

DRAFT BUDGET: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR 2016/2017, 2017/2018 AND 2018/2019

REPORT OF THE CHIEF FINANCIAL OFFICER

BACKGROUND

Section 16 of the Municipal Finance Management Act (MFMA) requires that the municipality must for each financial year approve an annual budget before the start of the financial year.

The format and contents of the budget are prescribed by section 16 to 27 of the MFMA as well the new budget and reporting regulation issued by National Treasury.

The MFMA refers to funding of expenditure and states:

- a)** An annual budget may only be funded from:
 - realistically anticipated revenues to be collected
 - cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
 - borrowed funds; but only for the capital budget referred to in section 17(2).
- b)** Revenue projections in the budget must be realistic, taking into account:
 - projected revenue for the current year based on collection levels to date; and
 - actual revenue collected in previous financial years
- c)** Circular 78 and 79 issued by National Treasury provide further guidance for the preparation of 2016/2017 MTREF

National Treasury – Key Focus Areas for budget process

The 2016/2017 Budget review notes the unfavorable global and domestic circumstances which impact on all spheres of government and notes all the posing risks of such as growth etc. Inflation and a nominal spending ceiling will put real budgets under pressure over the medium term, requiring all spheres of government to work more efficiently. Municipalities will have to revise their spending plans and reprioritize funds to ensure key objectives are achieved and well-performing programmes are supported.

Consequently, municipal revenue and cash flows are expected to remain under pressure in 2016/2017 and municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts.

A. Revising rates, tariffs and other charges

National Treasury guides that when municipalities revise their rates, tariffs and other charges for their 2016/17 budgets and MTREF, taking into account the overall economic pressures such as inflation and economic growth and conclude on a justifiable tariff in line with the CPI.

National Treasury also guides that municipalities should consider the following practicalities when setting tariffs:

- Costs of bulk purchases and the fluctuation in the seasonal cost thereof;

- Consumption patterns to enable better demand planning and management; and
- In the event that municipalities have been under recovering costs, embark on a process to correct their tariff structures over a reasonable time period so that cost reflective tariffs are achieved.

Hence the municipality is in a process of restructuring the tariffs to ensure that they are cost reflective and this will be finalised and included in the final budget after it is communicated to the community through public participation. It must also be noted that tariffs may only be implemented from the start of the financial year.

B. Funding choices and management issues

In the 2016 State of the Nation Address by the President, the cost containment measures announced by the Minister of Finance in 2013 were re-emphasised. It was highlighted that excessive and wasteful expenditure has been reduced, but there is still more to be done to cut wastage. In addition the President announced some new measures which include, amongst others:

- Curtailment of overseas trips and the submission of strong motivations by those requesting permission to travel i.e. the benefit to the country needs to be proved; and
- Institution of further restrictions on conferences, catering, entertainment and social functions.

The Minister of Finance announced further measures in his budget speech on 24 February 2016. The Mayors of municipalities were urged to join in eliminating wasteful expenditure in government.

The municipality is also once again reminded that given on-going economic pressures, the revenue side of municipal budgets will continue to be constrained, so it will again need to make some very tough decisions on the expenditure side this year. Priority still needs to be given to:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance; and
- Expediting spending on capital projects that are funded by conditional grants

Municipalities should implement cost containing measures to eliminate waste and/or, reprioritise spending to ensure savings on these six focus areas namely;

- consultancy fees
- no credit cards
- travel and related costs
- advertising
- catering and event costs
- accommodation

C. Headline inflation forecasts.

| Fiscal year | 2014/15 Actual | 2015/16 Estimate | 2016/17 Forecast | 2017/18 Forecast | 2019/20 Forecast |
|--------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Real GDP growth | 1.6% | 0.9% | 1.2% | 1.9% | 2.5% |
| CPI Inflation | 5.6% | 5.4% | 6.6% | 6.2% | 5.9% |

Source: MFMA Circular 79

D. Employee related costs

The municipality is taking into account the multi-year salary and Wage Collective Agreement, for the period 1 July 2015 to 30 June 2018. The agreement provides for a wage increase based on the average CPI for the period 1 February 2015 until 31 January 2016, plus 1 per cent for 2016/2017. (with effect 1 July 2017)

Therefore the salary increase anticipation, in terms of the collective agreement shall be six comma five percent (6.5%) with effect from the 1 July 2016.

The current vacant posts have been provided for, but **NO new posts** (2016/17) have been provided for.

E. Remuneration of councillors

Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2015 by the Department of Cooperative Governance.

Therefore the salary increase budgeted for the 2016/17 shall be six percent (6.0%) with effect once the Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils are published for the year 2016/17.

F. Ward Committee Stipends

Equitable Share Grant as per the Division of Revenue allocates a portion of the allocation for Councillors and Ward committee members remuneration.

Therefore in the draft budget a R500.00 stipend is provided to be paid to Ward committee members, per member per month to be funded from Equitable Share Grant.

Once the stipend is paid to a member the municipality shall then **not pay any expenses** for Ward committee members such as out of pocket, catering, transport and/or any other cost incurred from own funds or any other Grants received.

National Treasury emphasized that a strong control should be placed on the attendance and participation of these member. After reviewing various municipalities it was found that the attendance of members is very poor. Therefore strict control procedures for attendance should be put in place by the municipality.

G. Budget related Policies 2016/17

For all the policies referred to above as budget related policies are hereto attached.

a) The following budget related policies were reviewed:

| Policy Name | Reviewed: No changes | Reviewed: With changes |
|--|---------------------------------|-----------------------------------|
| Cellphone Allowance | | Yes |
| Standby Allowance | Yes | |
| Subsistence and Travelling Allowance | | Yes |
| Overtime | Yes | |
| Leave management | | Yes |
| Human Resource Development (HRD) | Yes | |
| Staff retention policy | Yes | |
| Recruitment & Selection | Yes | |
| Asset Management | | Yes |
| Petty Cash | | Yes |
| Supply Chain Management - Goods and Services | Yes | |
| Banking and Investment | Yes | |
| Receipt | Yes | |
| Free basic and Indigent | Yes | |
| Budget | Yes | |
| Tariff | Yes | |
| Property Rates | Yes | |
| Credit control and Debt Management | | Yes |
| Debt Impairment | Yes | |
| Traffic Fines | | Yes |
| Inventory Management | Yes | |

Herewith at summary of the changes made to the policies mentioned above:

➤ Cellphone Allowance

| Old Policy | Reviewed Policy |
|---|--|
| <p>1. Introduction</p> <p>Emakhazeni Municipality aims to improve communication within Emakhazeni. The Municipality will provide respective cellphone allowances for employees within its employment. This policy provides guidelines for cellphone allowances for employees employed within the Emakhazeni</p> | <p>1. Introduction</p> <p>Emakhazeni Local Municipality aims to improve its communication within Emakhazeni to enhance service delivery. It is on this premise that the Municipality should provide respective cellphone allowances for its employees and Political Office Bearers(Councilors) primarily for</p> |

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|--|--|
| Municipality's jurisdiction. | Receiving and making of official calls when not in the office. This policy provides guidelines for allocation of cellphone allowances for employees and Political Office Bearers (Councilors). |
| <p>2. Definitions</p> <p>"Councilors": means Municipal Council members</p> <p>"Municipal Manager": means any official appointed in terms of section 55 of the Municipal Systems Act (Act NO. 32 of 2000) and section 82 of the Municipal Structures Act (Act. No. 117 of 1998)</p> | <p>2. Definitions</p> <p>"Political Office Bearers/Councilors": means Municipal Council members</p> <p>"Municipal Manager": means any official appointed in terms of section 56 of the Municipal Systems Act (Act NO. 32 of 2000) and section 82 of the Municipal Structures Act (Act. No. 117 of 1998)</p> |
| <p>3. Policy Objectives</p> <p>The objective of this policy is to provide for compensatory payments in respect of officials who are required to be available and in contact with the municipal offices, officials, Councilors and the public at all times.</p> | <p>3. Policy Objectives</p> <p>The purpose of this policy is; to develop a means or framework for the allocation, management and control of cellular phones allowance to officials and Political Officer Bearers</p> |
| <p>4. Scope of Application</p> <p>This policy applies to all Councilors and employees/officials employed by Emakhazeni Local Municipality.</p> | <p>4. Scope of Application</p> <p>4.1 The following categories of employees shall automatically qualify to receive Cellphone allowance:</p> <ul style="list-style-type: none"> - All Political Office Bearers/Councilors - The Municipal Manager - Managers directly accountable to the Municipal Manager (section 56 & 57) - Deputy Managers <p>4.2 If there is any other official not mentioned in clause 4.1 who feels his/her job requires a cellular phone, a motivation should be forwarded by his/her Head of Department to the Municipal Manager for approval.</p> <p>4.3 It is important that a motivation relating to clause 4.2 is made shortly and timeously in order to ensure that Budget and Treasury department is able to provide for funds to cover the expenses.</p> <p>4.4 A cellphone allowance shall not be granted to any official not covered under 4.1 without the approval of the Municipal Manager, whether the intention is to use it for official purposes.</p> |
| <p>8. Monitoring, Evaluation and Reporting</p> <p>If and when this policy or provision thereof is amended, the amended policy or provision thereof will supersede the previous one.</p> | <p>8. Monitoring, Evaluation and Reporting</p> <p>The policy shall be reviewed at the end of every financial year to cater for legislative amendments, when this policy or provision thereof is amended, the amended policy or provision thereof will supersede the previous one.</p> |
| - | 10. Implementation |

➤ Subsistence and Travelling Allowance

| Old Policy | Reviewed Policy |
|--|---|
| <p>2. Definitions</p> | <p>2. Definitions</p> <p>“Accounting Officer” means a person appointed by the Council as Municipal Manager in terms of section 82 of the Municipal Structures Act, 1998 (Act 117 of 1998) and as defined in the Municipal Finance Management Act, 2003 (Act 56 of 2003), including any person acting in that position or to whom authority is delegated; “</p> <p>“Chief Financial Officer” means a person appointed in terms of section 80(2)(a) of the MFMA and includes any person acting in that position or to whom authority is delegated; “</p> <p>“Municipality” Emakhazeni Local Municipality, established in terms of sections 12 and 14 of the Structures Act.</p> <p>“Executive Mayor” The Executive Mayor of the Emakhazeni Local Municipality elected in terms of section 55 of Municipal Structures Act, 1998 (Act 117 of 1998).</p> |
| <p>3. Policy Objectives</p> | <p>3. Policy Objectives</p> <p>To ensure that Councillors/officials adhere to procedures for travelling, accommodation and subsistence expenses.</p> <p>To ensure that payments made are for the actual cost incurred for official municipal business.</p> |
| <p>5. Purpose</p> | <p>5. Purpose</p> <p>Determination of Total Remuneration Packages payable to Municipal Managers and Managers Directly Accountable to Municipal Managers</p> |
| <p>6. Policy Provision 6.2 Transport/Traveling allowance 6.2.2.1 Upon submission of proof of ownership of a car, the traveling allowance will be calculated according to AA tariffs, taking into consideration the capacity of the engine of the car, the number of kilometers allocated (850km) and the purchase price or annual salary, whichever is the lesser.</p> <p>6.3 Submission of proof of vehicle details</p> | <p>6. Policy Provision 6.2 Transport/Traveling allowance 6.2.2.1 Upon submission of proof of ownership of a car, the traveling allowance will be calculated according to AA tariffs (as per Annexure to this policy), taking into consideration the capacity of the engine of the car, the number of kilometers allocated (850km) and the purchase price or annual salary, whichever is the lesser.</p> <p>6.3 Submission of proof of vehicle details</p> |

An Employee/Official receiving a negotiated transport allowance will be reimbursed for journeys either inside or outside the Emakhazeni boundaries on the terms and conditions of the contract of employment (Kilometres in excess of 500km per month).

6.5 Transport costs payable to Councilors

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6.6 Subsistence

6.6.1 Accommodation Expenses

6.6.1.3 If a delegate is required to stay overnight in a hotel/guest house, a maximum of **R800,00** plus **R150,00** on a basis of **R800,00** for bed and breakfast and **R150,00** for other meals, will be paid directly to the hotel/guest house. (Arrangements with a hotel/guest house with regard to accommodation and meals must be made prior to the delegate's departure in order that an electronic transfer can be made out to the specific hotel or guest house)

6.6.2 Day allowance

6.6.2.1 A day allowance of **R65,00** per day for official journeys **outside** the Emakhazeni boundaries will only be payable if a councilor or an employee is away from his or her workplace longer than 6 working hours, but less than 12 hours. Provided that the municipality did not pay for breakfast/dinner or lunch is not provided at the venue.

