenue as a percentage increase less macro inflation target:

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will

include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 percent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth is higher than forecasted CPIX for the respective financial year of the 2019/20 MTREF which is mainly due to higher electricity tariff increase. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

Cash receipts as a percentage of ratepayer and other revenue:

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget, it can be seen that the outcome is at 95 per cent for 2022/23 and the outer financial years. Given that the assumed collection rate was based on an average of 95 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

Debt impairment expense as a percentage of billable revenue:

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated between 30 and 28 per cent over the MTREF.

Capital payments percentage of capital expenditure:

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. A 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

Transfers/grants revenue as a percentage of Government transfers/grants available the purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding. Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor, the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

Repairs and maintenance expenditure level This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

#### **Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, like the justification for 'repairs and maintenance' budgets.

## Expenditure on grants and reconciliations of unspent funds

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

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		93 037	130 529	161 446	141 902	141 902	141 902	152 874	152 435	161 472
Local Government Equitable Share		93 037	123 739	153 799	135 035	135 035	135 035	146 186	147 360	156 314
Finance Management		–	2 880	3 000	3 100	3 100	3 100	3 100	3 100	3 100
EPWP Incentive		–	2 261	2 091	2 003	2 003	2 003	1 692	–	–
Municipal Infrastructure Grant		–	1 649	2 556	1 764	1 764	1 764	1 896	1 975	2 058
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]										
<b>District Municipality:</b> [insert description]		–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b> Education, Training and Development Practices SETA		–	–	116	–	–	–	–	50	50
		–	–	116	–	–	–	–	50	50
<b>Total Operating Transfers and Grants</b>	5	93 037	130 529	161 562	141 902	141 902	141 902	152 874	152 485	161 522
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		–	31 875	44 611	52 951	52 951	52 951	73 220	44 517	48 483
Municipal Infrastructure Grant (MIG)		–	31 875	38 759	33 511	33 511	33 511	46 020	37 517	41 169
Integrated National Electrification Programme Grant		–	–	5 852	19 440	19 440	19 440	27 200	7 000	7 314
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b> Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
<b>District Municipality:</b> [insert description]		–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b> Education, Training and		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	5	–	31 875	44 611	52 951	52 951	52 951	73 220	44 517	48 483
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		93 037	162 404	206 173	194 853	194 853	194 853	226 094	197 002	210 005

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

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand										
<b>EXPENDITURE:</b>	1									
<b><u>Operating expenditure of Transfers and Grants</u></b>										
<b>National Government:</b>		60 778	109 353	118 823	132 076	130 765	130 765	136 423	141 380	149 217
Equitable Share		58 993	107 847	111 813	124 659	123 861	123 861	129 735	136 149	143 895
Expanded Public Works Programme Integrated Grant		1 020	939	2 032	2 003	2 003	2 003	1 692	–	–
Local Government Financial Management Grant		764	259	2 739	3 650	3 138	3 138	3 100	3 100	3 100
Municipal Infrastructure Grant		1	308	2 239	1 764	1 764	1 764	1 896	2 131	2 222
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		–	451	1 257	3 750	3 750	3 750	3 273	3 424	2 449
Specify (Add grant description)		–	451	1 257	3 750	3 750	3 750	3 273	3 424	2 449
Other transfers/grants [insert description]										
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
[insert description]										
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
Education, Training and Development Practices SETA										
<b>Total operating expenditure of Transfers and Grants:</b>		60 778	109 804	120 081	135 826	134 515	134 515	139 697	144 804	151 666
<b><u>Capital expenditure of Transfers and Grants</u></b>										
<b>National Government:</b>		12 843	28 144	(2 335)	52 951	52 951	52 951	73 220	75 065	85 189
Equitable Share		–	–	–	–	–	–	–	30	20
Integrated National Electrification Programme Grant		–	–	(1 939)	19 440	19 440	19 440	27 200	–	–
Municipal Infrastructure Grant		12 843	28 144	(396)	33 511	33 511	33 511	46 020	75 035	85 169
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
[insert description]										
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
Education, Training and Development Practices SETA										
<b>Total capital expenditure of Transfers and Grants</b>		12 843	28 144	(2 335)	52 951	52 951	52 951	73 220	75 065	85 189
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		73 621	137 948	117 746	188 777	187 467	187 467	212 917	219 869	236 856

