

MATATIELE LOCAL MUNICIPALITY

2011/2012 TO 2013/2014 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS



BUDGET 2011 / 2012

Prepared by:

Matatiele Local Municipality : Municipal Budget & Finance

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor's Report

THE BUDGET SPEECH AND STATE OF THE MUNICIPALITY ADDRESS BY HIS WORSHIP THE MAYOR, CLLR NTAI SELLO

Madam Speaker;
Honourable Members of the Executive Committee;
Chief Whip;
Fellow Councillors;
Traditional Leaders;
Religious Leaders;
Leaders of Business and Representatives of Civil Society;
Management and Staff;
Members of the media;
Distinguished Guests, Ladies and Gentlemen

Molweni, Dumelang, Good morning, Goeie môre

Madam Speaker today's meeting marks the last Council meeting of this collective, however it does not mark the end of Local Government mandate, that of giving basic service to the people. **'TOGETHER WE CAN BUILD BETTER COMMUNITIES'**.

It is with great pleasure that, today I present the last budget speech of this council term 2011/2012. Before I can move forward I would like to share with you the story of two Good friends, ***a snail and a frog who were in a race. The snail took a long time to reach its destination, yet the frog took only few days to reach its destination as it has jumped to hurriedly reach the destination and left behind the important things that had to be attended to, whereas the snail had left a trail to prove its journey and why it took so long to reach the destination. When the time to report on the experience of the race came, the snail had the better case to present as the evidence was available, however it was not the case with frog as there was no evidence.***

It is a similar case with our Government, it is steady but sure. Today I stand here in front of this Council to present the experience of the race since 2006 to date, and also to give the state in which this Council will leave the Matatiele Local Municipality in. Our National Government has set a tone in which all other spheres of Government should follow including Local Government. In the state of the Nation Address on the 10th of February 2011 President Jacob Zuma agreed that Service delivery should move faster, as a respond to South African Citizen plea.

Matatiele Local Municipality is not exceptional to that, Madam Speaker allow me also to agree with the Community of Matatiele that Government has done a lot but there is still more to be desired.

This Council is aware of the views of our communities which they have expressed on various platforms created by this Municipality, IDP outreach, Talk to your councillor radio show to mention few. It is also our obligation to generate better life for all, however with limited resources.

Madam Speaker since this is our end of term, I believe we cannot make political Commitments for the in Coming Council, however we are allowed to reflect on the achievement of the five past years.

The Communications Unit is being assigned with the responsibility to record the service delivery since 2006 to date , this has to be in a form of booklet and made available for the Public. Once again we are presenting our trail as the snail in the race, however in the mean time this report will provide the departmental achievements.

Madam Speaker the Municipality has a list of Completed Projects that are ready for the handover. we have realised that we were not doing enough when it comes to telling the Communities what we have done, as our neighbouring Municipality does. we need to make more noise .

It is again with pride that this Council is announcing that Matatiele Local Municipality is leading in the Country when it comes to good working relation with Traditional Leaders in Municipal Programmes. More and above last week we held Prayers day in partnership with the South African Council of Churches which was a starting point to involve churches as a prominent stakeholders of the Municipality.

Madam Speaker once again the Municipality has signed a memorandum of Understanding with the National Youth Development Agency for opening youth centre within the Municipality to ease the access of information, for the benefit of young people.

It is with great pleasure to announce that Miss Aboni Magadla is our Miss Confidence, she is here with us today, this shows that our Municipality take pride in catering for people living with disability to restore their confidence and show them that they are indeed belonging with us Community we serve.

The Mayoral Cup final games will be held on the 25th of April 2011 this show the commitment of this Municipality in Youth Development Programme

Madam Speaker I am told that Matatiele is known to be the best P.V.A host Municipality in the Country as a result we seen to be trusted with more Provincial events, we are once again hosting the celebration of Provincial Freedom Day. A plea to all Councillors to mobilise people to grace the ceremony by their presence.

I cannot speak without mentioning the coming Local Government Elections to be held on the 18th of May 2011. The plea go to Matatiele Young people to ensure that they are going to vote on the day. We urge people of Matatiele to. respond positively to the plea as they always do, and be peace full as always

Madam Speaker allow me to table the 2011/12 Budget

Honourable Speaker, the overall Budget that I present today amounts to R 261 765 265.

The Budget can be summarised as follows:

The total revenue generated will be as follows:

REVENUE BY SOURCE

SOURCE	AMOUNT	PERCENTAGE
Property Rates	25 173 298	10
Service Charges: Refuse	6 064 444	3
Services Charges: Electricity	37 266 695	14
Rental of Facilities	1 183 382	0
Interest Earned	3 000 000	1
Interest Charged	1 785 000	1
Fines	487 000	0
Licenses & Permits	2 154 484	1
Other	2 030 954	0.5
Total Own Revenue	79 145 257	30
Government Grants	91 763 651	35
Capital Grants	90 851 050	35
Total Grant Funding	182 614 701	70
TOTAL	261 765 265	100

As a grant dependent municipality, grants account for 70% of our revenue. We will receive the following grants;

GOVERNMENT GRANTS 2011/2012

TYPE	AMOUNT
Subsidies in terms of SLA's	200 000
Equitable Share	80 870 000
FMG	1 450 000
MSIG	840 000
DHLGTA	6 845 851
Mig Admin Fee	1 557 800
Total Operating Grants	91 763 651
MIG	29 598 200
DoE: Integrated National Electrification Program	38 136 000
Housing: Project Dora	4 500 000
Thina Sinako: Balloon Bus/Taxi Rank	2 700 000
MIG Previous Year	15 916 850
Total Capital Grants	90 851 050
Total Grants	182 614 701

The Capital Budget will be funded from the following sources:

FUNDING OF CAPITAL BUDGET

Source	Amount
Capital Replacement Reserve	19 862 079
Capital Grants	90 851 050
Loan	13 000 000
TOTAL	123 713 129

Revenue generated as mentioned above will spend as follows:

EXPENDITURE PER CATEGORY

CATEGORY	AMOUNT	%
Employee related costs	52 549 389	31
Remuneration of Councillors	12 521 875	7
Bad Debt Provision	2 000 000	1
Depreciation	10 697 549	6
Repairs & Maintenance	15 643 000	9
Interest Payable	1 431 790	1
Bulk purchases: Electricity	23 615 855	14
Contracted Services	9 539 917	6
Expenditure from Grants	12 283 442	7
General Expenses	30 328 898	18
Internal Charges	302 500	0
Total Operating Budget	170 914 215	100
Capital Budget	90 851 050	
Surplus	5 307	
TOTAL BUDGET	261 765 958	

Capital funding will be spend as follows:

CAPITAL BUDGET

Access Roads	60 260 763
Landfill site	1 650 000
Electrification	51 710 000
Office Equipment	755 645
Tools & Equipment	1 150 000
Office alterations	686 721
Traffic lights	1 000 000
Fencing	2 000 000
Housing	4 500 000
TOTAL	123 713 129

The Budget is allocated as follows to the various services:

Service/ Vote	Amount	%
Executive & Council	25 531 575	10
Finance & Administration	32 788 226	13
Corporate Services	12 256 878	5
Community Services	14 380 797	5
Economic & Development Planning	9 488 351	4
Infrastructure Development	76 468 388	29
Capital Grants	90 851 050	35
TOTAL	261 765 265	100

Madam Speaker, during this IDP review and Budget process we have consulted widely. Each and every ward was visited during November 2010 and again during April 2011. Still, people present were invited to make submissions on our IDP and Budget. This year only one written submission was received. The residents requested that certain agricultural lands be fenced. During the outreaches the need for electricity, water, sanitation, access roads and economic opportunities were once again high lighted.

2. BUDGET AND FINANCE

Everybody knows that the demarcation of Matatiele Local Municipality has added a huge workload to all departments of the municipality. The backlogs in the villages are high and the expectations of our people are just as high. The people have been very patient up to now and few demonstrations against poor service delivery have occurred. This does not mean that the plight of the people can be ignored forever. The elected representatives of the people must ensure that services are taken to the people where they live. We must change their lives and provide a better live for all.

Matatiele Local Municipality has limited resources and generates no revenue from the rural areas. Its only revenue base is the three (3) nodes of Matatiele, Maluti and Cedarville. We must protect this revenue base and enhance it by adopting policies that would attract more businesses to town, making more even available for the building of middle income houses and ensuring that municipal services are affordable, efficient, effective and economical. This coming year we expect each ward to generate R 10 000 towards the municipal fiscus. This can be from the leasing of community halls or any other programme the ward committee can initiate. Council spend far more than this annually in each ward through council allowances, ward clerk salaries, Ward committee member stipends, Nkhoesa Mofokeng and the maintenance of facilities.

Municipal policies must stimulate economic growth in the nodes as well as in the rural areas. The current financial crisis in the world hid everybody's pocket hard. Food is almost unaffordable to the poor while the rich has stopped buying luxury items like motor vehicles, electrical appliances, jewellery and second houses. This effect us directly as the National Fiscus has less money to distribute as a result from lower exports of raw material.

Matatiele Local Municipality as a grant dependent municipality must therefore be innovative in its thinking and be one step ahead of other municipalities that fights for the same resources. Let us lead and others follow.

The Budget and Finance Department does not provide services that the eye can see. It does not build infrastructure but offers management support and advice. It manages the municipality's finances and inventory. No institution can be managed successfully if its finances and administration are not in order. The department wants to do this in a professional manner. It is the intension to manage the department as a professional accounting firm.

2.1 ACHIEVEMENTS

Before one look at the objectives and challenges of coming years, it is worthwhile to look at the achievements of the current year.

2.1.1 Audit Report

Matatiele Local Municipality was one of only four municipalities in the Eastern Cape that received I congratulate the Chairperson of the Budget & Finance Standing Committee, Members of the

2.1.2 Financial Reporting

All financial returns where completed timeously and submitted to the relevant bodies.

2.1.3 Financial Accounting

Items of Financial Accounting such as the Bank Reconciliation, Trial Balance and Ledger are kept up to date and are balanced monthly.

2.1.4 Investments

Surplus cash is invested to maximize interest earnings.

2.1.5 Revenue Enhancement

This is an ongoing programme. Clients/consumers need to receive accurate and clear statements monthly. We can proud ourselves that we don't have the billing crisis which some of the other municipalities are facing. However, outstanding debt remains a problem. This matter is discussed elsewhere in the speech.

2.1.6 Revenue Hours

Matatiele Local Municipality remains one of the few municipalities that are open until 19h00 during week days and half day during weekends and public holidays.

2.1.7 Community Participation

Community participation or outreaches were held twice during the current financial year. The latest was done during March 2011. All wards were visited. Regrettably the outreach in Ward 19 was once again postponed. Politicians and management arrived timeously for the meeting but only 12 members of the public were present. At their request, the meeting was postponed. However, businessman from the ward did attend a targeted outreach and participated.

Valuable input was received from various people and bodies. All wards are asking for electricity, water, sanitation, access roads, pre-schools, community halls and job creation. Priorities were captured and are included in the programme of Technical Services. The aging fence infrastructure along the R56 and around our towns need to receive attention, the rural or so called L-Roads must be maintained, the grass cutting in the 3 towns must be improved and collectable outstanding debt must be collected in order to fund infrastructure projects. Regarding the fences, the matter will be taken up with the Department of Agriculture who actually fund such projects. The maintenance of L-Roads will be discussed with the Provincial Roads department as they have always maintained these roads but have now transferred that responsibility to the municipality. These L-Roads are also not on asset register. However, if proved to be our responsibility, both these projects will be provided for in our Adjustment Budget.

Regarding grass cutting in Cedarville, Management has already drawn up a plan to improve the productivity of those responsible for this task as well as implemented improved supervision. This task has been included in the Performance Plan of the relevant manager.

There is unfortunately no nice way to collect outstanding debt. Without revenue collection this municipality will not be able to operate. Capital Projects to the value of R 20 million to be funded by own revenue have been included in this budget. If R 20 million of arrears is not collected those projects cannot be implemented. Debt Collection will therefore be outsourced on a commission bases and those that can pay for services are urged to do so.

2.2 DEPARTMENTAL CHALLENGES

2.2.1 Audit Report

To receive not only an Unqualified Audit Report, but a clean Audit Report. Our IT system must be enhanced to achieve this.

2.2.2 SCM

SCM Unit to be staffed;
SCM workshops with the community;
Assist local service providers to register on the data base; and
People in the service of the State registered businesses and demand tenders. This will not be allowed.

2.3 OBJECTIVES FOR 2011/2012

- To have the Annual Financial Statements completed by 31 August 2011;
- To have an Unqualified Audit Report;
- To ensure a fully capacitated organisational structure;
- To initiate priority skills acquisition in line with JIPSA & professional bodies;
- To achieve 100% implementation of MFMA;
- To achieve 100% implementation of MPRA;
- To Retain the Financial Viability of the Municipality;
- To reduce the amount of the outstanding debtors;
- To improve customer care;
- To develop a system of financial delegations; and
- To obtain specialised IT and integrate such in order to improve financial management and reporting.