6.6.2.2 A day allowance of **R100,00** per day for official journeys outside the Emakhazeni boundaries will be payable if a councilor or an employee is away from his or her workplace longer than 12 hours, but who does not overnight, provided that the municipality did not pay for breakfast/dinner or lunch is not provided at the venue .

6.8 Allowance payable with respect to overseas visits

6.8.1 An allowance of **\$80 per day**, calculated from the first day of

An Employee/Official receiving a negotiated transport allowance will be reimbursed for journeys either inside or outside the Emakhazeni boundaries on the terms and conditions of the contract of employment of Senior Managers

6.5 Transport costs payable to Councilors

6.5.2 Any allowance or transport costs payable to Senior Managers will be subject to the regulations pertaining to the Total Remuneration packages payable to Municipal Managers and Managers directly reporting to the Municipal Managers from time to time, and will be paid according to the tariffs prescribed by the Department of Transport for use of privately owned vehicle

6.6 Subsistence

6.6.1 Accommodation Expenses

6.6.1.3 If a delegate is required to stay overnight in a hotel/guest house, procurement of such expenses shall be done in accordance to the Supply Chain Management Policy.

6.6.2 Day allowance

6.6.2.1 A day allowance of **R115,00** per day for official journeys outside the Emakhazeni boundaries will only be payable if a councilor or an employee is away from his or her workplace longer than 6 working hours. Provided that the municipality did not pay for breakfast/dinner or lunch is not provided at the venue.

This section to be removed.

6.8 Allowance payable with respect to overseas visits

6.8.1 An allowance shall be paid based on **SARS latest gazetted**

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| <p>departure, will be paid to any official or councilor traveling overseas on official Council business. The amount must, however, be compared to provincial Government guidelines in this regard and can be revised by Council depending on the exchange rate and the country that is visited.</p> | <p>tariffs for foreign subsistence allowance per day, calculated from the first day of departure, will be paid to any official or councilor traveling overseas on official Council business. The amount must, however, be compared to provincial Government guidelines in this regard and can be revised by Council depending on the exchange rate and the country that is visited.</p> |
| <p>6.9 General 6.9.13 Relocation Expenses - Relocation expenses may be paid subject to a maximum cost of R2 000.00 or such higher amount approved by resolution of the Council's Mayoral Committee, the Emakhazeni Municipality will pay 50% of an employee's relocation expenses provided that, should the employee concerned leave the Council's service within two years from his/ her date of appointment, the amount paid by the Council will be recoverable in full except where decided otherwise by a resolution of the Mayoral Committee.</p> | <p>6.9 General 6.9.13 Relocation Expenses Relocation expenses may be paid subject to a maximum cost of R2 000.00, the Emakhazeni Municipality will pay 50% of an employee's relocation expenses provided that, should the employee concerned leave the Council's service within two years from his/ her date of appointment, the amount paid by the Council will be recoverable in full except where decided otherwise by a resolution of the Council.</p> |
| <p>For the purpose of this policy, relocation expenses shall mean the cost of transporting the employee's household contents to Emakhazeni together with any appropriate insurance costs.</p> | <p>For the purpose of this section, relocation expenses shall mean the cost of transporting the employee's household contents to Emakhazeni together with any appropriate insurance costs when relocating from outside the Emakhazeni Local Municipality's boundaries, limited to one relocation per employee.</p> |
| <p>-</p> | <p>10. Implementation</p> |

➤ Leave management

| Old Policy | Reviewed Policy |
|---|--|
| 6. Policy Provision 6.7 Long service | 6. Policy Provision 6.7 Long service 6.7.1 (a) After 5 years services – 5 working days |
| - | 10. Implementation |

➤ Asset Management

| Old Policy | Reviewed Policy |
|--|---|
| 7.5 Recognition of inventory items (non-capital items) (b) Policy – Paragraph 3 Inventories are measured at the lower of | 7.5 Recognition of inventory items (non-capital items) (b) Policy – Paragraph 3 Inventories that qualify for recognition as |

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| cost and current replacement cost determined on the First-in-First-out (FIFO) basis, where they are held for distribution at no charge or for nominal charge, or for consumption in the production process of goods to be distributed at no charge or for a nominal charge. | assets shall initially be measured at cost determined by the First-in-First-out (FIFO) method. Where inventories are acquired at no cost, or for nominal consideration, their costs shall be their fair value as at the date of acquisition |
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➤ Petty Cash

| Old Policy | Reviewed Policy |
|---|--|
| <p>7.2 General</p> <p>(i) The petty cash float shall not be used for any of the following:</p> <ul style="list-style-type: none"> i. Transport and subsistence claims and advances; ii. Expenditure related to the repair of labour saving devices; and iii. Parking fees unless proof of payment is submitted. iv. Loans to any person whatsoever; v. Payment of remuneration to any person whatsoever, whether for fees, salaries, wages or any allowance; | <p>7.2 General</p> <p>i) The petty cash float shall not be used for any of the following:</p> <ul style="list-style-type: none"> i. Transport and subsistence claims and advances; ii. Tollgate fees outside Emakhazeni municipal boundaries; iii. Expenditure related to the repair of labour saving devices; and iv. Parking fees unless proof of payment is submitted. v. Loans to any person whatsoever; vi. Payment of remuneration to any person whatsoever, whether for fees, salaries, wages or any allowance; |

➤ Credit control and Debt Management

| Old Policy | Reviewed Policy |
|---|---|
| <p>Section 6.8</p> <p>No interest will be charged on accounts.</p> | <p>Section 6.8</p> <p>Interest charges on overdue accounts will be levied from the due date if not paid by the following due date and will be calculated for a full month(s) irrespective of when payment is made.</p> |
| <p>Section 6.9</p> <p>-</p> | <p>Section 6.9</p> <p>Interest shall be charged on all arrear accounts at the prevailing prime rate plus 2 (two) percentage points</p> |
| <p>Section 8.7.1 (a)</p> <p>No interest will be charged on accounts.</p> | <p>Section 8.7.1 (a)</p> <p>Interest will be charged on all overdue accounts at 2% above the prime rate</p> |
| <p>Section 8.7.2 (a)</p> <p>No interest will be charged on accounts.</p> | <p>Section 8.7.2 (a)</p> <p>Interest will be charged on all overdue accounts at 2% above the prime rate</p> |
| <p>Section 8.8</p> <p>No interest will be charged on accounts.</p> | <p>Section 8.8</p> <p>Interest will be charged on all overdue accounts at 2% above the prime rate</p> |
| <p>Section 8.11.1(f)</p> <p>No interest will be charged on accounts.</p> | <p>Section 8.11.1(f)</p> <p>Interest will be charged on all overdue accounts at 2% above the prime rate</p> |
| <p>Section 8.11.1(9)</p> <p>-</p> | <p>Section 8.11.1(g)</p> <p>Interest on arrears in respect of all services and rates may be frozen whilst the debtor adheres to the conditions of the arrangement.</p> |
| <p>Section 8.11.2(d)</p> <p>If any non-residential debtor wishes to make an arrangement for a period of not longer</p> | <p>Section 8.11.2(d)</p> <p>If any non-residential debtor wishes to make an arrangement for a period of not longer</p> |

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| than six months, and will pay the first instalment immediately. | than six months, and will pay the first instalment immediately, interest on the arrangement amount may be suspended as long as the terms of the arrangement are maintained. |
| Section 10 <u>Accounting Officer (g)</u> - | Section 10 <u>Accounting Officer (g)</u> that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework: and |

➤ Traffic Fines

| Old Policy | Reviewed Policy |
|---|---|
| <p>7 Guiding principles and recognition of revenue from traffic fines</p> <p>a) Initial recognition and probable & measurable</p> <p>The municipality shall recognize revenue from traffic fines when it is probable that future economic benefits or service potential will flow to the municipality and benefits can be measured.</p> <p>b) Transaction date and initial recognition : Full recognition The municipality shall recognize the full amount of revenue at the transaction date.</p> <p>c) Subsequent date and measurement : Uncertainty on collection The municipality shall, subsequent to initial recognition and measurement, assess the collectability of the revenue and recognize an impairment loss where appropriate.</p> <p>d) Process of accounting for traffic fines is elaborated in the procedure manual: Annexure A.</p> | <p>7 Guiding principles and recognition of revenue from traffic fines</p> <p>a) Initial recognition and probable & measurable</p> <p>The municipality shall recognize revenue from traffic fines when it is probable that future economic benefits or service potential will flow to the municipality and benefits can be measured.</p> <p>b) Transaction date and initial recognition : Full recognition The municipality shall recognize the full amount of revenue at the transaction date.</p> <p>c) Subsequent date and measurement : Uncertainty on collection The municipality shall, subsequent to initial recognition and measurement, assess the collectability of the revenue and recognize an impairment loss where appropriate.</p> <p>d) Cancelled Traffic Fines The municipality shall, raise a write off at year end on all traffic fines cancelled as per Criminal Procedure Act.</p> <p>e) Irrecoverable Traffic Fines Debt Irrecoverable Traffic Fines Debt will be treated as per the Municipality's Credit Control and Debt Management Policy</p> <p>f) Process of accounting for traffic fines is elaborated in the procedure manual: Annexure A.</p> |

b) The following **new** budget related policies are introduced:

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| Policy Name |
| Supply Chain Management - Infrastructure |

This policy establishes the Emakhazeni Local Municipality policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to Emakhazeni Local Municipality which are stored and issued to contractors or to employees;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets; and
- e) public private partnerships.

H. Proposed Tariff increases 2016/17

The recommended tariffs for approval and community participation:

Assessment Rates:

After an assessment by National Treasury it was assessed that the Assessment rate tariffs per categories should be adjusted. These adjustments resulted in some categories increasing and other decreasing.

Below is the tariffs on Assessment rates showing categories and increase:

| ASSESSMENT RATES | | | | | | |
|--|---------------------|---------------------|-------------------------|--------------------------|--------------------|---|
| TARIFF 2016/2017 | | | | | | |
| Cents per R 1.00 | | | | | | |
| CATEGORY | 2015/2016 | 2016/2017 | Ratios per Rates Policy | Tariff Increase/Decrease | % Increase 2016/17 | Explanation to increase/decreases for 2016/17 |
| Residential with the exclusion of the first R15 000 of assessed market value including government owned | 0.0072 | 0.0077 | 1.00 | 0.0005 | 6.60% | Inflation increase |
| For properties less than R 100,000.00 market value a flat rate of R 680.00 per year (R56.67per month) will be charged | R 680.00 R 56.67 | R 724.88 R 60.41 | | | | Inflation increase |
| Accommodation establishments | 0.0083 | - | 0.00 | -0.0083 | -100.00% | Not category in valuation toll |
| Business and commercial including government owned | 0.0230 | 0.0246 | 3.20 | 0.0016 | 6.79% | Inflation increase |
| Power stations | 0.1898 | 0.1898 | | | 0.00% | implemaentation of Property rates policy in terms of ratio |
| Industrial | 0.1898 | 0.0253 | 3.30 | -0.1645 | -86.66% | implemaentation of Property rates policy in terms of ratio |
| Public service infrastructure | 0.1989 | 0.0019 | 0.25 | -0.1970 | -99.04% | Implementation of property rates Act regualtion |
| Agriculture | 0.0018 | - | N/A | N/A | -100.00% | Agriculture was recaptured under Farms |
| Farms including agricultural small holdings used for agricultural/residential purposes. | 0.0083 | 0.0077 | 1.00 | -0.0006 | -7.53% | Implementation of property rates Act regualtion |
| Farms including agricultural small holdings used for ecotourism/ trading in or hunting of game | 0.0042 | 0.0246 | 3.20 | 0.0204 | 484.78% | implemaentation of Property rates policy in terms of ratio |
| Farms including agricultural small holdings used for business/commercial/ industrial purposes | 0.1984 | 0.0019 | 0.25 | -0.1965 | -99.03% | implemmentation industrial property rates Act regualtion |
| Farm including agricultural small holdings used for any other than the specified purposes | 0.0189 | 0.0019 | 0.25 | -0.0170 | -89.85% | implemmentation industrial property rates Act regualtion |
| Vacant property | 0.0159 | 0.0307 | 4.00 | 0.0148 | 93.09% | implemaentation of Property rates policy in terms of ratio |
| Mining | 0.1985 | 0.0253 | 3.30 | -0.1732 | -87.24% | implemaentation of Property rates policy in terms of ratio |
| Public benefits organisations | 0.0197 | 0.0019 | 0.25 | -0.0178 | -90.26% | implemaentation of Property rates policy in terms of ratio |
| Schools including government owned | 0.0230 | 0.0246 | 3.20 | 0.0016 | 6.79% | implemaentation of Property rates policy in terms of ratio |
| Multiple use premises according to the major use, should it be: | - | - | N/A | N/A | -100.00% | Not category in valuation toll |
| Residential | 0.0072 | | | | | |
| Commercial/industrial | 0.0230 | | | | | |
| Privately owned roads/parks, subject to the stipulations of Section 17(2)(b) of Act 6 of 2004. | 0.0072 | 0.0115 | 1.50 | 0.0043 | 59.90% | implemaentation of Property rates policy in terms of ratio |
| Privately owned towns serviced by the owner residential | 0.0047 | 0.0077 | 1.00 | 0.0030 | 63.30% | implemmentation industrial property rates Act regualtion |
| Privately owned towns serviced by the owner business | - | 0.0246 | 3.20 | 0.0246 | New | implemaentation of Property rates policy in terms of ratio |
| Sectional title Agriculture | - | 0.0019 | 0.25 | 0.0019 | New | implemmentation industrial property rates Act regualtion and category as per valuation roll |
| Sectional title Residential | - | 0.0077 | 1.00 | 0.0077 | New | implemmentation industrial property rates Act regualtion and category as per valuation roll |
| Sectional title Business | - | 0.0246 | 3.20 | 0.0246 | New | implemaentation of Property rates policy in terms of ratio and category as per valuation roll |
| Institutional | - | 0.0246 | 3.20 | 0.0246 | New | implemaentation of Property rates policy in terms of ratio |
| Informal Settlement | - | 0.0077 | 1.00 | 0.0077 | New | implemaentation of Property rates policy in terms of ratio and category as per valuation roll |