Councillor and employee benefits : MBRR SA 22 - Summary of councillor and staff benefits

EC136 Emalahleni (Ec) - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		5 476	11 396	10 461	11 082	11 082	11 082	9 889	11 987	12 466
Pension and UIF Contributions		—	—	1 765	146	146	146	1 636	157	164
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—	—	—	—
Cellphone Allowance		695	1 391	1 468	1 840	1 840	1 840	1 468	1 990	2 070
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		336	699	613	532	532	532	607	575	598
<b>Sub Total - Councillors</b>		<b>6 508</b>	<b>13 486</b>	<b>14 307</b>	<b>13 600</b>	<b>13 600</b>	<b>13 600</b>	<b>13 600</b>	<b>14 710</b>	<b>15 298</b>
% increase	4		107,2%	6,1%	(4,9%)	—	—	—	8,2%	4,0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		4 003	8 063	5 539	756	756	756	791	827	865
Pension and UIF Contributions		4	8	1 195	4 568	4 569	4 569	4 779	4 998	5 228
Medical Aid Contributions		—	—	319	1 903	1 903	1 903	1 991	2 082	2 178
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		28	103	47	30	30	30	31	33	34
Motor Vehicle Allowance	3	—	—	1 160	3 492	3 492	3 492	3 652	3 820	3 996
Cellphone Allowance	3	80	185	210	272	272	272	285	298	312
Housing Allowances	3	—	—	765	3 542	3 542	3 542	3 705	3 875	4 053
Other benefits and allowances	3	0	0	90	3 451	2 751	2 751	2 878	3 010	3 149
Post-retirement benefit obligations	6	—	—	(59)	1 124	1 124	1 124	1 176	1 230	1 287
<b>Sub Total - Senior Managers of Municipality</b>		<b>4 115</b>	<b>8 359</b>	<b>9 266</b>	<b>19 139</b>	<b>18 439</b>	<b>18 439</b>	<b>19 287</b>	<b>20 174</b>	<b>21 102</b>
% increase	4		103,1%	10,8%	106,6%	(3,7%)	—	4,6%	4,6%	4,6%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		26 652	47 571	50 301	15 127	15 127	15 127	15 287	14 767	14 307
Pension and UIF Contributions		4 227	9 659	8 944	13 363	13 363	13 363	14 113	15 986	17 860
Medical Aid Contributions		1 448	3 195	3 221	1 672	1 672	1 672	1 749	1 830	1 914
Overtime		688	1 748	2 212	4 975	4 975	4 975	5 204	5 443	5 693
Performance Bonus		1 761	3 575	3 979	3 271	3 471	3 471	3 630	3 797	3 972
Motor Vehicle Allowance	3	1 501	4 766	4 168	3 952	3 952	3 952	4 134	4 324	4 523
Cellphone Allowance	3	503	583	760	7 545	7 545	7 545	7 892	8 255	8 634
Housing Allowances	3	82	1 039	200	2 687	2 687	2 687	2 810	2 939	3 075
Other benefits and allowances	3	230	1 317	2 398	21 553	21 473	21 473	22 461	23 494	24 575
Payments in lieu of leave		41	2 727	(1 861)	1 754	1 754	1 754	1 835	1 919	2 007
Long service awards		23	593	838	898	979	979	1 024	1 071	1 120
Post-retirement benefit obligations	6	—	707	1 604	—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>		<b>37 157</b>	<b>77 480</b>	<b>76 761</b>	<b>76 797</b>	<b>76 997</b>	<b>76 997</b>	<b>80 139</b>	<b>83 825</b>	<b>87 681</b>
% increase	4		108,5%	(0,9%)	0,0%	0,3%	—	4,1%	4,6%	4,6%
<b>Total Parent Municipality</b>		<b>47 780</b>	<b>99 326</b>	<b>100 334</b>	<b>109 536</b>	<b>109 036</b>	<b>109 036</b>	<b>113 026</b>	<b>118 709</b>	<b>124 082</b>
			107,9%	1,0%	9,2%	(0,5%)	—	3,7%	5,0%	4,5%
<b>Board Members of Entities</b>										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
<b>Sub Total - Board Members of Entities</b>		—	—	—	—	—	—	—	—	—
% increase	4	—	—	—	—	—	—	—	—	—
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Entities</b>		—	—	—	—	—	—	—	—	—
% increase	4	—	—	—	—	—	—	—	—	—
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
<b>Sub Total - Other Staff of Entities</b>		—	—	—	—	—	—	—	—	—
% increase	4	—	—	—	—	—	—	—	—	—
<b>Total Municipal Entities</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>47 780</b>	<b>99 326</b>	<b>100 334</b>	<b>109 536</b>	<b>109 036</b>	<b>109 036</b>	<b>113 026</b>	<b>118 709</b>	<b>124 082</b>
% increase	4		107,9%	1,0%	9,2%	(0,5%)	—	3,7%	5,0%	4,5%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>41 272</b>	<b>85 839</b>	<b>86 027</b>	<b>95 936</b>	<b>95 436</b>	<b>95 436</b>	<b>99 426</b>	<b>104 000</b>	<b>108 783</b>