Everybody believes that their department or section is the heartbeat of the organisation. The approach should be that every department is an organ of the same body that needs each other. However, it must be acknowledged that without finance no organisation can survive. It is therefore important that budget control be implemented and all financial regulations be complied with. Scarce resources must be utilized effectively and efficiently to minimize the financial burden to the rate payers

ECONOMIC AND DEVELOPMENT PLANNING

ACHIEVEMENTS BY THE EDP DEPARTMENT

1. THE ESTABLISHMENT OF THE ECONOMIC DEVELOPMENT & PLANNING UNIT

- 1.1 Town Planning Section
 - 1.2 Building Inspectorate Section
 - 1.3 Local Economic Development (LED) Section
-
- 2. Maluti Land Tenure Upgrade
 - 3. Draft Spatial Development Framework (SDF)
 - 4. LED Strategy
 - 5. DEDEA Funding – R6.1m
 - Khuthalani Sinosizo Multi Primary Cooperative - R2 676 400.00
 - Tourism Initiative – R 935 000.00
 - Sikhululiwe Bawo Women Development Cooperative – R1 009 000.00

6. Khuthalani Sinosizo Multi Primary Cooperative: Top-Up Funding

- 6.1 Construction of the 2 Broiler Structures for Khuthalani Sinosizo Multi Primary Cooperative in Malubalube (Ward2) at R1m
- 6.2 2 Delivery Vehicles (1 Bakkie and 1 Truck) purchased for Khuthalani Sinosizo Cooperative at R530 000.00
- 6.3 700 Birds (Laying Birds) at R50 000.00
- 6.4 Cages (Holding these Laying Birds) at R60 000.00

7. FUNDING FROM DEPARTMENT OF LOCAL GOVERNMENT & TRADITIONAL

- 7.1 Thembalihle Leather Craft funded R110 000.00 for Materials
- 7.2 Cedarville Emerging Farmer funded R110 000.00 for Equipment and Materials

8. FUNDING FROM THINA SINAKO – R2.2M

- For the development of an Informal Trading Taxi Rank Facility which will include:
 - Master Plan
 - The development of Informal Trading Policy
 - Traffic Impact Assessment

9. MATATIELE CBD MASTER PLAN

TECHNICAL SERVICES

CAPITAL PROJECTS IMPLEMENTED IN THE PREVIOUS YEARS

2006/2007 Financial Year

Description	Ward No.	Status	Fund	Budget (est)
Hillside - Manzini Access Road	7	complete	MIG	R 1, 345 519.00
Mbizeni - Mmango & Luxeni Access Road	17	complete	MIG	R 1, 152 050.00
Tsitsong Bridge	4	complete	MIG	R 850, 000.00
St Bernard – Mangolong Access Road	8	complete	MIG	R 469, 660.00
Thaba Bosiu Access Road	13	complete	MIG	R1, 390, 676.00
Mokhesheng - Shepards Hope Access Road	16	complete	MIG	R 681, 473.00
Jabavu Access Road	6	complete	MIG	R 417, 948.00

2007/2008 Financial Year

Description	Ward No.	Status	Fund	Budget (est)
Letlapeng Access Road 5km	14	complete	MIG	R 3 ,557, 000.00
T69 to Makhaola Great Place	11	complete	MIG	R 900, 000.00
Mafube - Nkosana Access Road	8	complete	MIG	R 982, 071.85
Sithiyweni Access Road & Bridge	21	complete	MIG	R 3, 599 ,492.27
Mphotshongweni Access Road	9	complete	MIG	R 2, 809, 143.71
Nkosana Pre school	8	complete	Own funding	R 900, 000.00
Khubetsoana Community Hall	12	complete	Own funding	R 900, 000.00
Koetliso	6	complete	Own funding	R 900, 000.00
Outspan	3	complete	Own funding	R 900, 000.00
Ntlola	6	complete	Own funding	R 900, 000.00
Mnyamaneni		complete	Own funding	R900, 000.00
Mbizeni preschool	17	complete	Own funding	R 900, 000.00
Prospect preschool	3	complete	Own funding	R 900, 000.00
Queens Mercy pre school	14	complete	Own funding	R 900, 000.00

2008/2009 Financial Year

Description	Ward No.	Status	Funding	Budget (est)
Mafube - Nkosana Bridge	8	under construction	MIG	R 2, 874 ,764.99
T15 - Mbizwe JSS Access Road	22	Complete	MIG	R 396 ,711.22
Outspan - Matshabaleng Access Road	3	under construction	MIG	R 529, 229.07
Lunda/Dengwana Multi Purpose Centre	10	under construction	MIG	R 2, 415 ,821.84
Hillside - Manzi Access Road and Bridge Phase 2	7	under construction	MIG	R 3, 633, 183.48
From T69 to Mampoti Access Road & Br	12	under construction	MIG	R4, 948, 827.17
Bubesi to Good Hope Access Road & Br	18	under construction	MIG	R 2 ,384, 392.80
Maluti Civic Centre	1	under construction	MIG	R11,171, 000.00
Hillside Community Hall	18	under construction	Own funding	R 1, 373,045.10
Laphumilanga Community Facility	17	under construction	Own funding	R1 ,396 ,479.51
Nkau Community Facility	12	under construction	Own funding	R1, 368 ,717.03
Mangolong Community Facility	23	under construction	Own funding	R 1, 427, 450.11
Dhalibhunga Community Facility	5	under construction	Own funding	R 1, 289 ,243.40
Mapfontein Community Facility	21	under construction	Own funding	R 1, 559, 274.72
Nncwengane Access Road	7	under construction	Own funding	R 2 ,752, 863.85
Tsitsong Access road	4	under construction	Own funding	R 1, 300, 808.05
Tsenola-Nkonoana Access road	8	under construction	Own funding	R 1 ,315, 113.60
Khoala Access Road	11	under construction	Own funding	R 1 453 393.84
T77-Mapuleng Access Road	15	under construction	Own funding	R1 ,737, 967.21
Mgubo Access Road	17	under construction	Own funding	R1, 495, 214.00

2009/2010 Financial year

Description	WARD	Status	Funding	BUDGET
Rholweni Multi Purpose Centre	22	Complete	MIG	R1,120,000
Mahlabathini - Lugada Access Road	15	Construction	MIG	R4,255,000
Chibini Access Road	7	Complete	MIG	R4,285,000
Rehabilitation of Maluti Streets	1	Design & Tender	MIG	R6,951,000
Ramafole Access Road	24	Complete	MIG	R2,700,000
Fobane Access Road	23	Complete	MIG	R3,568,000
Diaho Great Place Access Road	11	Construction	MIG	R3,684,000
Maluti Civic Centre	1	Construction	MIG	R11,756,000