Electricity Consumption:

Furthermore the NERSA guideline consultation document indicated a 7.64% increase on electricity sales by municipalities, while Circular 79 suggested a 9.4% increase base on Eskom approved tariff. In order to break even on electricity sales (excluding overhead cost or repair and maintenance) vs bulk purchases the municipality should not increase the electricity consumption sales less than the 9.4%.

Although the guide for the increase is 7.64% the municipality guided by the above analysis applied for 9.4% tariff increase. NERSA has not yet approved the tariff increase.

All documentation related to the guideline determination are available on the NERSA website (<http://www.nersa.org.za/>).

Electricity Basic Charge (Conventional):

The increase resulted in a 6% for all basic charges on conventional meters as guided by Circular 79.

Electricity Basic Charge (Pre paid Residential):

In 2015/16 a tariff of basic charge on Pre Paid meters (Residential property) was introduced. As it was a new tariff the understanding was that this tariff will be phased in to the point where it is equal to the conventional meters basic charges. In order to achieve the required outcome, the pre paid basic charge on Residential property is to be increased with 25%.

Electricity Basic Charge (Pre paid other than Residential):

The increase resulted in a 6% for all basic charges on conventional meters as guided by Circular 79.

Sewerage services:

After a re-assessment of the tariff was done by the help of the National Treasury cost reflective tariff tool, it required the municipality to adjusted the tariff/property categories etc, as well as introducing new tariffs where required (example: undeveloped property charges for service charge). These adjustments resulted in some categories increasing and other decreasing.

| Tariff category | Increase Tariff 2015/2016 | Increase Tariff 2016/2017 | Reason for increase 2016/2017 |
|-----------------|---------------------------|---------------------------|--|
| Residential | 6% | 6 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated the method into the tariff increase for 2016/2017 which resulted the increase 6% as per the Tariff Setting Tool. |
| Commercial | 6% | 69 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated as a phase-in to the method for the tariff increase for 2016/2017. This phase-in then resulted the increase to be higher than the norm of the 6% as guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method. |
| Industrial | 6% | 154% | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated as a |

| | | | |
|---------------|----|------|---|
| | | | <p>phase-in to the method for the tariff increase for 2016/2017.</p> <p>This phase-in then resulted the increase to be higher than the norm of the 6% as guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method.</p> |
| Institutional | 6% | 214% | <p>As per Circular 79 required municipality to implementation the cost reflective tariff determination method.</p> <p>Emakhazeni has therefore incorporated as a phase-in to the method for the tariff increase for 2016/2017.</p> <p>This phase-in then resulted the increase to be higher than the norm of the 6% as guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method.</p> |

Water (Consumption):

After a re-assessment of the tariff were done by the help of the National Treasury cost reflective tariff tool, it required the municipality to adjusted the categories etc. These adjustments resulted in some categories increasing and other decreasing. It resulted in the average increase for Sewerage charges to be 6% at this point.

| Tariff category | Average Tariff 2015/2016 | Average Tariff 2016/2017 | Reason for increase 2016/2017 |
|-----------------|--------------------------|--------------------------|---|
| Residential | 6 % | 6 % | <p>As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated the method into the tariff increase for 2016/2017 which resulted the increase 6% as per the Tariff Setting Tool.</p> |
| Commercial | 6 % | 30 % | <p>As per Circular 79 required municipality to implementation the cost reflective tariff determination method.</p> <p>Emakhazeni has therefore incorporated as a phase-in to the method for the tariff increase for 2016/2017.</p> <p>This phase-in then resulted the increase to be higher than the norm of the 6% as guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method.</p> |
| Industrial | 6 % | 78 % | <p>As per Circular 79 required municipality to implementation the cost reflective tariff determination method.</p> <p>Emakhazeni has therefore incorporated as a phase-in to the method for the tariff increase for 2016/2017.</p> <p>This phase-in then resulted the increase to be higher than the norm of the 6% as</p> |

| | | | |
|---------------|-----|------|--|
| | | | guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method. |
| Institutional | 6 % | 87 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated as a phase-in to the method for the tariff increase for 2016/2017. This phase-in then resulted the increase to be higher than the norm of the 6% as guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method. |

Water (Basic Charge):

After a re-assessment of the tariff were done by the help of the National Treasury cost reflective tariff tool, it required the municipality to adjusted the categories etc. These adjustments resulted in some categories increasing and other decreasing. It resulted in the average increase for Sewerage charges to be 6% at this point.

| Tariff category | Average Tariff 2015/2016 | Average Tariff 2016/2017 | Reason for increase 2016/2017 |
|-----------------|--------------------------|--------------------------|--|
| Residential | 6 % | 6 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated the method into the tariff increase for 2016/2017 which resulted the increase 6% as per the Tariff Setting Tool. |
| Commercial | 6 % | 60 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated as a phase-in to the method for the tariff increase for 2016/2017. This phase-in then resulted the increase to be higher than the norm of the 6% as guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method. |
| Industrial | 6 % | 140 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated as a phase-in to the method for the tariff increase for 2016/2017. This phase-in then resulted the increase to be higher than the norm of the 6% as guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method. |
| Institutional | 6 % | 6 % | As per Circular 79 required municipality to implementation the cost reflective tariff |

| | | | |
|--|--|--|--|
| | | | determination method. Emakhazeni has therefore incorporated the method into the tariff increase for 2016/2017 which resulted the increase 6% as per the Tariff Setting Tool. |
|--|--|--|--|

Cleansing:

After a re-assessment of the tariff were done by the help of the National Treasury cost reflective tariff tool, it required the municipality to adjusted the categories etc. These adjustments resulted in some categories increasing and other decreasing. It resulted in the average increase for Sewerage charges to be 6% at this point.

| Tariff category | Average Tariff 2015/2016 | Average Tariff 2016/2017 | Reason for increase 2016/2017 |
|-----------------|--------------------------|--------------------------|--|
| Residential | 6 % | 6 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated the method into the tariff increase for 2016/2017 which resulted the increase 6% as per the Tariff Setting Tool. |
| Commercial | 6 % | 6 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated the method into the tariff increase for 2016/2017 which resulted the increase 6% as per the Tariff Setting Tool. |
| Industrial | 6 % | 57 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated as a phase-in to the method for the tariff increase for 2016/2017. This phase-in then resulted the increase to be higher than the norm of the 6% as guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method. |
| Institutional | 6 % | 68 % | As per Circular 79 required municipality to implementation the cost reflective tariff determination method. Emakhazeni has therefore incorporated as a phase-in to the method for the tariff increase for 2016/2017. This phase-in then resulted the increase to be higher than the norm of the 6% as guided by Circular 79, in order for the municipality to comply to the prescribed tariff determination method. |

Other/sundry income:

After a re-assessment of the tariff were done by the help of the National Treasury cost reflective tariff tool, it required the municipality to adjusted tariff based on each sundry tariff. These adjustments resulted in some categories increasing and other decreasing. It resulted in the average increase for Sewerage charges to be 6% at this point.

For all tariff and detail of tariffs, please refer to the Proposed Tariff list for 2016/17 hereto attached.

I. Debt Impairment

A provision for debt impairment is made for 2016/17 to the amount of R 10 000 000. This forms one of the non-cash items and was informed by outstanding debtors amounting R 125,86 million as per the mid year performance for 2015/2016.

J. Capital Budget Summary

A summary of the proposed capital budget is set as follows:

| | Cost 2016/2017 | Cost 2017/2018 | Cost 2018/2019 |
|---|-----------------------|-----------------------|-----------------------|
| Municipal Infrastructure Grant | 24,133,800.00 | 17,648,150.00 | 18,447,100.00 |
| Integrated National Electrification Programme | 8,000,000.00 | 6,989,000.00 | 3,000,000.00 |
| Internal Capital | 4,255,000.00 | 3,112,820.00 | 3,135,075.40 |
| Nkangala District Municipality | To be confirmed | To be confirmed | To be confirmed |
| | 36,388,800.00 | 27,749,970.00 | 24,582,175.40 |

Herewith a detailed proposed MIG project list:

| MIG Reference Nr | Project Description | EPWP Y/N | Status (Not Registered, Registered, Design) | MIG BUDGET FOR 2016/2017 |
|-----------------------|---|----------|--|--------------------------|
| W/MP/7127/07/10 | Rural Areas: Water supply in rural areas Phase 8 multi year | N | Registered | 3,500,000.00 |
| MIG/MP/1254/S/13/16 | Provision of water borne sanitation in Sakhelwe Extension 02 phase 2 (389 stands) | Y | Registered | 2,967,200.00 |
| MIG/MP/1194/RST/13/14 | Paving of roads around Emakhazeni township phase 2 (Elkie street in Siyathuthuka) | | Registered | 1,000,000.00 |
| MIG/MP1254/S/13/16 | Madala Township: Provision of Waterborne Sanitation for 500 stands phase 2 | Y | Registered | 3,000,000.00 |
| MIG/MP1305/W/14/17 | Madala Township: Provision of Water for 500 stands phase 3 | Y | Registered | 3,700,000.00 |
| MIG/MP1194/RST/13/14 | Paving of roads around Emakhazeni Local Municipality phase 2 (Road 1 in Emgwenya phase 3) | Y | Registered | 2,728,800.00 |
| CS/MP/6004/09/11 | Rehabilitation of waste site phase 1 in Belfast multi year | Y | Registered: New site licence application in progress | 2,904,000.00 |
| MIG/MP1253/S/13/16 | Emthonjeni Ext. 4 & Enkanini 800: Provision of Waterborne sanitation | Y | Registered | 3,000,000.00 |
| | PMU | N | | 1,200,000.00 |
| | Total | | | 24,000,000.00 |

Attached with the budget documentation is full detail of all capital projects. It must be noted that only capital projects which funding has been secured may be included in the capital budget.