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

Summary of Personnel Numbers	Ref	2020/21			Current Year 2021/22			Budget Year 2022/23		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		34	–	34	34	–	34	34	34	–
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	6	–	6	6	–	5	6	6	–
Other Managers	7	16	16	1	16	15	1	16	1	16
Professionals		–	–	–	–	–	–	–	–	–
<i>Finance</i>		12	12	–	14	14	–	14	–	14
<i>Spatial/town planning</i>		1	1	–	1	1	–	1	–	1
<i>Information Technology</i>		1	1	–	1	1	–	1	–	1
<i>Roads</i>		3	3	–	3	3	–	3	–	3
<i>Electricity</i>		1	1	–	1	1	–	1	–	1
<i>Water</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Refuse</i>		1	1	–	1	1	–	1	–	1
<i>Other</i>		25	23	2	25	23	2	25	2	23
Technicians		–	–	–	–	–	–	–	–	–
<i>Finance</i>		–	–	–	–	–	–	–	–	–
<i>Spatial/town planning</i>		–	–	–	–	–	–	–	–	–
<i>Information Technology</i>		–	–	–	–	–	–	–	–	–
<i>Roads</i>		1	1	–	1	1	–	10	–	1
<i>Electricity</i>		4	4	–	4	4	–	4	–	4
<i>Water</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation</i>		–	–	–	–	–	–	–	–	–
<i>Refuse</i>		–	–	–	–	–	–	–	–	–
<i>Other</i>		–	–	–	–	–	–	–	–	–
Clerks (Clerical and administrative)		35	35	–	37	37	–	37	–	37
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		1	1	–	2	2	–	2	–	2
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		13	13	1	13	13	1	13	–	13
Elementary Occupations		68	68	–	68	68	–	68	–	68
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>222</b>	<b>180</b>	<b>44</b>	<b>227</b>	<b>184</b>	<b>43</b>	<b>236</b>	<b>43</b>	<b>185</b>
<b>% increase</b>					2,3%	2,2%	(2,3%)	4,0%	(76,6%)	330,2%
<b>Total municipal employees headcount</b>	6, 10	–	–	–	–	–	–	–	–	–
Finance personnel headcount	8, 10	27	27	–	27	27	–	26	–	26
Human Resources personnel headcount	8, 10	8	8	–	8	8	–	6	–	6