Pre-Schools-2009-2010

Name of Pre-School	Ward	Status	Funding	Estimated Cost
Sithiweni	21	Complete	Own funding	R15, 000.00
1. Magxeni	21	Complete	Own funding	R15, 000.00
Zitapile	22	Complete	Own funding	R15, 000.00
2. Ramohlakoana	2	Complete	Own funding	R15, 000.00
Maphokong	9	Complete	Own funding	R15, 000.00
Magema	3	Complete	Own funding	R 15 000.00
Motsekoa	1	Complete	Own funding	R 15 000.00
Masiphola	9	Complete	Own funding	R 15 000.00
Tsitsong	4	Complete	Own funding	R 15 000.00
Pelung	4	Complete	Own funding	R 15 000.00
Mapeng	11	Complete	Own funding	R 15 000.00
Dengwane	10	Complete	Own funding	R 15 000.00
Mapuleng	15	Complete	Own funding	R 15 000.00
Maboee	8	Complete	Own funding	R 15 000.00
Ikaheng	15	Complete	Own funding	R 15 000.00
Mahlake	24	Complete	Own funding	R 20 000.00

Community Halls-2009/2010

Name of a Community Facility	Ward	Status	Funding	Estimated Cost
1. Gwadane	21	Complete	Own funding	R30, 000.00
2. Hardenburg	3	Complete	Own funding	R35, 000.00
3. Mzingisi Phase 2	21	Complete	Own funding	R25, 000.00
4. Upper Mvenyane	21	Complete	Own funding	R60, 000.00
5. Pontseng	11	Complete	Own funding	R18, 000.00
6. Khauwe	11	Complete	Own funding	R19, 000.00
7. Nokhwezi	20	Complete	Own funding	R15, 000.00
8. Harry Gwala	20	Complete	Own funding	R15, 000.00
9. Masakala	20	Complete	Own funding	R20, 000.00
10. Madimong	2	Complete	Own funding	R20, 000.00
11. Nchodu	3	Complete	Own funding	R20, 000.00
12. Hlomendlini	10	Complete	Own funding	R20, 000.00
13. Qhobosheaneng	15	Complete	Own funding	R20, 000.00
14. Mpharane	13	Complete	Own funding	R20, 000.00
15. Liketane	16	Complete	Own funding	R20, 000.00
16. Thabachicha	14	Complete	Own funding	R30, 000.00
17. Lupindo Community Centre	17	Complete	Own funding	R50, 000.00

Sports Fields-2009/2010

Name of Sport Field	Ward	Status	Funding	Estimated Cost
1. Sigoga Phase 2	17	Complete	Own funding	R10, 000.00
2. St Paul	6	Complete	Own funding	R10, 000.00
3. Matatiele Open Grounds	20	Complete	Own funding	R10, 000.00
4. Harry Gwala	20	Complete	Own funding	R5, 000.00
5. Cedarville	21	Complete	Own funding	R5, 000.00
6. Khauwe	11	Complete	Own funding	R5, 000.00
7. Andries	11	Complete	Own funding	R5, 000.00
8. Dengwane R56	10	Complete	Own funding	R5, 000.00
9. Maluti	1	Complete	Own funding	R5, 000.00
10. Queen's Mercy	12	Complete	Own funding	R5, 000.00

PROJECTS FOR 2010-2011 FINANCIAL YEAR

Projects Name	Ward No.	Status	Funding	Budget
Rehabilitation of Cedarville Streets	21	Construction	MIG	6 951 817.00
Moliko Access Road	2	Construction	MIG	R 2 250 000.00
Malubaluba Access Road	2	Construction	MIG	R 3 750 000.00
Diaho Great Place Access Road	11	Construction	MIG	R 3 825 000.00
Rehabilitation of Matatiele Streets	19	Design & Tender	MIG	R 6 951 817.00
Felleng Access Road	11	Construction	MIG	R 2 050 000.00

PROJECTS FOR (2011-2012 FINANCIAL YEAR)

Project Name	Ward No.	Status	Funding	Budget
1. T69 – Moqhobi Access road	12	Design & Tender	MIG	R4,500,000.00
2. Ngcwengane – Esifolweni Access Road	7	Planning Stage	MIG	R4, 325,000.00
3. Berdivalle – Mahlahleng Access Road & Bridge	16	Planning Stage	MIG	R5, 850,000.00
4. T69 – Khoapha Access Road	6	Planning Stage	MIG	R5, 550,000.00
5. Rantshiki Access Road	4	Planning Stage	MIG	R4, 500,000.00
6. Sehlabeng Access Road	9	Planning Stage	MIG	R3, 750,000.00
7. Tshita – Mabua Access Road	8	Planning Stage		R3, 750,000.00

Madam Speaker as I conclude I would like to thank Matatiele Community for being patient and supportive to the outgoing council and we would like to see them doing the same to the incoming leadership. We need to remember that ‘WORKING TOGETHER WE CAN MAKE LOCAL GOVERNMENT WORK SMART’.

RECOMMENDATION

I thank you.

Clr. N. S. Sello

Mayor

Matatiele Local Municipality

1.2 Council Resolutions

On 21 April 2011 the Council of Matatiele Local Municipality met in the Matatiele Town Hall to consider the annual budget of the municipality for the financial year 2011/12. The Council approved and adopted the following resolutions:

1. IDP & Budget 2011/2012

- (1) That the IDP 2011/2012 be approved;
- (2) That the Budget 2011/2012 be approved as per section 24(1) of the MFMA.
- (3) That Council approves the Annual Budget of the Municipality for the financial year 2011/2012; and indicative for the two projected outer years 2012/2013 and 2013/2014 be approved as set out in the following schedules;
 - Operating Revenue by source 1.4
 - Operating Expenditure by source 1.4
 - Capital Expenditure by vote 2.13
 - Capital funding by source 2.6
- (4) That Council approves the property rates reflected in item number 2.5 and any other municipal tax reflected in item number 2.5 are imposed for the budget year 2011/2012;
- (5) Council approves that the Tariffs of Charges reflected in item number 2.5 are approved for the budget year 2011/2012;
- (6) Council approves that the measurable performance objectives for each vote reflected in item number 2.3 are approved for the budget year 2011/2012;
- (7) Council approves that the amended policies for the Credit, Debt Collection and Indigent as reflected in item number 2.4 are approved for the budget year 2011/2012;
- (8) Council approves that the other amended budget related policies reflected in item number 2.4 are approved for the budget year 2011/2012;
- (9i) Council notes the SDBIP tabled with the budget for subsequent approval by the Mayor;
- (10) Council resolves that the Municipal Manager and Chief Financial Officer implement the budget and have authority to sign required documentation regarding obtaining funding as indicated as a Source of Funding of both Operating and Capital nature as reflected in the schedules listed per item no. 1.4
- (11) Council approves the attendance of meetings as per the attached schedule (Annexure A) and all other meeting will be approved as follows: Councilors by the Mayor, Officials by the Municipal Manager and
- (12) That the Budget Outreach Report containing inputs from the community be noted.

