Figures in Rand	2017	2016
11. Employee Benefit Obligations		
Defined benefit plan		
Post retirement medical aid plan		
Actuarial valuations are done at an interval of not more than three years using the projected unit credit method,		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation	(669 775)	(1 223 546)
Net expense recognised in the statement of financial performance	(177 088)	553 771
	(846 863)	**(669 775)**

The comparative of the net present value of the defined benefit obligation is as follows:

	2016/17	2015/16	2014/15	2013/14
Present value of the defined benefit obligation	(669 775)	(1 223 546)	(996 000)	(879 000)
Net expense recognised in the SoFP	(177 088)	553 771	(227 546)	(117 000)
	(846 863)	**(669 775)**	**(1 223 546)**	**(996 000)**

Net expense recognised in the statement of financial performance

	2017	2016
Current service cost	15 420	(11 508)
Interest cost	(60 280)	(103 904)
Actuarial (gains)/losses	(132 228)	669 183
	(177 088)	**553 771**

Figures in Rand	2017	2016
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	9.16 %	9.00 %
Medical cost trend rates	7.44 %	8.15 %
Maximum subsidy inflation rate	5.21 %	5.74 %
Net discount rate - Health care cost inflation	1.59 %	0.78 %
Net discount rate - Maximum subsidy inflation	3.75 %	3.08 %
Expected increases in salary costs	5.94 %	6.70 %

The calculations for post-retirement medical aid were based on the policy adopted by the City of Johannesburg Metropolitan Municipality with regard to post-reitrement medical aid subsidies.

Employees over the age of 55 on 1 July 2003 will get a 60% subsidy on retirement. Employees over the age of 50 but under age of 55 will get a 50% subsidy on retirement. Employees under the age of 50 on 1 July 2003 will not receive any post-retirement medical aid subsidy.

The valuation method and assumptions do not affect the ultimate cost of the long-term benefits – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

The projections assume that the entity's benefit and subsidy policies will remain consistent, and that all the actuarial assumptions made are borne out in practice.

In addition, it is assumed that no contributions are made by the entity towards prefunding its liability via an off-balance sheet vehicle.

Benefits paid refer to the Municipality's subsidy of current continuation members or beneficiaries.

There are no past service costs, curtailments or settlements to reflect.