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

Budget Year 2022/23														Medium Term Revenue and Expenditure Framework		
R thousand														Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Revenue By Source														15 120	15 785	16 495
Property rates	1 260	1 260	1 260	1 260	1 260	1 260	1 260	1 260	1 260	1 260	1 260	1 260	1 260	15 120	15 785	16 495
Service charges - electricity revenue	1 468	1 468	1 468	1 468	1 468	1 468	1 468	1 468	1 468	1 468	1 468	1 468	1 468	17 615	18 197	18 872
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	430	430	430	430	430	430	430	430	430	430	430	430	430	5 160	5 387	5 629
Rental of facilities and equipment	43	43	43	43	43	43	43	43	43	43	43	43	43	510	564	589
Interest earned - external investments	342	342	342	342	342	342	342	342	342	342	342	342	342	4 108	4 343	4 538
Interest earned - outstanding debtors	168	168	168	168	168	168	168	168	168	168	168	168	168	2 010	3 413	3 567
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	17	17	17	17	17	17	17	17	17	17	17	17	17	200	209	218
Licences and permits	292	292	292	292	292	292	292	292	292	292	292	292	292	3 500	3 654	3 818
Agency services	133	133	133	133	133	133	133	133	133	133	133	133	133	1 591	1 690	1 766
Transfers and subsidies	66 427	644	644	644	644	44 499	644	644	37 190	644	644	644	644	153 909	153 567	161 522
Other revenue	225	225	225	225	225	225	225	225	225	225	225	225	225	2 699	0	0
Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	70 803	5 020	5 020	5 020	5 020	48 875	5 020	5 020	41 566	5 020	5 020	5 020	5 020	206 421	206 808	217 015
Expenditure By Type																
Employee related costs	8 286	8 286	8 286	8 286	8 286	8 286	8 286	8 286	8 286	8 286	8 286	8 286	8 285	99 426	104 000	108 783
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	1 133	13 600	14 710	15 298
Debt impairment	167	167	167	167	167	167	167	167	167	167	167	167	167	2 000	3 000	3 000
Depreciation & asset impairment	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	16 054	17 982	19 963
Finance charges	7	7	7	7	7	7	7	7	7	7	7	7	7	80	94	98
Bulk purchases - electricity	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	14 000	14 616	15 274
Inventory consumed	124	124	124	124	124	124	124	124	124	124	124	124	124	1 489	1 145	1 450
Contracted services	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	1 602	19 221	18 456	23 793
Transfers and subsidies	110	110	110	110	110	110	110	110	110	110	110	110	110	1 315	1 385	1 685
Other expenditure	2 243	2 243	2 243	2 243	2 243	2 243	2 243	2 243	2 243	2 243	2 243	2 243	2 243	26 916	30 780	31 807
Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	194 101	206 166	221 152
Surplus/(Deficit)																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	73 220	44 517	48 483
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	60 730	(5 054)	(5 054)	(5 054)	(5 054)	38 802	(5 054)	(5 054)	31 493	(5 054)	(5 054)	(5 053)	(5 053)	85 540	45 159	44 346
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	60 730	(5 054)	(5 054)	(5 054)	(5 054)	38 802	(5 054)	(5 054)	31 493	(5 054)	(5 054)	(5 053)	85 540	45 159	44 346