Council Resolutin no **CR688/21/04/2011**

1.3 Executive summary

METHOD OF PREPARATION

The Budget was prepared according to the Zero Based Method. In terms of this method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the 30 October 2011. All departments gave input.

APPROVAL

In terms of Section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), hereafter called the MFMA, the Mayor must table the Annual Budget at a council meeting at least 90 days before the start of the budget year, that is 31 March. Council must thereafter consider any views of the community on the tabled budget (Section 22 of the MFMA) and approve the budget before the start of the financial year which is 1 July (Section 16 (1) of the MFMA).

OPERATING BUDGET

In terms of the GRAP format, Capital Grants receivable are included in the Operating Budget. Capital expenditure is not included in the Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.

- Salaries, Wages, Allowances
- Repairs and Maintenance
- Debt (Loans) Servicing
- Depreciation of Assets
- Insurance
- Electricity
- Telephone
- Subsistence and Traveling Allowances
- Fuel

The operating budget amounts to R261 759 958 Table 1 hereunder summarizes the budget per department. General Managers must manage their own budget, consulting with the Chairpersons of the standing committees and the standing committees where necessary. Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per table 1. Priorities are therefore determined by the departments, including the filling of vacant posts.

Service Level Agreements (SLA) must be entered between the Matatiele Local Municipality and the various Provincial Departments in respect of the Library, Museum, Primary Health and Main Road Services that the Matatiele Local Municipality will provide on behalf of the respective Provincial Departments. In this budget the income equals the expenditure. Therefore, it must be noted that no provision is made for a contribution from Council for these services.

The budget will be funded as per page 3. Kindly note that of a total budget of R261 759 958 - Council generates 79 145 257 (30%), and Grants amount to R182 614 701 (70%).

Table I Consolidated Overview of the 2011/12 MTREF

	Adjusted Budget 2010/11	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Total Revenue (excluding capital transfers and contributions)	229 340 065	261 759 958	252 324 553	275 074 344
Total Expenditure	161 343 957	170 913 515	173 318 783	184 955 931
Surplus/(Deficit) for the year	67 996 108	90 846 443	79 005 770	90 118 413
Total capital expenditure	120 503 534	123 711 069	67 656 000	77 083 000

Total Revenue by source

INCOME	AMOUNT	PERCENTAGE
Property Rates	25,173,298	10%
Service Charges	43,331,139	17%
Rentals of facilities and equipment	1,183,382	0%
Interest earned – external investments	3,000,000	1%
Interest earned – outstanding debtors	1,785,000	1%
Fines	487,000	0%
Licenses and permits	2,154,484	1%
Government grants & subsidies	91,763,651	35%
Capital Grants	90,851,050	35%
Other	2,030,954	1%
TOTAL	261,759,958	100%

The total Expenditure Budget is summarized as follows.

Total Expenditure budget by type.

EXPENDITURE	AMOUNT	PERCENTAGE
Employee related costs	52,549,389	31%
Remuneration of Councilors	12,521,875	7%
Bad Debt Provision	2,000,000	1%
Depreciation	10,697,549	6%
Repairs and maintenance	15,643,000	9%
Interest external borrowings	1,431,790	1%
Bulk purchases – Electricity	23,615,855	14%
Contracted Services	9,539,917	6%
Grants and subsidies paid	12,283,442	7%
General Expenses	30,328,898	18%
Internal Charges	302,500	0%
Sub-Total	170,914,215	100%
Capital Grants	90, 851 ,050	
Surplus	-5,307	
TOTAL	261,759,958	

Budget per Department

DEPARTMENT	EXPENDITURE	INCOME	CAPITAL
Executive & Council	25 531 575	-400 000	9 500
Budget & Treasury	32 788 226	-112 887 121	1 377 866
Corporate Services	12 256 878	-200 000	35 000
Community services	14 380 798	-4 252 819	3 730 000
Economic Development & Planning	9 488 351	-14 472 292	10 882 581
Infrastructure and Housing Development	76 468 387	-129 547 726	107 678 182
Capital Grants	90 851 050		
Surplus	-5 307		
TOTAL	261 759 958	-261 759 958	123 713 129

CAPITAL BUDGET

Capital expenditure is the expenditure incurred on items used over a period of time longer than 12 months to generate future income.

Capital projects amounting to R123 713 129 has been included in this budget. Included in this amount is current incomplete projects amounting to R15 916 850 for which funding is available. Own sources available to fund these projects amount to R19 862 079. Our MIG allocation for 2010/2011 is R31 156 000 (- administration cost of R1 557 800 and - LED portion R1 557 800).

The balance of R13,000,000 will be funded by a loan.

All projects must be included in the IDP. The Capital Budget will be funded as follows.

FUNDING OF CAPITAL BUDGET

Grants received: Other	2 700 000
Grants received: Dep Housing	4 500 000
DME	38 136 000
Grants Available, carried forward from previous years.	15 916 850
Municipal Infrastructure Grant (MIG)	29 598 200
SUB TOTAL (Capital Grants Receivable)	90 851 050
Capital Replacement Reserve (CRR)	19 862 079
External Loan (To be raised)	13 000 000
TOTAL	123 713 129

GRANTS & SUBSIDIES ALLOCATIONS

In terms of the Division of Revenue Bill 2011 Matatiele Local Municipality will receive an Equitable Share of R80, 870,000. This is not adequate to deliver services to our area. It is Operational Grants allocated to Matatiele for 2011/2012 is indicated as follows. Kindly note that these amounts are included in the revenue table as indicated on page 3.

Operational GRANTS and subsidies to be ALLOCATED TO MLM 2011/2012

	<u>Subsidies</u>		200 000
Library	Subsidy (ito SLA)	-	
Museum	Subsidy (ito SLA)	-	
Health	Subsidy (ito SLA)	-	
Road	Subsidy (ito SLA)	-	
		200 000	
	<u>Total Equitable Share</u>		84 717 800
Finance	Equitable Share	77 722 409	
Electricity	Equitable Share - Free Basic Services	1 233 516	
Refuse	Equitable Share - Free Basic Services	1 914 075	
Roads	MIG Admin Fee	1 557 800	
Finance	FMG	1 450 000	
Finance	MSIG	840 000	
	<u>Establishment Plan Grant (DHLGTA)</u>		6 845 851
MM	PMS	200 000	
MM	Alfred Nzo	200 000	
Finance	Capacity Buidling	200 000	
Finance	Office Accomodation	531 888	
Finance	New GIS	195 600	
Finance	Organisational Structure	52 360	
Finance	Valuation Roll GIS	500 000	
Finance	Conderence Centre and Lodge	47 200	
EDP	Maluti Town Establishment	400 000	
EDP	Town & Lums Amalgamation (PT)	1 600 000	
EDP	Matatiele Land Use Framework/Masterpla nDBSA)	167 710	
EDP	Tourism Strategy	250 000	
SOLID WASTE	Landfill Site Management	-	
SOLID WASTE	FBS	2 471 900	
ELECTRICITY	FBS	29 193	
TOTAL			91 763 651

TARIFFS

The new Property Valuation Roll came into effect the 1 July 2009. Rates will increased by 4%, for the 2011/2012 financial year starting 1 July 2011.