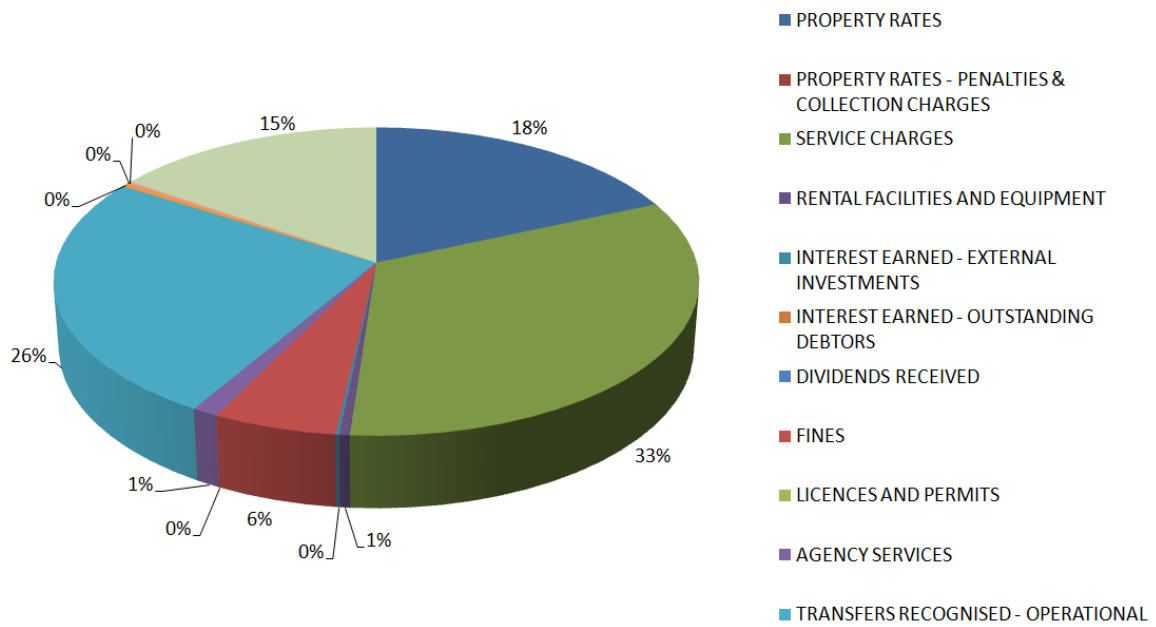
K. Operating Revenue & Expenditure Framework

Revenue by source

The following graph represents the percentage of the proposed budget of revenue as per source:

| DE PT | ITEM CODE | DESCRIPTION | AUDIT OUTCOME 2012/2013 | AUDIT OUTCOME 2013/2014 | AUDIT OUTCOME 2014/2015 | ADJUSTMENT BUDGET 2015/2016 | PROPOSED BUDGET 2016/2017 | FORECAST BUDGET 2017/2018 | FORECAST BUDGET 2018/2019 |
|--------------------------|--------------|---|----------------------------|----------------------------|----------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|
| REVENUE BY SOURCE | | | | | | | | | |
| | | PROPERTY RATES | -31 358 480.12 | -54 522 901.15 | -17 797 978.82 | -40 071 122.00 | -40 071 122.00 | -42 475 389.00 | -45 023 912.00 |
| 19 | 10060 | ASSESSMENT RATES ON FARMS | - | - | - | - | - | - | - |
| 19 | 60075 | ASSESSMENT RATES | -31 358 480.12 | -54 522 901.15 | -17 797 978.82 | -40 071 122.00 | -40 071 122.00 | -42 475 389.00 | -45 023 912.00 |
| | | PROPERTY RATES - PENALTIES & COLLECTION CHARGES | - | - | - | - | - | - | - |
| | | SERVICE CHARGES | -64 057 587.51 | -64 938 341.50 | -63 276 917.92 | -71 422 066.00 | -71 422 066.00 | -75 707 389.00 | -80 249 832.00 |
| 20 | 10050 | REFUSE REMOVAL SERVICES | -7 331 639.77 | -7 806 108.97 | -8 662 391.79 | -8 996 287.00 | -8 996 287.00 | -9 536 064.00 | -10 108 228.00 |
| 21 | 10100 | SEWERAGE SERVICES | -7 254 609.35 | -7 702 383.16 | -8 136 023.53 | -8 769 578.00 | -8 769 578.00 | -9 295 753.00 | -9 853 498.00 |
| 40 | 60093 | PREPAID ELECTRICITY | -15 907 647.43 | -18 280 603.45 | -15 449 043.54 | -23 408 064.00 | -23 408 064.00 | -24 812 548.00 | -26 301 301.00 |
| 40 | 60094 | SALE OF ELECTRICITY | -15 923 927.75 | -12 096 987.29 | -12 823 321.94 | -8 502 454.00 | -8 502 454.00 | -9 012 601.00 | -9 553 357.00 |
| 40 | 60095 | BASIC ELECTRICITY | -5 088 361.52 | -5 060 012.48 | -4 901 029.31 | -7 886 989.00 | -7 886 989.00 | -8 360 208.00 | -8 861 820.00 |
| 40 | 60096 | FREE BASIC SERVICES 2 | -6 712.28 | - | - | - | - | - | - |
| 45 | 60101 | SALE OF WATER | -7 204 100.84 | -8 367 039.38 | -6 962 112.85 | -6 375 786.00 | -6 375 786.00 | -6 758 333.00 | -7 163 833.00 |
| 45 | 60102 | BASIC WATER | -5 340 588.57 | -5 625 206.77 | -6 342 994.96 | -7 482 908.00 | -7 482 908.00 | -7 931 882.00 | -8 407 795.00 |
| | | RENTAL FACILITIES AND EQUIPMENT | -529 314.94 | -435 339.68 | -805 947.91 | -997 700.00 | -997 700.00 | -1 057 562.00 | -1 121 016.00 |
| | | INTEREST EARNED - EXTERNAL INVESTMENTS | -463 559.12 | -218 287.19 | -380 058.20 | -325 000.00 | -344 500.00 | -365 170.00 | -387 080.00 |
| | | INTEREST EARNED - OUTSTANDING DEBTORS | - | - | - | - | - | - | - |
| | | DIVIDENDS RECEIVED | - | - | - | - | - | - | - |
| | | FINES | -5 483 025.88 | -9 206 920.58 | -8 873 780.53 | -12 100 500.00 | -12 106 530.00 | -12 112 921.00 | -12 119 697.00 |
| | | LICENCES AND PERMITS | -32 019.63 | -23 172.39 | -6 095.93 | -7 400.00 | -7 844.00 | -8 314.00 | -8 813.00 |
| | | AGENCY SERVICES | -2 567 591.52 | -2 794 432.55 | -3 171 904.15 | -2 384 080.00 | -2 527 125.00 | - | - |
| | | TRANSFERS RECOGNISED - OPERATIONAL | -38 880 695.02 | -41 975 000.00 | -44 855 063.00 | -52 305 000.00 | -55 629 000.00 | -59 713 000.00 | -63 295 780.00 |
| 4 | 55091 | GRANT: DCSR LIBRARIES | - | - | - | - | - | - | - |
| 13 | 55095 | EPWP INCENTIVE GRANT | -932 695.02 | - | - | - | - | - | - |
| 14 | 55095 | EPWP INCENTIVE GRANT | - | -1 000 000.00 | -1 108 582.55 | -1 089 000.00 | -1 217 000.00 | - | - |
| 19 | 55051 | EQUIT SHARE (COUNCIL SALARY) | -1 898 000.00 | -2 384 000.00 | -2 285 000.00 | -2 417 000.00 | -2 567 000.00 | -2 716 000.00 | -2 878 960.00 |
| 19 | 55049 | EQUITABLE SHARE (WARD COMMITTEE) | - | - | -480 000.00 | -480 000.00 | -480 000.00 | -480 000.00 | -508 800.00 |
| 23 | 60201 | LGSETA INTERNSHIP SUBSIDY | - | - | -69 000.00 | - | - | - | - |
| 24 | 55050 | EQUITABLE SHARE | -33 750 000.00 | -36 151 000.00 | -39 515 000.00 | -45 589 000.00 | -48 790 000.00 | -53 830 000.00 | -57 059 800.00 |
| 24 | 55060 | GRANT: MSIG (INCOME) | -800 000.00 | -890 000.00 | -852 544.01 | -930 000.00 | -750 000.00 | -787 000.00 | -834 220.00 |
| 24 | 55080 | GRANT: FINANCIAL MANAGEMENT | -1 500 000.00 | -1 550 000.00 | -544 936.44 | -1 800 000.00 | -1 825 000.00 | -1 900 000.00 | -2 014 000.00 |
| 40 | 55090 | GRANT: INEP (MUNICIPAL) | - | - | - | - | - | - | - |
| | | OTHER REVENUE | -24 847 415.08 | -14 978 913.26 | -10 995 000.64 | -22 934 100.00 | -995 564.00 | -1 055 300.00 | -1 118 618.00 |
| | | GAINS ON DISPOSAL OF PPE | - | -14 166.67 | - | -14 000.00 | - | - | - |
| | | TOTAL REVENUE (EXCLUDING CAPITAL SOURCE AND REVENUE FORGONE) | -168 219 688.82 | -189 107 474.97 | -150 162 747.10 | -202 560 968.00 | -184 101 451.00 | -192 495 045.00 | -203 324 748.00 |
| | | REVENUE FORGONE | 70 314.57 | 36 257.56 | 869 722.48 | 400 000.00 | 424 000.00 | 449 440.00 | 476 407.00 |
| | | TOTAL OPERATING REVENUE (EXCLUDING CAPITAL SOURCE) | -168 149 374.25 | -189 071 217.41 | -149 293 024.62 | -202 160 968.00 | -183 677 451.00 | -192 045 605.00 | -202 848 341.00 |
| | | TRANSFERS RECOGNISED - CAPITAL | -15 336 141.05 | -13 322 000.00 | -17 232 000.00 | -17 755 000.00 | -33 404 000.00 | -25 566 000.00 | -22 418 000.00 |
| 19 | 55052 | GRANT: MIG | -15 018 358.02 | -13 322 000.00 | -17 232 000.00 | -17 755 000.00 | -25 404 000.00 | -18 577 000.00 | -19 418 000.00 |
| 19 | 55054 | GRANT: MIG PROSPECTIVELY | -317 783.03 | - | - | - | - | - | - |
| 40 | 55090 | GRANT INEP (MUNICIPAL) | - | - | - | - | -8 000 000.00 | -6 989 000.00 | -3 000 000.00 |
| | | TOTAL REVENUE | -183 485 515.30 | -202 393 217.41 | -166 525 024.62 | -219 915 968.00 | -217 081 451.00 | -217 611 605.00 | -225 266 341.00 |

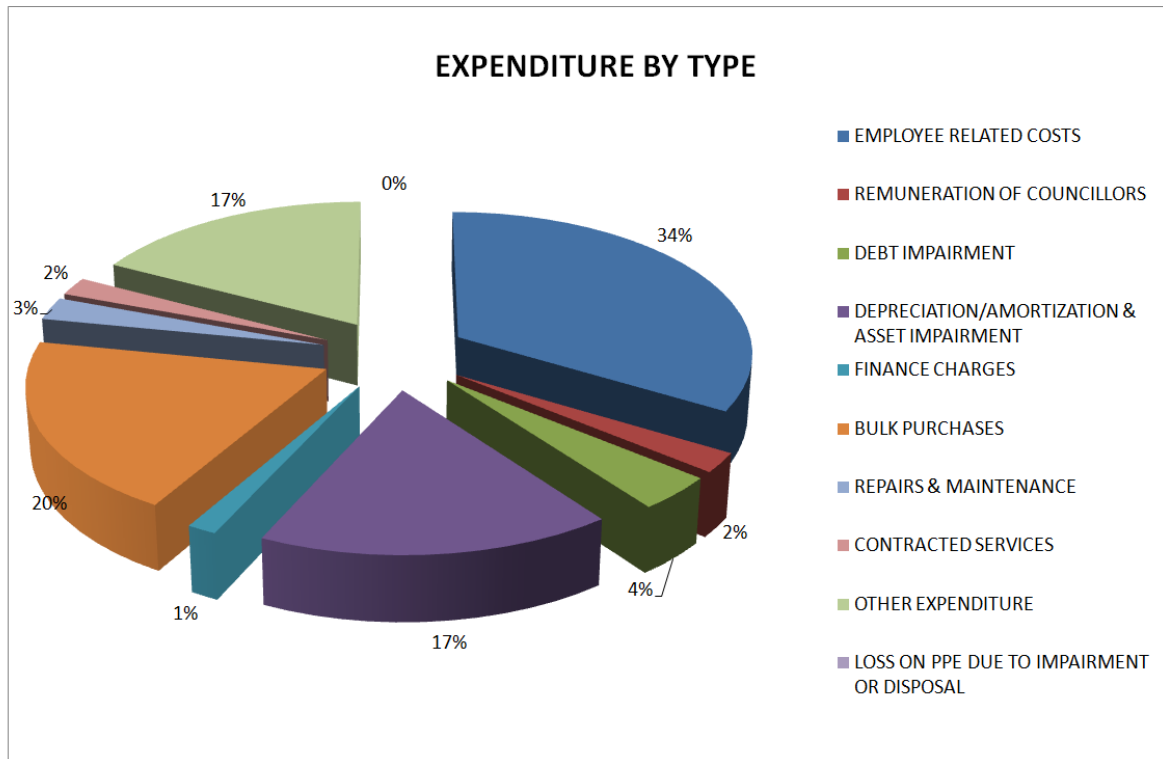
REVENUE BY SOURCE



Expenditure per category

The following graph represents the percentage of the proposed budget of expenditure as per category:

| DESCRIPTION | AUDIT OUTCOME 2012/2013 | AUDIT OUTCOME 2013/2014 | AUDIT OUTCOME 2014/2015 | ADJUSTMENT BUDGET 2015/2016 | PROPOSED BUDGET 2016/2017 | FORECAST BUDGET 2017/2018 | FORECAST BUDGET 2018/2019 |
|--|-------------------------|-------------------------|-------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| EXPENDITURE BY TYPE | | | | | | | |
| EMPLOYEE RELATED COSTS | 58 421 024.21 | 59 445 374.96 | 61 517 257.13 | 80 465 426.00 | 86 115 473.00 | 91 289 063.00 | 97 204 524.00 |
| REMUNERATION OF COUNCILLORS | 4 484 763.94 | 4 787 535.96 | 5 069 866.70 | 5 441 566.00 | 5 768 060.00 | 6 114 145.00 | 6 480 994.00 |
| DEBT IMPAIRMENT | -8 742 326.54 | 31 225 458.50 | -32 363 924.23 | 10 000 000.00 | 10 000 000.00 | 10 000 000.00 | 10 000 000.00 |
| DEPRECIATION/AMORTIZATION & ASSET IMPAIRMENT | 45 060 185.88 | 49 319 511.19 | 41 288 586.44 | 42 460 000.00 | 44 243 000.00 | 45 104 625.00 | 45 897 258.00 |
| FINANCE CHARGES | 1 256 343.11 | 2 161 754.42 | 4 080 324.32 | 3 055 000.00 | 3 700 000.00 | 3 774 000.00 | 3 849 480.00 |
| BULK PURCHASES | 29 280 761.89 | 34 256 229.16 | 39 403 834.49 | 46 075 300.00 | 50 406 378.00 | 55 447 016.00 | 60 991 717.00 |
| REPAIRS & MAINTENANCE | 24 839 510.90 | 5 372 458.60 | 12 300 524.01 | 6 734 847.00 | 6 588 295.00 | 7 060 968.00 | 7 255 348.00 |
| CONTRACTED SERVICES | 2 701 958.55 | 3 548 460.09 | 3 272 475.65 | 4 986 000.00 | 5 285 160.00 | 5 431 500.00 | 5 540 130.00 |
| OTHER EXPENDITURE | 32 602 424.78 | 33 211 179.96 | 30 580 549.88 | 43 259 687.00 | 44 400 764.00 | 44 626 392.00 | 45 734 376.00 |
| LOSS ON PPE DUE TO IMPAIRMENT OR DISPOSAL | - | 20 756.23 | - | - | - | - | - |
| TOTAL EXPENDITURE (EXCLUDING CAPITAL) | 189 904 646.72 | 223 348 719.07 | 165 149 494.39 | 242 477 826.00 | 256 507 130.00 | 268 847 709.00 | 282 953 827.00 |
| DEFICIT / (SURPLUS) OPERATING | 6 419 131.42 | 20 955 501.66 | -1 375 530.23 | 22 561 858.00 | 39 425 679.00 | 51 236 104.00 | 57 687 486.00 |
| CAPITAL EXPENDITURE | 265 391.74 | - | - | 18 085 826.00 | 36 388 800.00 | 27 749 970.00 | 24 582 175.00 |
| TOTAL EXPENDITURE | 190 170 038.46 | 223 348 719.07 | 165 149 494.39 | 260 563 652.00 | 292 895 930.00 | 296 597 679.00 | 307 536 002.00 |
| DEFICIT / (SURPLUS) | 6 684 523.16 | 20 955 501.66 | -1 375 530.23 | 40 647 684.00 | 75 814 479.00 | 78 986 074.00 | 82 269 661.00 |



For detail on the Revenue and Expenditure per department, please refer to the detailed Budget hereto attached.

Conclusion

The MTREF for 2016/2017 – 2018/2019 has a deficit amounting to R 75 814 479 this is inclusive of non-cash items (depreciation, debt impairment and provisions) amounting to R 59 637 191.

RECOMMENDATIONS BY THE CHIEF FINANCIAL OFFICER

1. **That;** the Proposed Annual Budget Medium Term Revenue and Expenditure Framework for 2016/17 – 2018/19 be approved with all budget tables; A1 to A10 Framework for 2016/17 – 2018/19
2. **That** the proposed internal and INEP capital budget and as the proposed MIG capital projects be approved.
3. **That** the proposed electricity consumption tariff of 9.4% considered and approved.
4. **That** the new and reviewed budget related policies be approved as draft policies;

| |
|--|
| Cellphone Allowance |
| Standby Allowance |
| Subsistence and Travelling Allowance |
| Overtime |
| Leave management |
| Human Resource Development (HRD) |
| Staff retention policy |
| Recruitment & Selection |
| Asset Management |
| Petty Cash |
| Supply Chain Management - Goods and Services |
| Banking and Investment |

| |
|--|
| Receipt |
| Free basic and Indigent |
| Budget |
| Tariff |
| Property Rates |
| Credit control and Debt Management |
| Debt Impairment |
| Traffic Fines |
| Inventory Management |
| Supply Chain Management - Infrastructure |

5. **That** the following proposed tariffs as per the tariff list be approved;

Extraction from tariff list on average **increase**:

Assessment Rates:

| | |
|---|-----------------|
| Residential with the exclusion of the first R15 000 of assessed market value including government owned | 6.60% |
| Business and commercial including government owned | 6.79% |
| Power stations | 0.00% |
| Industrial | -86.66% |
| Public service infrastructure | -99.04% |
| Agriculture | -100.00% |
| Farms including agricultural small holdings used for agricultural/residential purposes. | -7.53% |
| Farms including agricultural small holdings used for ecotourism/ trading in or hunting of game | 484.78% |
| Farms including agricultural small holdings used for business/commercial/ industrial purposes | -99.03% |
| Farm including agricultural small holdings used for any other than the specified purposes | -89.85% |
| Vacant property | 93.09% |
| Mining | -87.24% |
| Public benefits organisations | -90.26% |
| Schools including government owned | 6.79% |
| Privately owned roads/parks, subject to the stipulations of Section 17(2)(b) of Act 6 of 2004, | 59.90% |
| Privately owned towns serviced by the owner residential | 63.30% |

Electricity (Consumption):

9.4 %

Electricity (Basic Charge excl Pre Paid Residential):

6 %

Electricity (Basic Charge - Pre Paid Residential):

25 %

Other/Sundry income:

6 %

Sewerage:

| | |
|-----------------|-------|
| ➤ Residential | 6 % |
| ➤ Commercial | 69 % |
| ➤ Institutional | 154 % |
| ➤ Industrial | 214 % |

Water (Consumption):

| | |
|-----------------|------|
| ➤ Residential | 6 % |
| ➤ Commercial | 30 % |
| ➤ Institutional | 78 % |
| ➤ Industrial | 87 % |

Water (Basic Charge):

| | |
|-----------------|-------|
| ➤ Residential | 6 % |
| ➤ Commercial | 60 % |
| ➤ Institutional | 140 % |
| ➤ Industrial | 6 % |

Cleansing:

- Residential 6 %
- Commercial 6 %
- Institutional 57 %
- Industrial 68 %

Extraction from tariff list on major new tariffs :

Assessment Rates:

| Cents per R 1.00 | |
|--|--------|
| Privately owned towns serviced by the owner business | 0.0246 |
| Sectional title Agriculture | 0.0019 |
| Sectional title Residential | 0.0077 |
| Sectional title Business | 0.0246 |
| Institutional | 0.0246 |
| Informal Settlement | 0.0077 |

Sewerage (Undeveloped property):

- Residential R 97.20
- Commercial R 194.50
- Institutional R 291.70
- Industrial R 305.10

Water (Undeveloped property):

- Residential R 98.30
- Commercial (97 % increase) R 208.30
- Institutional (154% increase) R 268.80
- Industrial (154% increase) R 268.80

Electricity (Undeveloped property):

- Residential (6% increase) R 178.80
- Commercial (6% increase) R 274.20
- Institutional R 274.20
- Industrial R 274.20

6. **That** the 6.5% salary increase be approved.
7. **That** the 6.0% council remuneration increase be approved.
8. **That** the payment of Ward committee members stipends of R500.00 per member per month be paid as from 1 July 2016 and procedures to control attendance of the members be put in place.
9. **That** the budget deficit with regards to non-cash items be considered and approved.
10. **That** all issues raised have been considered the Medium Term Revenue and Expenditure Framework for 2016/2017 – 2018/2019 be approved before the start of the financial year.
11. **That** The Accounting Officer must to submit the SDBIP's for the 2016/2017 financial year which is linked to the draft budget 2016/2017 and approve it.
12. **That** The Executive Mayor ensures that the submitted performance agreements complies with the MFMA to ensure sound financial management, are linked to the operational plans and SDBIP's and concluded in accordance with section 57(2) of the Municipal Systems Act, as amended.
13. **That** The Accounting Officer must publish the approved draft budget in the municipal website.
14. **That** The Accounting Officer must publish the approved draft budget for community participation meetings.