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

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand																
<b>Revenue by Vote</b>																
Vote 1 - Executive and council		50	50	50	50	50	50	50	50	50	50	50	50	600	8 409	8 742
Vote 2 - Corporate Services		—	—	—	—	—	—	—	—	—	—	—	—	—	50	50
Vote 3 - Budget and Treasury		68 308	2 524	2 524	2 524	2 524	46 380	2 524	2 524	39 071	2 524	2 524	2 524	176 476	167 925	177 710
Vote 4 - PEDTA		(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(203)	(2 439)	(2 548)	(2 662)
Vote 5 - Community Services and Social Services		941	941	941	941	941	941	941	941	941	941	941	941	11 296	11 704	11 100
Vote 6 - Infrastructure Development and Human Settlements		7 809	7 809	7 809	7 809	7 809	7 809	7 809	7 809	7 809	7 809	7 809	7 809	93 708	65 785	70 559
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		76 905	11 121	11 121	11 121	11 121	54 977	11 121	11 121	47 668	11 121	11 121	11 121	279 641	251 326	265 498
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and council		2 415	2 415	2 415	2 415	2 415	2 415	2 415	2 415	2 415	2 415	2 415	2 415	28 985	31 182	32 424
Vote 2 - Corporate Services		3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	3 093	37 116	40 537	45 751
Vote 3 - Budget and Treasury		2 313	2 313	2 313	2 313	2 313	2 313	2 313	2 313	2 313	2 313	2 313	2 313	27 751	29 746	31 981
Vote 4 - PEDTA		1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	1 308	15 693	15 980	16 878
Vote 5 - Community Services and Social Services		2 801	2 801	2 801	2 801	2 801	2 801	2 801	2 801	2 801	2 801	2 801	2 801	33 610	35 798	37 269
Vote 6 - Infrastructure Development and Human Settlements		4 246	4 246	4 246	4 246	4 246	4 246	4 246	4 246	4 246	4 246	4 246	4 245	50 946	52 924	56 849
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		16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	16 175	194 101	206 166	221 152
Surplus/(Deficit) before assoc.		60 730	(5 054)	(5 054)	(5 054)	(5 054)	38 802	(5 054)	(5 054)	31 493	(5 054)	(5 054)	(5 053)	85 540	45 159	44 346
Taxation													—	—	—	—
Attributable to minorities													—	—	—	—
Share of surplus/ (deficit) of associate													—	—	—	—
Surplus/(Deficit)	1	60 730	(5 054)	(5 054)	(5 054)	(5 054)	38 802	(5 054)	(5 054)	31 493	(5 054)	(5 054)	(5 053)	85 540	45 159	44 346

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

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

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PEDTA		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services and Social Services		2 342	2 223	2 530	1 915	1 771	2 651	2 251	2 105	1 761	1 945	1 841	1 030	24 365	260	398
Vote 6 - Infrastructure Development and Human Settlements		12 241	5 015	4 901	4 488	4 273	3 029	3 029	3 029	3 415	3 465	3 886	4 429	55 199	75 348	85 497
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	14 582	7 238	7 431	6 403	6 044	5 680	5 280	5 134	5 175	5 411	5 727	5 459	79 564	75 608	85 895
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		333	333	333	333	333	333	333	333	333	333	333	333	4 000	300	300
Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PEDTA		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services and Social Services		90	90	90	90	90	90	90	90	90	90	90	90	1 079	221	1 490
Vote 6 - Infrastructure Development and Human Settlements		83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 566	545
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	507	507	507	507	507	507	507	507	507	507	507	507	6 079	2 087	2 335
<b>Total Capital Expenditure</b>	2	15 089	7 744	7 938	6 909	6 550	6 187	5 787	5 641	5 682	5 917	6 234	5 966	85 643	77 695	88 230

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

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

Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Capital Expenditure - Functional</b>	1															
<b>Governance and administration</b>		372	372	372	372	372	372	372	372	372	372	372	372	4 468	530	648
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		372	372	372	372	372	372	372	372	372	372	372	372	4 468	530	648
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		2 317	2 198	2 505	1 890	1 746	2 626	2 226	2 080	1 736	1 921	1 816	1 006	24 067	151	72
Community and social services		1 570	1 290	975	612	612	612	612	612	612	612	612	612	9 341	151	72
Sport and recreation		747	908	1 530	1 278	1 134	2 014	1 614	1 468	1 124	1 309	1 204	394	14 725	–	–
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		9 974	2 748	2 634	2 221	2 006	763	763	763	1 148	1 199	1 619	2 162	27 999	75 035	85 169
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		9 974	2 748	2 634	2 221	2 006	763	763	763	1 148	1 199	1 619	2 162	27 999	75 035	85 169
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	2 426	29 109	1 979	2 341
Energy sources		2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350	2 350	28 200	1 879	873
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		76	76	76	76	76	76	76	76	76	76	76	76	909	100	1 468
<b>Other</b>		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional</b>	2	15 089	7 744	7 938	6 909	6 550	6 187	5 787	5 641	5 682	5 917	6 234	5 966	85 643	77 695	88 230
<b>Funded by:</b>																
National Government		14 054	6 709	6 902	5 874	5 515	5 151	4 751	4 606	4 647	4 882	5 198	4 930	73 220	75 035	85 169
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>		14 054	6 709	6 902	5 874	5 515	5 151	4 751	4 606	4 647	4 882	5 198	4 930	73 220	75 035	85 169
<b>Borrowing</b>		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Internally generated funds</b>		1 035	1 035	1 035	1 035	1 035	1 035	1 035	1 035	1 035	1 035	1 035	1 035	12 423	2 630	3 041
<b>Total Capital Funding</b>		15 089	7 744	7 938	6 909	6 550	6 187	5 787	5 641	5 682	5 917	6 234	5 966	85 643	77 665	88 210