Electricity tariffs were increase by 17% in terms of the directive from National Treasury and NERSA.

Refuse tariffs were increased by 10% and all other tariffs kept at the same level or reduced in the case of swimming pool and the pound.

SPECIAL PROGRAMMES UNIT

Included in the Operating Budget provision was made for Special Programs as requested by the Office of the Mayor. This programmes are listed per table 6. Business plans must be developed and submitted to the Municipal Manager and Chief Financial Officer for approval prior to funds been released.

SPECIAL PROGRAMMES

Skills development -Career Exhibition	70 000
Graduates workshop	100 000
HIV/Aids campaign	400 000
Mayoral cup	500 000
Disability	220 000
Youth summit	100 000
Children in school	50 000
OVC's	40 000
Back to school campaign	70 000
Paying tools(pre-school)	30 000
Woman - forums	60 000
Gender mainstreaming workshop	150 000
Empowerment workshop	50 000
Awareness on violence and HIV	60 000
Woman's day	20 000
Elderly - workshop on art & games	150 000
TOTAL	2 070 000

EXTERNAL SERVICE DELIVERY MECHANISMS

External service providers are used for the refuse removal and grass cutting in the towns of Matatiele, Cedarville and Maluti. These contracts is currently in the tender process.

ACCUMULATED SURPLUS

This budget will result in a surplus of R5,307. Again an appeal is made that LED projects that will increase our rate base be implemented. Further, revenue generating projects should be identified and implemented in all wards.

D.C. VAN ZYL

CHIEF FINANCIAL OFFICER

1.4 Operating Revenue Framework

For Matatiele Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2011/12 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source									
Property rates	12 779 000	15 267 695	13 203 902	20 644 660	20 155 000	20 155 000	25 173 298	25 173 298	26 431 963
Property rates - penalties & collection charges	438	567 000	1 578 063	1 500 000	1 640 000	1 640 000	1 640 000	1 640 000	2 664 000
Service charges - electricity revenue	17 373	17 462 000	22 219 226	22 401 520	28 401 520	28 401 520	37 266 695	37 266 695	39 428 163
Service charges - water revenue	-	0	0	0	0	0	0	0	0
Service charges - sanitation revenue	-	0	0	0	0	0	0	0	0
Service charges - refuse revenue	2 299	3 065 000	2 305 660	7 255 082	5 811 530	5 811 530	6 064 444	6 064 444	7 367 666
Service charges - other	-	0	0	0	0	0	0	0	0
Rental of facilities and equipment	360	386 000	450 902	1 679 884	820 684	820 684	1 183 382	1 183 382	1 242 301
Interest earned - external investments	3 498	4 451 000	3 305 996	3 000 000	3 310 000	3 310 000	3 000 000	3 000 000	3 150 000
Interest earned - outstanding debtors	1 260	2 037 000	85 907	180 000	145 000	145 000	145 000	145 000	0
Dividends received	-	0	0	0	0	0	0	0	0
Fines	433	613 000	135 124	1 687 000	32 000	32 000	487 000	487 000	511 320
Licences and permits	797	859 000	1 844 130	2 506 384	1 872 937	1 872 937	2 154 484	2 154 484	2 262 208
Agency services	-	0	0	0	0	0	0	0	0
Transfers recognised - operational	58 881	97 028 000	101 035 851	168 107 009	166 128 750	166 128 750	182 614 701	182 614 701	167 082 780
Other revenue	681	1 450 000	1 378 223	1 032 254	1 016 044	1 016 044	2 025 954	2 025 954	2 179 152
Gains on disposal of PPE	35	36 000	11 090	0	6 600	6 600	5 000	5 000	5 000
Total Revenue (excluding capital transfers and contributions)	98 834	143 222	147 554	229 994	229 340	229 340	261 760	261 760	252 325

Table 3

Percentage growth in revenue by main revenue source

Description R thousand	2011/12 Medium Term Revenue & Expenditure							
	Adjusted Budget 2010/11	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Revenue By Source								
Property rates	20 644 660	8.98	25 173 298	9.62	26 431 963	10.48	27 818 562	10.11
Property rates - penalties & collection charges	1 500 000	0.65	1 640 000	0.63	2 664 000	1.06	2 589 750	0.94
Service charges - electricity revenue	22 401 520	9.74	37 266 695	14.24	39 428 163	15.63	41 714 997	15.16
Service charges - water revenue	0	0.00	0	0.00	0	0.00	0	0.00
Service charges - sanitation revenue	0	0.00	0	0.00	0	0.00	0	0.00
Service charges - refuse revenue	7 255 082	3.15	6 064 444	2.32	7 367 666	2.92	7 736 049	2.81
Service charges - other	0	0.00	0	0.00	0	0.00	0	0.00
Rental of facilities and equipment	1 679 884	0.73	1 183 382	0.45	1 242 301	0.49	1 304 156	0.47
Interest earned - external investments	3 000 000	1.30	3 000 000	1.15	3 150 000	1.25	3 307 500	1.20
Interest earned - outstanding debtors	180 000	0.08	145 000	0.06	0	0.00	198 450	0.07
Dividends received	0	0.00	0	0.00	0	0.00	0	0.00
Fines	1 687 000	0.73	487 000	0.19	511 320	0.20	536 855	0.20
Licences and permits	2 506 384	1.09	2 154 484	0.82	2 262 208	0.90	2 375 319	0.86
Agency services	0	0.00	0	0.00	0	0.00	0	0.00
Transfers recognised - operational	168 107 009	73.09	182 614 701	69.76	167 082 780	66.22	185 199 850	67.33
Other revenue	1 032 254	0.45	2 025 954	0.77	2 179 152	0.86	2 286 856	0.83
Gains on disposal of PPE	0	0.00	5 000	0.00	5 000	0.00	6 000	0.00
Total Revenue (excluding capital transfers and contributions)	229 993 793	100	261 759 958	100	252 324 553	100	275 074 344	100

The budget will be funded as per table 1. Kindly note that of a total budget of R261 765 265 - Council generates 79 145 257 (30%), and Grants amount to R182 614 701 (70%).