FOR CONSIDERATION

MP314 Emakhaseni - Table A1 Budget Summary

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | 31,288 | 54,239 | 16,928 | 60,321 | 39,671 | - | - | 39,647 | 42,026 | 44,548 |
| Service charges | 62,245 | 62,846 | 63,277 | 73,703 | 71,422 | - | - | 71,422 | 75,707 | 80,250 |
| Investment revenue | 464 | 218 | 380 | 216 | 325 | - | - | 345 | 365 | 387 |
| Transfers recognised - operational | 38,881 | 41,975 | 44,855 | 52,305 | 52,305 | - | - | 55,629 | 59,713 | 63,296 |
| Other own revenue | 10,558 | 29,710 | 23,852 | 13,306 | 38,438 | - | - | 16,635 | 14,234 | 14,368 |
| Total Revenue (excluding capital transfers and contributions) | 143,435 | 188,988 | 149,293 | 199,851 | 202,161 | - | - | 183,677 | 192,046 | 202,848 |
| Employee costs | 58,653 | 60,499 | 63,291 | 82,500 | 80,375 | - | - | 85,988 | 91,122 | 96,996 |
| Remuneration of councillors | 4,507 | 4,812 | 5,070 | 5,442 | 5,442 | - | - | 5,768 | 6,114 | 6,481 |
| Depreciation & asset impairment | 45,060 | 49,320 | 41,289 | 51,487 | 42,460 | - | - | 44,243 | 45,105 | 45,897 |
| Finance charges | 1,256 | 2,162 | 4,080 | 2,053 | 3,055 | - | - | 3,700 | 3,774 | 3,849 |
| Materials and bulk purchases | 35,735 | 38,385 | 41,875 | 52,717 | 52,798 | - | - | 56,965 | 62,477 | 68,216 |
| Transfers and grants | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 43,097 | 68,087 | 9,544 | 57,444 | 58,264 | - | - | 59,843 | 60,255 | 61,514 |
| Total Expenditure | 188,308 | 223,265 | 165,149 | 251,643 | 242,394 | - | - | 256,507 | 268,848 | 282,954 |
| Surplus/(Deficit) | (44,873) | (34,278) | (15,856) | (51,791) | (40,233) | - | - | (72,830) | (76,802) | (80,105) |
| Transfers recognised - capital | 15,336 | 13,322 | 17,232 | 17,755 | 17,755 | - | - | 33,404 | 25,566 | 22,418 |
| Contributions recognised - capital & contributed assets | 22,852 | - | - | 17,900 | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | (6,685) | (20,956) | 1,376 | (16,136) | (22,478) | - | - | (39,426) | (51,236) | (57,687) |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | (6,685) | (20,956) | 1,376 | (16,136) | (22,478) | - | - | (39,426) | (51,236) | (57,687) |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 34,951 | 21,741 | - | 35,925 | 35,986 | - | - | 36,255 | 10,102 | 6,135 |
| Transfers recognised - capital | 34,547 | 21,329 | - | 34,767 | 34,767 | - | - | 32,000 | 6,989 | 3,000 |
| Public contributions & donations | - | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 404 | 413 | - | 1,158 | 1,219 | - | - | 4,255 | 3,113 | 3,135 |
| Total sources of capital funds | 34,951 | 21,741 | - | 35,925 | 35,986 | - | - | 36,255 | 10,102 | 6,135 |
| Financial position | | | | | | | | | | |
| Total current assets | 54,576 | 63,579 | 97,744 | 113,346 | 131,099 | - | - | 212,171 | 203,904 | 198,661 |
| Total non current assets | 532,431 | 504,923 | 688,542 | 493,924 | 682,068 | - | - | 671,419 | 669,830 | 669,566 |
| Total current liabilities | 88,600 | 95,219 | 115,728 | 83,225 | 80,741 | - | - | 73,580 | 71,809 | 67,319 |
| Total non current liabilities | 40,166 | 40,916 | 50,966 | 44,416 | 56,120 | - | - | 56,923 | 57,722 | 58,876 |
| Community wealth/Equity | 458,240 | 432,368 | 619,592 | 479,630 | 678,628 | - | - | 673,864 | 673,918 | 672,476 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 15,794 | 20,008 | (46,419) | 53,029 | 17,068 | - | - | (28,500) | (37,338) | (42,973) |
| Net cash from (used) investing | (12,695) | (1,859) | (14,785) | (35,871) | (35,911) | - | - | (36,389) | (27,750) | (24,582) |
| Net cash from (used) financing | (101) | 75 | - | 55 | 55 | - | - | - | - | - |
| Cash/cash equivalents at the year end | (24,648) | 61,694 | (56,914) | 17,713 | (18,788) | - | - | (58,252) | (123,340) | (190,896) |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 6,023 | 4,290 | 6,636 | 6,234 | 4,480 | - | - | 3,487 | 2,690 | 2,220 |
| Application of cash and investments | (30,870) | 80,024 | 102,119 | 8,359 | 29,844 | - | - | (2,974) | (4,185) | (7,022) |
| Balance - surplus (shortfall) | 36,893 | (75,734) | (95,483) | (2,125) | (25,365) | - | - | 6,461 | 6,875 | 9,242 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 532,431 | 504,847 | 688,542 | 493,848 | 682,068 | - | 671,419 | 671,419 | 669,830 | 669,566 |
| Depreciation & asset impairment | 45,060 | 49,320 | 41,289 | 51,487 | 42,460 | - | 44,243 | 44,243 | 45,105 | 45,897 |
| Renewal of Existing Assets | - | - | - | - | - | - | - | - | - | - |
| Repairs and Maintenance | - | - | - | - | - | - | - | - | - | - |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | - | - | - | - | - | - | - | - | - | - |
| Revenue cost of free services provided | 1,883 | 2,376 | - | 3,469 | - | - | - | - | - | - |
| Households below minimum service level | | | | | | | | | | |
| Water: | 0 | - | - | - | - | - | - | - | - | - |
| Sanitation/sewerage: | 2 | - | - | - | - | - | - | - | - | - |
| Energy: | - | - | - | - | - | - | - | - | - | - |
| Refuse: | 3 | 4 | - | 4 | - | - | - | - | - | - |

MP314 Emakhazeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | 1 | | | | | | | | | |
| Revenue - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 108,863 | 120,648 | 89,399 | 152,068 | 132,114 | - | 120,980 | 121,924 | 128,966 |
| Executive and council | | 76,535 | 119,574 | 71,075 | 91,048 | 91,068 | - | 79,933 | 78,414 | 82,845 |
| Budget and treasury office | | 32,328 | 1,074 | 18,325 | 61,020 | 41,046 | - | 41,047 | 43,510 | 46,121 |
| Corporate services | | - | - | - | - | - | - | - | - | - |
| <i>Community and public safety</i> | | 463 | 3,093 | 111 | 122 | 112 | - | 107 | 114 | 121 |
| Community and social services | | 77 | 88 | 76 | 72 | 74 | - | 69 | 73 | 78 |
| Sport and recreation | | 104 | 112 | 35 | 50 | 38 | - | 38 | 40 | 43 |
| Public safety | | 283 | 2,892 | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 9,143 | 13,171 | 13,400 | 9,258 | 15,773 | - | 16,048 | 12,322 | 12,341 |
| Planning and development | | 1,078 | 1,167 | 1,343 | 1,315 | 1,272 | - | 1,396 | 190 | 201 |
| Road transport | | 8,065 | 12,004 | 12,057 | 7,943 | 14,501 | - | 14,651 | 12,132 | 12,139 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 63,154 | 65,399 | 63,615 | 74,058 | 71,917 | - | 79,947 | 83,252 | 83,839 |
| Electricity | | 37,797 | 35,865 | 33,488 | 44,112 | 40,252 | - | 48,279 | 49,685 | 48,258 |
| Water | | 10,746 | 14,005 | 13,314 | 12,163 | 13,882 | - | 13,884 | 14,717 | 15,600 |
| Waste water management | | 7,272 | 7,721 | 8,150 | 8,787 | 8,787 | - | 8,788 | 9,315 | 9,874 |
| Waste management | | 7,337 | 7,807 | 8,662 | 8,996 | 8,996 | - | 8,996 | 9,536 | 10,108 |
| <i>Other</i> | 4 | - | - | - | - | - | - | - | - | - |
| Total Revenue - Standard | 2 | 181,623 | 202,310 | 166,525 | 235,506 | 219,916 | - | 217,081 | 217,612 | 225,266 |
| Expenditure - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 85,492 | 128,401 | 60,019 | 130,787 | 114,483 | - | 119,944 | 123,616 | 127,190 |
| Executive and council | | 59,651 | 100,191 | (8,192) | 45,700 | 79,968 | - | 83,557 | 85,603 | 87,257 |
| Budget and treasury office | | 17,796 | 17,488 | 57,858 | 73,549 | 23,393 | - | 24,705 | 25,984 | 27,212 |
| Corporate services | | 8,045 | 10,721 | 10,353 | 11,538 | 11,122 | - | 11,682 | 12,029 | 12,721 |
| <i>Community and public safety</i> | | 11,853 | 7,532 | 7,295 | 9,093 | 9,676 | - | 10,207 | 10,874 | 11,544 |
| Community and social services | | 4,992 | 1,629 | 1,594 | 2,336 | 2,141 | - | 2,263 | 2,437 | 2,588 |
| Sport and recreation | | 3,482 | 3,679 | 3,999 | 4,690 | 4,902 | - | 5,206 | 5,509 | 5,857 |
| Public safety | | 1,557 | 1,499 | 1,421 | 1,957 | 2,334 | - | 2,431 | 2,601 | 2,752 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | 1,821 | 725 | 281 | 110 | 300 | - | 308 | 327 | 348 |
| <i>Economic and environmental services</i> | | 17,761 | 25,801 | 25,870 | 33,458 | 39,043 | - | 41,259 | 42,129 | 44,541 |
| Planning and development | | 8,583 | 9,940 | 10,218 | 15,738 | 15,894 | - | 17,001 | 16,673 | 17,717 |
| Road transport | | 9,178 | 15,861 | 15,653 | 17,720 | 23,150 | - | 24,258 | 25,456 | 26,824 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 72,584 | 60,968 | 71,355 | 77,244 | 78,225 | - | 84,064 | 91,130 | 98,509 |
| Electricity | | 35,410 | 38,108 | 43,095 | 52,419 | 51,737 | - | 56,371 | 61,991 | 67,858 |
| Water | | 6,788 | 8,574 | 6,582 | 7,313 | 8,667 | - | 9,104 | 9,603 | 10,057 |
| Waste water management | | 5,247 | 5,521 | 5,351 | 6,771 | 7,125 | - | 7,404 | 7,819 | 8,255 |
| Waste management | | 25,139 | 8,765 | 16,327 | 10,741 | 10,696 | - | 11,185 | 11,718 | 12,340 |
| <i>Other</i> | 4 | 618 | 564 | 609 | 1,061 | 966 | - | 1,033 | 1,098 | 1,169 |
| Total Expenditure - Standard | 3 | 188,308 | 223,265 | 165,149 | 251,643 | 242,394 | - | 256,507 | 268,848 | 282,954 |
| Surplus/(Deficit) for the year | | (6,685) | (20,956) | 1,376 | (16,136) | (22,478) | - | (39,426) | (51,236) | (57,687) |

MP314 Emakhazeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - EXECUTIVE & COUNCIL | | 76,535 | 119,574 | 71,075 | 91,048 | 91,068 | - | 79,933 | 78,414 | 82,845 |
| Vote 2 - FINANCE & ADMIN | | 32,328 | 1,074 | 18,325 | 61,020 | 41,046 | - | 41,047 | 43,510 | 46,121 |
| Vote 3 - PLANNING & DEVELOPMENT | | 1,078 | 1,167 | 1,343 | 1,315 | 1,272 | - | 1,396 | 190 | 201 |
| Vote 4 - HEALTH | | - | - | - | - | - | - | - | - | - |
| Vote 5 - COMMUNITY & SOCIAL SERVICES | | 77 | 88 | 76 | 72 | 74 | - | 69 | 73 | 78 |
| Vote 6 - PUBLIC SAFETY | | 283 | 2,892 | - | - | - | - | - | - | - |
| Vote 7 - SPORT & RECREATION | | 104 | 112 | 35 | 50 | 38 | - | 38 | 40 | 43 |
| Vote 8 - WASTE MANAGEMENT | | 7,337 | 7,807 | 8,662 | 8,996 | 8,996 | - | 8,996 | 9,536 | 10,108 |
| Vote 9 - WASTE WATER MANAGEMENT | | 7,272 | 7,721 | 8,150 | 8,787 | 8,787 | - | 8,788 | 9,315 | 9,874 |
| Vote 10 - ROAD TRANSPORT | | 8,065 | 12,004 | 12,057 | 7,943 | 14,501 | - | 14,651 | 12,132 | 12,139 |
| Vote 11 - WATER | | 10,746 | 14,005 | 13,314 | 12,163 | 13,882 | - | 13,884 | 14,717 | 15,600 |
| Vote 12 - ELECTRICITY | | 37,797 | 35,865 | 33,488 | 44,112 | 40,252 | - | 48,279 | 49,685 | 48,258 |
| Vote 13 - OTHER | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 2 | 181,623 | 202,310 | 166,525 | 235,506 | 219,916 | - | 217,081 | 217,612 | 225,266 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - EXECUTIVE & COUNCIL | | 59,651 | 100,191 | (8,192) | 45,700 | 79,968 | - | 83,557 | 85,603 | 87,257 |
| Vote 2 - FINANCE & ADMIN | | 25,841 | 28,209 | 68,211 | 85,087 | 34,515 | - | 36,387 | 38,013 | 39,933 |
| Vote 3 - PLANNING & DEVELOPMENT | | 8,583 | 9,940 | 10,218 | 15,738 | 15,894 | - | 17,001 | 16,673 | 17,717 |
| Vote 4 - HEALTH | | 1,821 | 725 | 281 | 110 | 300 | - | 308 | 327 | 348 |
| Vote 5 - COMMUNITY & SOCIAL SERVICES | | 4,992 | 1,629 | 1,594 | 2,336 | 2,141 | - | 2,263 | 2,437 | 2,588 |
| Vote 6 - PUBLIC SAFETY | | 1,557 | 1,499 | 1,421 | 1,957 | 2,334 | - | 2,431 | 2,601 | 2,752 |
| Vote 7 - SPORT & RECREATION | | 3,482 | 3,679 | 3,999 | 4,690 | 4,902 | - | 5,206 | 5,509 | 5,857 |
| Vote 8 - WASTE MANAGEMENT | | 25,139 | 8,765 | 16,327 | 10,741 | 10,696 | - | 11,185 | 11,718 | 12,340 |
| Vote 9 - WASTE WATER MANAGEMENT | | 5,247 | 5,521 | 5,351 | 6,771 | 7,125 | - | 7,404 | 7,819 | 8,255 |
| Vote 10 - ROAD TRANSPORT | | 9,178 | 15,861 | 15,653 | 17,720 | 23,150 | - | 24,258 | 25,456 | 26,824 |
| Vote 11 - WATER | | 6,788 | 8,574 | 6,582 | 7,313 | 8,667 | - | 9,104 | 9,603 | 10,057 |
| Vote 12 - ELECTRICITY | | 35,410 | 38,108 | 43,095 | 52,419 | 51,737 | - | 56,371 | 61,991 | 67,858 |
| Vote 13 - OTHER | | 618 | 564 | 609 | 1,061 | 966 | - | 1,033 | 1,098 | 1,169 |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 2 | 188,308 | 223,265 | 165,149 | 251,643 | 242,394 | - | 256,507 | 268,848 | 282,954 |
| Surplus/(Deficit) for the year | 2 | (6,685) | (20,956) | 1,376 | (16,136) | (22,478) | - | (39,426) | (51,236) | (57,687) |