## MBRR SA30 - Budgeted monthly cash

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

MONTHLY CASH FLOWS	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>															
<b>Cash Receipts By Source</b>													1		
Property rates	457	457	457	457	457	457	457	457	457	457	457	457	5 487	5 761	5 761
Service charges - electricity revenue	279	279	279	279	279	279	279	279	279	279	279	279	3 346	3 346	3 346
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	5 947
Rental of facilities and equipment	45	45	45	45	45	45	45	45	45	45	45	45	544	567	592
Interest earned - external investments	261	261	261	261	261	261	261	261	261	261	261	261	3 130	3 261	3 405
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	13	13	13	13	13	13	13	13	13	13	13	13	150	156	163
Licences and permits	334	334	334	334	334	334	334	334	334	334	334	334	4 010	4 179	4 362
Agency services	127	127	127	127	127	127	127	127	127	127	127	127	1 529	1 594	1 664
Transfers and Subsidies - Operational	13 874	11 984	11 984	11 984	11 984	11 984	11 984	11 984	11 984	11 984	11 984	11 984	145 693	148 389	144 009
Other revenue	26	26	26	26	26	26	26	26	26	26	26	26	316	329	344
<b>Cash Receipts by Source</b>	<b>15 913</b>	<b>14 022</b>	<b>14 022</b>	<b>14 022</b>	<b>14 022</b>	<b>14 022</b>	<b>14 022</b>	<b>14 022</b>	<b>14 022</b>	<b>14 022</b>	<b>14 022</b>	<b>14 022</b>	<b>170 153</b>	<b>173 530</b>	<b>169 593</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	20 000	-	-	-	-	15 000	-	-	11 020	-	-	-	46 020	46 019	44 517
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/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(50)	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>35 908</b>	<b>14 018</b>	<b>14 018</b>	<b>14 018</b>	<b>14 018</b>	<b>29 018</b>	<b>14 018</b>	<b>14 018</b>	<b>25 038</b>	<b>14 018</b>	<b>14 018</b>	<b>14 018</b>	<b>216 123</b>	<b>219 549</b>	<b>214 110</b>
<b>Cash Payments by Type</b>															
Employee related costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration of councillors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions - water & other inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Payments by Type</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>35 908</b>	<b>14 018</b>	<b>14 018</b>	<b>14 018</b>	<b>14 018</b>	<b>29 018</b>	<b>14 018</b>	<b>14 018</b>	<b>25 038</b>	<b>14 018</b>	<b>14 018</b>	<b>14 018</b>	<b>216 123</b>	<b>219 549</b>	<b>214 110</b>
Cash/cash equivalents at the month/year begin:	-	35 908	49 926	63 944	77 961	91 979	120 997	135 014	149 032	174 070	188 088	202 105	-	216 123	435 672
Cash/cash equivalents at the month/year end:	35 908	49 926	63 944	77 961	91 979	120 997	135 014	149 032	174 070	188 088	202 105	216 123	216 123	435 672	649 782

**MBRR SA33 - Contracts having future budgetary implications**

In terms of the Municipality’s Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