1.4.1 Property Rates

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

All residential properties with a market value of **less than R30,000-00 (thirty thousand rand)** are exempted from paying rates. The R15 000-00 impermissible rates contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the aforesaid R30,000-00 amount. This is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

The first R30,000-00 (thirty thousand rand) value of all residential properties (including farm properties used for residential purposes and smallholdings used for residential purposes) is exempt from being rated and will be excluded from the market value when determining the rates payable in respect of all residential properties.

Residential properties (including farm properties used predominately for residential purposes and smallholdings used predominately for residential purposes) or properties of any category used for multiple purposes where the residential component represents on average 90% or more of the property's actual use:

35 per cent rebate will be granted on all residential properties (including state owned residential properties);

Table 4 Operating Transfers and Grants Receipts

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
RECEIPTS:									
Operating Transfers and Grants									
National Government:	35 940	48 217	58 165	73 767	73 767	73 767	83 160	91 346	102 014
Local Government Equitable Share									
Local Government Equitable Share	34 706	46 917	56 665	71 817	71 817	71 817	80 870	88 896	99 564
Finance Management	500	500	1 000	1 200	1 200	1 200	1 450	1 500	1 500
Municipal Systems Improvement	734	800	500	750	750	750	840	950	950
Provincial Government:	23 924	1 883	2 043	11 192	18 536	18 536	7 486	-	-
Health subsidy	2 154	1 883	2 043	1 679	1 729	1 729	-	-	-
Establishment Plan	21 770	-	-	8 223	15 518	15 518	5 929	-	-
Admin fee of MIG projects	-	-	-	1 290	1 290	1 290	1 558	-	-
District Municipality:	-	-	-	52	452	452	750	-	-
Performanse Management System	-	-	-	52	452	452	750	-	-
Other grant providers:	-	-	-	2 476	700	700	368	-	-
Seeta Subsidy	-	-	-	200	700	700	200	-	-
Library Subsidy	-	-	-	720	-	-	-	-	-
Museum Subsidy	-	-	-	266	-	-	-	-	-
DBSA: Master Plan	-	-	-	1 290	-	-	168	-	-
Total Operating Transfers and Grants	81 635	50 100	60 208	87 487	93 455	93 455	91 764	91 346	102 014

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Matatiele Local Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipalities future financial position and viability.

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

Table 5 Comparison of proposed rated to levie for the 2011/2012 financial year

Category	Current Tariff (1 July 2010)	Proposed tariff (from 1 July 2011)
Residential First R30 000 discount 35% Rebate	0.01391	0.01447
Vacant Land	0.01669	0.01736
Commercial 10% Rebate	0.01669	0.01736
Farms Apply for R30 000 residential discount.	0.00487	0.00362

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 28.9 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2011.

Considering the Eskom increases, the consumer tariff had to be increased by 19 per cent to offset the additional bulk purchase cost from 1 July 2011. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 100 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 100 kWh per 30-day period will receive 50 kWh free of charge.

The following table shows the impact of the proposed increases in electricity tariffs for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	% Change
Basic Charge	190.39	229.19	38.8	20%
0-50	0.73	0.58	-0.15	20%
51-350	0.73	0.67	-0.06	20%
351-600	0.73	0.93	0.2	20%
601 and over	0.73	1.09	0.36	20%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

1.4.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 10 per cent increase in the waste removal tariff is proposed from 1 July 2011. Higher increases will not be viable in 2011/12 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 10 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2011:

Table 11 Comparison between current waste removal fees and increases

Solid waste	CURRENT TARIFFS	PROPOSED TARIFFS	% INCREASE
	Jul-10	Jul-11	
	WASTE REMOVAL	WASTE REMOVAL	WASTE REMOVAL
<i>Domestic Removals</i>			
Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	77.82	85.6	10%
<i>Commercial Removals</i>			
Each individual/separate business shall be charged a basic service charge per month.	116.82	128.39	10%
In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	116.82	128.39	10%

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 12 and 13 per cent, with the increase for indigent households closer to 12 per cent.

Table 12 MBRR Table SA14 – Household bills

EC441 Matatiele - Supporting Table SA14 Household bills

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12 % incr.	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Rand/cent									
Monthly Account for Household - 'Large' Household									
Rates and services charges:									
Property rates	270.77	297.85	541.67	595.84	595.84	7.0%	637.55	682.18	729.93
Electricity: Basic levy	107.16	136.10	182.38	217.03	217.03	25.0%	271.29	339.11	423.89
Electricity: Consumption	382.00	460.00	616.00	733.04	733.04	25.0%	916.30	1 145.38	1 431.72
Water: Basic levy									
Water: Consumption									
Sanitation									
Refuse removal	36.99	40.32	44.36	51.01	51.01	4.0%	53.05	55.17	57.38
Other									
sub-total	796.92	934.27	1 384.41	1 596.92	1 596.92	17.6%	1 878.19	2 221.83	2 642.91
VAT on Services									
Total large household bill:	796.92	934.27	1 384.41	1 596.92	1 596.92	17.6%	1 878.19	2 221.83	2 642.91
% increase/-decrease		17.2%	48.2%	15.4%	-		-	18.3%	19.0%
Monthly Account for Household - 'Small' Household									
Rates and services charges:									
Property rates	80.93	87.52	38.74	42.61	42.61	7.0%	45.59	48.78	52.20
Electricity: Basic levy						25.0%			
Electricity: Consumption	190.24	229.08	306.77	352.79	352.79	25.0%	440.99	551.23	689.04
Water: Basic levy									
Water: Consumption									
Sanitation									
Refuse removal	36.99	40.32	44.36	51.01	51.01	4.0%	53.05	55.17	57.38
Other									
sub-total	308.16	356.92	389.87	446.41	446.41	20.9%	539.63	655.19	798.62
VAT on Services									
Total small household bill:	308.16	356.92	389.87	446.41	446.41	20.9%	539.63	655.19	798.62
% increase/-decrease		15.8%	9.2%	14.5%	-		20.9%	21.4%	21.9%
Monthly Account for Household - 'Small' Household receiving free basic services									
Rates and services charges:									
Property rates									
Electricity: Basic levy									
Electricity: Consumption	26.10	31.44	42.12	50.22	50.22	25.0%	62.78	78.47	98.09
Water: Basic levy									
Water: Consumption									
Sanitation									
Refuse removal	36.99	40.32	44.36	51.01	51.01	4.0%	53.05	55.17	57.38
Other									
sub-total	63.09	71.76	86.48	101.23	101.23	14.4%	115.83	133.64	155.47
VAT on Services									
Total small household bill:	63.09	71.76	86.48	101.23	101.23	14.4%	115.83	133.64	155.47
% increase/-decrease		13.7%	20.5%	17.1%	-		14.4%	15.4%	16.3%