MP314 Emakhazeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 31,288 | 54,239 | 16,928 | 60,321 | 39,671 | - | - | 39,647 | 42,026 | 44,548 |
| Property rates - penalties & collection charges | | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 2 | 36,927 | 35,438 | 33,173 | 43,798 | 39,798 | - | - | 39,798 | 42,185 | 44,716 |
| Service charges - water revenue | 2 | 10,732 | 11,899 | 13,305 | 12,140 | 13,859 | - | - | 13,859 | 14,690 | 15,572 |
| Service charges - sanitation revenue | 2 | 7,255 | 7,702 | 8,136 | 8,770 | 8,770 | - | - | 8,770 | 9,296 | 9,853 |
| Service charges - refuse revenue | 2 | 7,332 | 7,806 | 8,662 | 8,996 | 8,996 | - | - | 8,996 | 9,536 | 10,108 |
| Service charges - other | | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 529 | 435 | 806 | 437 | 998 | - | - | 998 | 1,058 | 1,121 |
| Interest earned - external investments | | 464 | 218 | 380 | 216 | 325 | - | - | 345 | 365 | 387 |
| Interest earned - outstanding debtors | | - | - | - | - | - | - | - | - | - | - |
| Dividends received | | - | - | - | - | - | - | - | - | - | - |
| Fines | | 5,483 | 9,207 | 8,874 | 5,556 | 12,101 | - | - | 12,107 | 12,113 | 12,120 |
| Licences and permits | | 32 | 23 | 6 | 7 | 7 | - | - | 8 | 8 | 9 |
| Agency services | | 2,568 | 2,794 | 3,172 | 2,384 | 2,384 | - | - | 2,527 | - | - |
| Transfers recognised - operational | | 38,881 | 41,975 | 44,855 | 52,305 | 52,305 | - | - | 55,629 | 59,713 | 63,296 |
| Other revenue | 2 | 1,946 | 17,241 | 10,995 | 4,867 | 22,934 | - | - | 996 | 1,055 | 1,119 |
| Gains on disposal of PPE | | - | 8 | - | 54 | 14 | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 143,435 | 188,988 | 149,293 | 199,851 | 202,161 | - | - | 183,677 | 192,046 | 202,848 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 58,653 | 60,499 | 63,291 | 82,500 | 80,375 | - | - | 85,988 | 91,122 | 96,996 |
| Remuneration of councillors | | 4,507 | 4,812 | 5,070 | 5,442 | 5,442 | - | - | 5,768 | 6,114 | 6,481 |
| Debt impairment | 3 | (8,742) | 31,225 | (32,364) | 17,709 | 10,000 | - | - | 10,000 | 10,000 | 10,000 |
| Depreciation & asset impairment | 2 | 45,060 | 49,320 | 41,289 | 51,487 | 42,460 | - | - | 44,243 | 45,105 | 45,897 |
| Finance charges | | 1,256 | 2,162 | 4,080 | 2,053 | 3,055 | - | - | 3,700 | 3,774 | 3,849 |
| Bulk purchases | 2 | 29,281 | 34,256 | 39,404 | 46,575 | 46,075 | - | - | 50,406 | 55,447 | 60,992 |
| Other materials | 8 | 6,454 | 4,129 | 2,472 | 6,141 | 6,723 | - | - | 6,558 | 7,030 | 7,224 |
| Contracted services | | 2,702 | 3,548 | 3,272 | 5,325 | 5,271 | - | - | 5,576 | 5,722 | 5,837 |
| Transfers and grants | | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 4, 5 | 49,137 | 33,313 | 38,636 | 34,410 | 42,993 | - | - | 44,267 | 44,533 | 45,678 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 188,308 | 223,265 | 165,149 | 251,643 | 242,394 | - | - | 256,507 | 268,848 | 282,954 |
| Surplus/(Deficit) | | | | | | | | | | | |
| Transfers recognised - capital | | (44,873) | (34,278) | (15,856) | (51,791) | (40,233) | - | - | (72,830) | (76,802) | (80,105) |
| Contributions recognised - capital | | 15,336 | 13,322 | 17,232 | 17,755 | 17,755 | - | - | 33,404 | 25,566 | 22,418 |
| Contributed assets | 6 | - | - | - | - | - | - | - | - | - | - |
| | | 22,852 | - | - | 17,900 | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | (6,685) | (20,956) | 1,376 | (16,136) | (22,478) | - | - | (39,426) | (51,236) | (57,687) |
| Taxation | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | (6,685) | (20,956) | 1,376 | (16,136) | (22,478) | - | - | (39,426) | (51,236) | (57,687) |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | (6,685) | (20,956) | 1,376 | (16,136) | (22,478) | - | - | (39,426) | (51,236) | (57,687) |
| Share of surplus/ (deficit) of associate | 7 | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | | (6,685) | (20,956) | 1,376 | (16,136) | (22,478) | - | - | (39,426) | (51,236) | (57,687) |

MP314 Emakhazeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital expenditure - Vote | | | | | | | | | | | |
| Multi-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - EXECUTIVE & COUNCIL | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - FINANCE & ADMIN | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - PLANNING & DEVELOPMENT | | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - HEALTH | | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - PUBLIC SAFETY | | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - SPORT & RECREATION | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - WASTE MANAGEMENT | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - WASTE WATER MANAGEMENT | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - ROAD TRANSPORT | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - WATER | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - ELECTRICITY | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - OTHER | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | - | - | - | - | - | - | - | - | - | - |
| Single-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - EXECUTIVE & COUNCIL | | 15,928 | 18,798 | - | 34,767 | 34,770 | - | - | 24,000 | - | - |
| Vote 2 - FINANCE & ADMIN | | - | 55 | - | 386 | 468 | - | - | 380 | 220 | 225 |
| Vote 3 - PLANNING & DEVELOPMENT | | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - HEALTH | | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - COMMUNITY & SOCIAL SERVICES | | 5,051 | - | - | 24 | - | - | - | 24 | 24 | 25 |
| Vote 6 - PUBLIC SAFETY | | 550 | 2,682 | - | 35 | 35 | - | - | - | - | - |
| Vote 7 - SPORT & RECREATION | | - | - | - | 30 | 30 | - | - | - | - | - |
| Vote 8 - WASTE MANAGEMENT | | - | - | - | - | - | - | - | 1,500 | 1,000 | 1,000 |
| Vote 9 - WASTE WATER MANAGEMENT | | 5,688 | - | - | 200 | 150 | - | - | 1,825 | 1,332 | 1,338 |
| Vote 10 - ROAD TRANSPORT | | 17 | 17 | - | 83 | 123 | - | - | 35 | 36 | 36 |
| Vote 11 - WATER | | 5,893 | 119 | - | 200 | 100 | - | - | 251 | 256 | 261 |
| Vote 12 - ELECTRICITY | | 1,824 | 70 | - | 200 | 310 | - | - | 8,180 | 7,173 | 3,187 |
| Vote 13 - OTHER | | - | - | - | - | - | - | - | 60 | 61 | 62 |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | 34,951 | 21,741 | - | 35,925 | 35,986 | - | - | 36,255 | 10,102 | 6,135 |
| Total Capital Expenditure - Vote | | 34,951 | 21,741 | - | 35,925 | 35,986 | - | - | 36,255 | 10,102 | 6,135 |
| Capital Expenditure - Standard | | | | | | | | | | | |
| Governance and administration | | 15,928 | 18,853 | - | 35,153 | 35,238 | - | - | 24,380 | 220 | 225 |
| Executive and council | | 15,928 | 18,798 | - | 34,767 | 34,770 | - | - | 24,000 | - | - |
| Budget and treasury office | | - | 24 | - | 200 | 182 | - | - | - | - | - |
| Corporate services | | - | 30 | - | 186 | 286 | - | - | 380 | 220 | 225 |
| Community and public safety | | 5,601 | 2,682 | - | 89 | 65 | - | - | 24 | 24 | 25 |
| Community and social services | | 5,051 | - | - | 24 | - | - | - | 24 | 24 | 25 |
| Sport and recreation | | - | - | - | 30 | 30 | - | - | - | - | - |
| Public safety | | 550 | 2,682 | - | 35 | 35 | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 17 | 17 | - | 83 | 123 | - | - | 35 | 36 | 36 |
| Planning and development | | - | - | - | - | - | - | - | - | - | - |
| Road transport | | 17 | 17 | - | 83 | 123 | - | - | 35 | 36 | 36 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - |
| Trading services | | 13,405 | 189 | - | 600 | 560 | - | - | 11,756 | 9,760 | 5,787 |
| Electricity | | 1,824 | 70 | - | 200 | 310 | - | - | 8,180 | 7,173 | 3,187 |
| Water | | 5,893 | 119 | - | 200 | 100 | - | - | 251 | 256 | 261 |
| Waste water management | | 5,688 | - | - | 200 | 150 | - | - | 1,825 | 1,332 | 1,338 |
| Waste management | | - | - | - | - | - | - | - | 1,500 | 1,000 | 1,000 |
| Other | | - | - | - | - | - | - | - | 60 | 61 | 62 |
| Total Capital Expenditure - Standard | 3 | 34,951 | 21,741 | - | 35,925 | 35,986 | - | - | 36,255 | 10,102 | 6,135 |
| Funded by: | | | | | | | | | | | |
| National Government | | 12,779 | 11,080 | - | 16,867 | 16,867 | - | - | 32,000 | 6,989 | 3,000 |
| Provincial Government | | - | - | - | - | - | - | - | - | - | - |
| District Municipality | | 21,768 | 10,249 | - | 17,900 | 17,900 | - | - | - | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 34,547 | 21,329 | - | 34,767 | 34,767 | - | - | 32,000 | 6,989 | 3,000 |
| Public contributions & donations | 5 | | | | | | | | | | |
| Borrowing | 6 | | | | | | | | | | |
| Internally generated funds | | 404 | 413 | - | 1,158 | 1,219 | - | - | 4,255 | 3,113 | 3,135 |
| Total Capital Funding | 7 | 34,951 | 21,741 | - | 35,925 | 35,986 | - | - | 36,255 | 10,102 | 6,135 |