**1.12 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								2022/23 Medium-term Revenue & Expenditure Framework		
Description	Ref	2018/19 Audited Outcome	2019/20 Audited Outcome	2020/21 Audited Outcome	Current Year 2021/22			Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1				Original Budget	Adjusted Budget	Full Year Forecast			
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		1 235	1 751	2 545	0	0	0	500	1 044	—
Roads Infrastructure		1 235	1 473	—	—	—	—	—	—	—
Roads		1 235	1 473	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Drainage Collection		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	0	0	0	500	1 044	—
Power Plants		—	—	—	—	—	—	—	—	—
MV Networks		—	—	—	—	—	—	500	1 044	—
LV Networks		—	—	—	0	0	0	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Dams and Weirs		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Pump Station		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	278	2 545	—	—	—	—	—	—
Landfill Sites		—	278	2 545	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
<b>Community Assets</b>		1 744	1 663	12 691	1 300	1 300	1 300	5 611	—	—
Community Facilities		1 744	1 663	12 691	1 300	1 300	1 300	5 611	—	—
Centres		—	—	11 771	—	—	—	5 611	—	—
Testing Stations		286	(2 796)	336	—	—	—	—	—	—
Cemeteries/Crematoria		1 287	1 607	584	1 300	1 300	1 300	—	—	—
Public Open Space		170	2 852	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Indoor Facilities		—	—	—	—	—	—	—	—	—
<b>Other assets</b>		—	—	—	—	—	—	200	—	—
Operational Buildings		—	—	—	—	—	—	200	—	—
Municipal Offices		—	—	—	—	—	—	—	—	—
Stores		—	—	—	—	—	—	200	—	—
Housing		—	—	—	—	—	—	—	—	—
Staff Housing		—	—	—	—	—	—	—	—	—
<b>Biological or Cultivated Assets</b>		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
<b>Intangible Assets</b>		—	—	—	—	—	—	809	—	1 368
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	809	—	1 368
Solid Waste Licenses		—	—	—	—	—	—	809	—	1 368
<b>Computer Equipment</b>		—	—	321	0	0	0	500	300	300
Computer Equipment		—	—	321	0	0	0	500	300	300
<b>Furniture and Office Equipment</b>		299	548	672	50	50	50	1 220	21	22
Furniture and Office Equipment		299	548	672	50	50	50	1 220	21	22
<b>Machinery and Equipment</b>		—	—	(154)	400	400	400	550	722	645
Machinery and Equipment		—	—	(154)	400	400	400	550	722	645
<b>Transport Assets</b>		—	—	1 431	1 000	1 000	1 000	3 500	—	—
Transport Assets		—	—	1 431	1 000	1 000	1 000	3 500	—	—
<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 new ass</b>	1	3 277	3 962	17 506	2 750	2 750	2 750	12 890	2 087	2 335

EC136 Emalahleni (Ec) - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class								2022/23 Medium Term Revenue & Expenditure Framework		
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		–	13 855	(5 959)	21 457	19 357	19 357	15 771	–	–
Roads Infrastructure		–	14 133	(3 414)	21 457	19 357	19 357	15 771	–	–
Roads		–	14 133	(3 414)	21 457	19 357	19 357	15 771	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	(278)	(2 545)	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	(278)	(2 545)	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–	–	–
<b>Community Assets</b>		417	1 850	225	3 300	1 900	1 900	3 711	100	100
Community Facilities		–	–	–	3 300	1 900	1 900	3 711	100	100
Halls		–	–	–	–	–	–	–	–	–
Centres		–	–	–	3 300	1 900	1 900	3 711	100	100
Sport and Recreation Facilities		417	1 850	225	–	–	–	–	–	–
Indoor Facilities		–	–	–	–	–	–	–	–	–
Outdoor Facilities		417	1 850	225	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
<b>Heritage assets</b>		–	–	–	–	–	–	–	–	–
Monuments		–	–	–	–	–	–	–	–	–
<b>Other assets</b>		–	–	–	645	445	445	–	–	–
Operational Buildings		–	–	–	645	445	445	–	–	–
Municipal Offices		–	–	–	645	445	445	–	–	–
<b>Machinery and Equipment</b>		–	–	–	250	150	150	–	–	–
Machinery and Equipment		–	–	–	250	150	150	–	–	–
<b>Transport Assets</b>		–	–	–	750	950	950	–	313	327
Transport Assets		–	–	–	750	950	950	–	313	327
<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	15 704	(5 734)	26 402	22 802	22 802	19 482	413	427
<b>Renewal of Existing Assets as % of total capex</b>		4,4%	55,3%	-9,7%	46,5%	35,5%	35,5%	22,7%	0,5%	0,5%
<b>Renewal of Existing Assets as % of deprecn"</b>		0,0%	442,9%	-34,8%	132,0%	162,8%	162,8%	121,3%	2,3%	2,1%

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

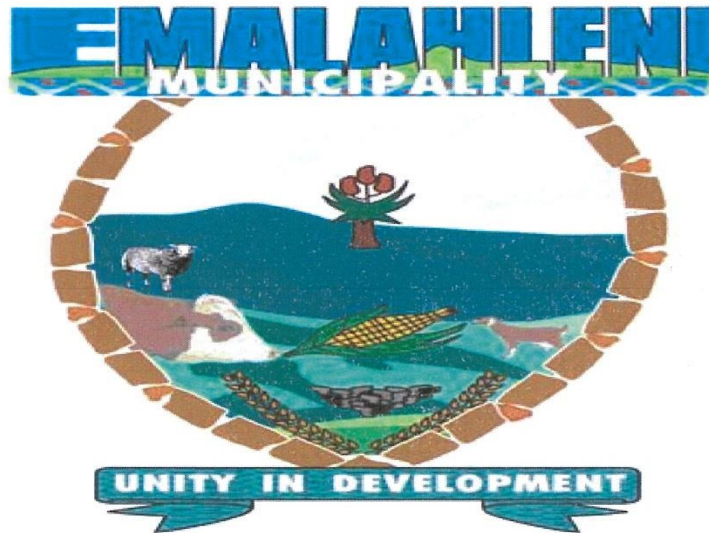
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 medium term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		1 066	2 598	(588)	1 355	1 355	1 355	1 950	642	1 959
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		850	2 054	89	200	200	200	650	-	679
Storm water Conveyance		850	2 054	89	200	200	200	650	-	679
Electrical Infrastructure		216	545	(676)	1 155	1 155	1 155	1 300	642	1 279
MV Substations		50	187	209	500	500	500	500	50	552
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		86	230	(1 099)	200	204	204	500	435	57
LV Networks		80	128	213	405	401	401	300	157	670
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		257	575	96	-	-	-	468	470	719
Community Facilities		257	555	96	-	-	-	468	470	719
Halls		232	370	162	-	-	-	368	261	501
Cemeteries/Crematoria		-	23	-	-	-	-	100	209	218
Parks		26	81	-	-	-	-	-	-	-
Public Open Space		-	81	(65)	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		193	441	637	-	-	-	850	359	938
Operational Buildings		193	441	476	-	-	-	850	359	938
Municipal Offices		193	441	476	-	-	-	850	359	938
Housing		-	-	161	-	-	-	-	-	-
Social Housing		-	-	161	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		48	70	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		48	70	-	-	-	-	-	-	-
Computer Software and Applications		48	70	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		27	3 529	492	-	-	-	150	157	164
Machinery and Equipment		27	3 529	492	-	-	-	150	157	164
<b>Transport Assets</b>		648	962	859	1 100	2 119	2 119	1 170	-	2 700
Transport Assets		648	962	859	1 100	2 119	2 119	1 170	-	2 700
<b>Land</b>		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	55	-	-	-	130	100	100
Zoo's, Marine and Non-biological Animals		-	-	55	-	-	-	130	100	100
<b>Total Repairs and Maintenance Expenditure</b>	1	2 240	8 174	1 551	2 455	3 474	3 474	4 718	1 727	6 579
<b>R&amp;M as a % of PPE</b>		0,5%	4,5%	0,3%	0,6%	0,8%	0,8%	1,1%	2,0%	8,4%
<b>R&amp;M as % Operating Expenditure</b>		2,4%	4,5%	0,6%	1,3%	1,8%	1,8%	2,5%	0,9%	3,2%



## 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 2022/23 MTREF in May 2022.
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.
9. The IDP/Budget stakeholder consultative engagements are scheduled for the month of April and May 2022.



### **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

A handwritten signature in black ink, enclosed in an oval shape.

Date 31 MAY 2022

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MAY 2022