MP314 Emakhazeni - Table A6 Budgeted Financial Position

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | | 484 | 277 | 14 | 290 | 214 | - | - | 290 | 190 | 220 |
| Call investment deposits | 1 | 5,540 | 4,013 | 6,622 | 5,944 | 4,266 | - | - | 3,197 | 2,500 | 2,000 |
| Consumer debtors | 1 | 44,714 | 54,588 | 78,795 | 103,707 | 117,560 | - | - | 198,303 | 191,008 | 185,426 |
| Other debtors | | 2,079 | 2,551 | 2,989 | 1,213 | 1,857 | - | - | 1,213 | 1,013 | 1,557 |
| Current portion of long-term receivables | | - | - | - | - | - | - | - | - | - | - |
| Inventory | 2 | 1,760 | 2,150 | 9,324 | 2,193 | 9,524 | - | - | 9,238 | 9,261 | 9,524 |
| Total current assets | | 54,576 | 63,579 | 97,744 | 113,346 | 133,420 | - | - | 212,241 | 203,971 | 198,726 |
| Non current assets | | | | | | | | | | | |
| Long-term receivables | | | | | | | | | | | |
| Investments | | | | | | | | | | | |
| Investment property | | 34,756 | 34,710 | 76,281 | 32,350 | 76,281 | - | - | 76,281 | 76,281 | 76,281 |
| Investment in Associate | | | | | | | | | | | |
| Property, plant and equipment | 3 | 497,047 | 469,614 | 611,807 | 461,235 | 605,593 | - | - | 594,344 | 593,019 | 592,975 |
| Agricultural | | | | | | | | | | | |
| Biological | | | | | | | | | | | |
| Intangible | | 627 | 523 | 454 | 263 | 194 | - | - | 794 | 531 | 310 |
| Other non-current assets | | - | 76 | - | 76 | - | - | - | - | - | - |
| Total non current assets | | 532,431 | 504,923 | 688,542 | 493,924 | 682,068 | - | - | 671,419 | 669,830 | 669,566 |
| TOTAL ASSETS | | 587,006 | 568,502 | 786,286 | 607,270 | 815,488 | - | - | 883,660 | 873,802 | 868,292 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Bank overdraft | 1 | | | | | | | | | | |
| Borrowing | 4 | - | - | - | - | - | - | - | - | - | - |
| Consumer deposits | | 1,535 | 1,609 | 1,647 | 1,609 | 1,683 | - | - | 1,683 | 1,700 | 1,615 |
| Trade and other payables | 4 | 87,066 | 93,610 | 114,081 | 81,615 | 79,058 | - | - | 71,897 | 70,109 | 65,704 |
| Provisions | | | | | | | | | | | |
| Total current liabilities | | 88,600 | 95,219 | 115,728 | 83,225 | 80,741 | - | - | 73,580 | 71,809 | 67,319 |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | - | (0) | - | - | - | - | - | - | - | - |
| Provisions | | 40,166 | 40,916 | 50,966 | 44,416 | 56,120 | - | - | 56,923 | 57,722 | 58,876 |
| Total non current liabilities | | 40,166 | 40,916 | 50,966 | 44,416 | 56,120 | - | - | 56,923 | 57,722 | 58,876 |
| TOTAL LIABILITIES | | 128,766 | 136,134 | 166,694 | 127,640 | 136,860 | - | - | 130,503 | 129,531 | 126,196 |
| NET ASSETS | 5 | 458,240 | 432,368 | 619,592 | 479,630 | 678,628 | - | - | 753,157 | 744,271 | 742,096 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 458,240 | 432,368 | 619,592 | 479,630 | 678,628 | | | 753,157 | 744,271 | 742,096 |
| Reserves | 4 | - | - | - | - | - | - | - | - | - | - |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | 458,240 | 432,368 | 619,592 | 479,630 | 678,628 | - | - | 753,157 | 744,271 | 742,096 |

MP314 Emakhazeni - Table A7 Budgeted Cash Flows

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates, penalties & collection charges | | 104,091 | 134,098 | 80,066 | 60,321 | 58,041 | | | 24,185 | 27,317 | 29,847 |
| Service charges | | | | | 73,703 | 71,422 | | | 43,567 | 49,210 | 53,767 |
| Other revenue | | | | | 31,152 | 5,034 | | | 16,635 | 14,234 | 14,368 |
| Government - operating | 1 | 38,881 | 41,975 | - | 52,305 | 52,305 | | | 55,629 | 59,713 | 63,296 |
| Government - capital | 1 | 15,336 | 13,322 | - | 17,755 | 17,755 | | | 33,404 | 25,566 | 22,418 |
| Interest | | 464 | 218 | 380 | 216 | 325 | | | 345 | 365 | 387 |
| Dividends | | | | | - | | | | - | - | - |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (141,720) | (167,444) | (122,784) | (180,370) | (184,760) | | | (198,564) | (209,969) | (223,207) |
| Finance charges | | (1,256) | (2,162) | (4,080) | (2,053) | (3,055) | | | (3,700) | (3,774) | (3,849) |
| Transfers and Grants | 1 | | | | | | | | - | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 15,794 | 20,008 | (46,419) | 53,029 | 17,068 | - | - | (28,500) | (37,338) | (42,973) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | - | 8 | - | 54 | 14 | | | - | - | - |
| Decrease (Increase) in non-current debtors | | - | - | - | | | | | - | - | - |
| Decrease (increase) other non-current receivables | | 22,256 | - | - | | | | | - | - | - |
| Decrease (increase) in non-current investments | | - | - | - | | | | | - | - | - |
| Payments | | | | | | | | | | | |
| Capital assets | | (34,951) | (1,867) | (14,785) | (35,925) | (35,925) | | | (36,389) | (27,750) | (24,582) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (12,695) | (1,859) | (14,785) | (35,871) | (35,911) | - | - | (36,389) | (27,750) | (24,582) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | | | | | | | | - | - | - |
| Borrowing long term/refinancing | | | | | | | | | - | - | - |
| Increase (decrease) in consumer deposits | | (101) | 75 | - | 55 | 55 | | | - | - | - |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | | | | | | | | - | - | - |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (101) | 75 | - | 55 | 55 | - | - | - | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 2,998 | 18,224 | (61,204) | 17,213 | (18,788) | - | - | (64,888) | (65,088) | (67,556) |
| Cash/cash equivalents at the year begin: | 2 | (27,647) | 43,470 | 4,290 | 500 | - | - | - | 6,636 | (58,252) | (123,340) |
| Cash/cash equivalents at the year end: | 2 | (24,648) | 61,694 | (56,914) | 17,713 | (18,788) | - | - | (58,252) | (123,340) | (190,896) |

MP314 Emakhazeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | (24,648) | 61,694 | (56,914) | 17,713 | (18,788) | - | - | (58,252) | (123,340) | (190,896) |
| Other current investments > 90 days | | 30,672 | (57,404) | 63,550 | (11,479) | 23,268 | - | - | 61,739 | 126,030 | 193,116 |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | | 6,023 | 4,290 | 6,636 | 6,234 | 4,480 | - | - | 3,487 | 2,690 | 2,220 |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | 11,161 | (0) | 1,463 | - | - | - | - | - | - | - |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 2 | 582 | - | 4,489 | 6,894 | 2,712 | - | - | 6,894 | 6,894 | 4,489 |
| Other working capital requirements | 3 | 23,332 | 80,024 | 45,202 | (42,950) | (31,075) | - | - | (66,837) | (68,847) | (70,434) |
| Other provisions | | (65,944) | - | 50,966 | 44,416 | 56,120 | - | - | 56,923 | 57,722 | 58,876 |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments: | | (30,870) | 80,024 | 102,119 | 8,359 | 27,756 | - | - | (3,021) | (4,231) | (7,068) |
| Surplus(shortfall) | | 36,893 | (75,734) | (95,483) | (2,125) | (23,277) | - | - | 6,508 | 6,921 | 9,288 |

MP314 Emakhazeni - Table A10 Basic service delivery measurement

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|---------------|--------------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Household service targets | 1 | | | | | | | | | |
| Water: | | | | | | | | | | |
| Piped water inside dwelling | | 421 | - | - | - | - | - | - | - | - |
| Piped water inside yard (but not in dwelling) | | - | - | - | 2,000,000 | - | - | 300 | - | - |
| Using public tap (at least min.service level) | 2 | - | - | - | - | - | - | - | - | - |
| Other water supply (at least min.service level) | 4 | 56 | - | - | 2,026,400 | - | - | 52 | 11 | - |
| <i>Minimum Service Level and Above sub-total</i> | | 477 | - | - | 4,026,400 | - | - | 352 | 11 | - |
| Using public tap (< min.service level) | 3 | - | - | - | - | - | - | - | - | - |
| Other water supply (< min.service level) | 4 | 452 | - | - | - | - | - | - | - | - |
| No water supply | | - | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | | 452 | - | - | - | - | - | - | - | - |
| Total number of households | 5 | 929 | - | - | 4,026,400 | - | - | 352 | 11 | - |
| Sanitation/sewerage: | | | | | | | | | | |
| Flush toilet (connected to sewerage) | | 481 | - | - | 2,367,507 | - | - | 203 | 172 | - |
| Flush toilet (with septic tank) | | - | - | - | - | - | - | - | - | - |
| Chemical toilet | | - | - | - | - | - | - | - | - | - |
| Pit toilet (ventilated) | | 65 | - | - | - | - | - | - | - | - |
| Other toilet provisions (> min.service level) | | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | 546 | - | - | 2,367,507 | - | - | 203 | 172 | - |
| Bucket toilet | | - | - | - | - | - | - | - | - | - |
| Other toilet provisions (< min.service level) | | - | - | - | - | - | - | - | - | - |
| No toilet provisions | | 2,278 | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | | 2,278 | - | - | - | - | - | - | - | - |
| Total number of households | 5 | 2,824 | - | - | 2,367,507 | - | - | 203 | 172 | - |
| Energy: | | | | | | | | | | |
| Electricity (at least min.service level) | | 86 | - | - | - | - | - | - | - | - |
| Electricity - prepaid (min.service level) | | - | - | - | - | - | - | 666 | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | 86 | - | - | - | - | - | 666 | - | - |
| Electricity (< min.service level) | | - | - | - | - | - | - | - | - | - |
| Electricity - prepaid (< min. service level) | | - | - | - | - | - | - | - | - | - |
| Other energy sources | | - | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Total number of households | 5 | 86 | - | - | - | - | - | 666 | - | - |
| Refuse: | | | | | | | | | | |
| Removed at least once a week | | 11,960 | 10 | - | 10,292 | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | 11,960 | 10 | - | 10,292 | - | - | - | - | - |
| Removed less frequently than once a week | | - | 630 | - | 630 | - | - | - | - | - |
| Using communal refuse dump | | - | - | - | 535 | - | - | - | - | - |
| Using own refuse dump | | 2,618 | 2,659 | - | 2,659 | - | - | - | - | - |
| Other rubbish disposal | | - | - | - | - | - | - | - | - | - |
| No rubbish disposal | | - | 589 | - | 589 | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | | 2,618 | 3,878 | - | 4,413 | - | - | - | - | - |
| Total number of households | 5 | 14,578 | 3,888 | - | 14,705 | - | - | - | - | - |
| Households receiving Free Basic Service | 7 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | 14,578 | - | - | 14,578 | - | - | - | - | - |
| Sanitation (free minimum level service) | | 1,052 | - | - | 1,300 | - | - | - | - | - |
| Electricity/other energy (50kwh per household per month) | | 1,052 | - | - | 1,300 | - | - | - | - | - |
| Refuse (removed at least once a week) | | 1,052 | - | - | 1,300 | - | - | - | - | - |
| Cost of Free Basic Services provided - Formal Settlements (R'000) | 8 | | | | | | | | | |
| Water (6 kilolitres per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (free sanitation service to indigent households) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (50kwh per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Refuse (removed once a week for indigent households) | | - | - | - | - | - | - | - | - | - |
| Cost of Free Basic Services provided - Informal Formal Settlements (R'000) | | - | - | - | - | - | - | - | - | - |
| Total cost of FBS provided | | - | - | - | - | - | - | - | - | - |
| Highest level of free service provided per household | | | | | | | | | | |
| Property rates (R value threshold) | | | | | | | | | | |
| Water (kilolitres per household per month) | | | | | | | | | | |
| Sanitation (kilolitres per household per month) | | | | | | | | | | |
| Sanitation (Rand per household per month) | | | | | | | | | | |
| Electricity (kwh per household per month) | | | | | | | | | | |
| Refuse (average litres per week) | | | | | | | | | | |
| Revenue cost of subsidised services provided (R'000) | 9 | | | | | | | | | |
| Property rates (tariff adjustment) (impermissible values per section 17 of MPRA) | | | | | | | | | | |
| Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) | | 70 | 284 | - | 1,750 | - | - | - | - | - |
| Water (in excess of 6 kilolitres per indigent household per month) | | 1,813 | 2,093 | - | 1,719 | - | - | - | - | - |
| Sanitation (in excess of free sanitation service to indigent households) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Refuse (in excess of one removal a week for indigent households) | | - | - | - | - | - | - | - | - | - |
| Municipal Housing - rental rebates | | | | | | | | | | |
| Housing - top structure subsidies | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total revenue cost of subsidised services provided | | 1,883 | 2,376 | - | 3,469 | - | - | - | - | - |