1.5 Operating Expenditure Framework

The Matatiele Local Municipals expenditure framework for the 2011/12 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/12 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description R thousand	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Expenditure By Type									
Employee related costs	17 407	24 067	27 139	45 539	48 361	48 361	52 549	53 062	55 666
Remuneration of councillors	8 946	9 763	11 155	11 973	11 973	11 973	12 522	13 023	13 544
Debt impairment	2 801	6 992	7 533	2 000	2 000	2 000	2 000	4 000	6 000
Depreciation & asset impairment	5 430	7 192	–	10 945	10 945	10 945	10 698	10 160	11 682
Finance charges	260	165	72	2 759	2 759	2 759	1 432	1 503	1 579
Bulk purchases	6 293	8 900	12 449	18 507	18 507	18 507	23 616	24 797	26 036
Other materials	3 251	9 874	8 413	13 268	13 268	13 268	15 643	16 361	17 178
Contracted services	5 377	6 035	7 161	10 780	6 416	6 416	9 540	10 012	10 508
Transfers and grants	2 257	12 259	8 224	17 397	22 619	22 619	12 283	8 481	9 214
Other expenditure	7 122	9 054	12 565	22 292	24 495	24 495	30 631	31 920	33 549
Loss on disposal of PPE		32	–	0	–	–	(0)	(0)	1
Total Expenditure	59 144	94 333	94 711	155 460	161 344	161 344	170 914	173 319	184 956

The budgeted allocation for employee related costs for the 2011/12 financial year totals R52 million, which equals 21.95 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 8.5 per cent for the 2011/12 financial year. An annual increase of 8.5 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent. For the 2011/11 financial year this amount equates to R2 million and escalates to R4 million by 2013/12. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R11 million for the 2011/12 financial and equates to 4 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1 per cent (R1.4 million) of operating expenditure excluding annual redemption for 2011/12 and increases to R1.5 million by 2013/14. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 4 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other Materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipal's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2011/12 the appropriation against this group of expenditure has grown by 25 per cent (R15 million) and continues to grow at 10 and 11 per cent for the two outer years of which budget allocation is in excess of R1.2 million by 2013/14.

Contracted Services comprises of grass cutting, security, IT support, refuse removal and operating leases. For 2011/12 the appropriation against this group of expenditure has grown by 3.77 per cent (R9.7 million) and continues to grow at 5 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has increased with 20 per cent from the previous year to (R30 million) for 2011/2012. This increase is due to the new line item for income forgone as per the new property rates act.

The following table gives a breakdown of the main expenditure categories for the 2011/12 financial year.

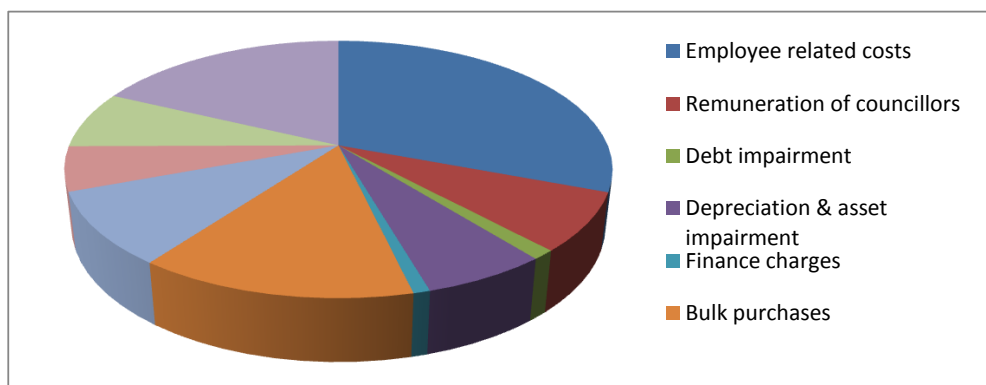


Figure 1 Main operational expenditure categories for the 2011/12 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2011/12 budget and MTREF provide for extensive growth in the area of asset maintenance by 15 per cent. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational repairs and maintenance

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Repairs and Maintenance by Expenditure Item									
Employee related costs	1 300	3 950	3 365	5 307	5 307	5 307	6 257	6 544	6 871
Other materials	1 463	4 443	3 786	5 971	5 971	5 971	7 039	7 362	7 730
Contracted Services	488	1 481	1 262	1 990	1 990	1 990	2 346	2 454	2 577
Total repairs and Maintenance Expenditure	3 251	9 874	8 413	13 268	13 268	13 268	15 643	16 361	17 178

During the compilation of the 2011/12 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 37 per cent in the 2010/11 financial year, from R8 million to R13 million. The total allocation for 2011/12 equates to R15 million a growth of 15 per cent in relation to the 2010/2011 Budget and continues to grow at 15 and 5 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 9.15, 9.44 and 9.29 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Depreciation & Asset Impairment	5 430	7 192	–	10 945	10 945	10 945	10 698	10 160	11 682
Repairs and Maintenance by Asset Class	3 251	9 874	8 413	13 268	13 268	13 268	15 643	16 361	17 179
<i>Infrastructure - Roads</i>	1 352	7 875	6 309	11 053	11 053	11 053	11 635	12 217	12 828
<i>Infrastructure - Electricity</i>	647	681	717	755	755	755	795	835	876
<i>Infrastructure - Other</i>	1 252	1 318	1 387	1 460	1 460	1 460	3 213	3 310	3 475
Infrastructure	2 035	7 214	5 613	10 320	10 320	10 320	12 540	13 167	13 825
Community	724	2 142	2 254	2 373	2 373	2 373	2 498	2 559	2 687
Other	493	519	546	575	575	575	605	635	667
TOTAL OPERATING EXPENDITURE	8 681	17 066	8 413	24 213	24 213	24 213	26 341	26 521	28 862

For the 2011/12 financial year, 80 per cent or R15 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a 5 per cent (R795 000), followed by road infrastructure at 75 per cent (R11.6 million).

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Matatiele Local Municipality's Indigent Policy. The target is to register 10 000 or more indigent households during the 2011/12 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 39.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

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

Table 16 Medium-term capital budget per vote

Vote Description R thousand	Current Year 2010/2011		2011/12 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
EXECUTIVE & COUNCIL	550	0%	10	0%	2 000	3%	3 200	4%
BUDGET & FINANCE	4 666	4%	1 378	1%	1 500	2%	1 000	1%
CORPORATE	983	1%	35	0%	1 000	1%	2 000	3%
COMMUNITY	8 574	7%	3 730	3%	1 000	1%	2 000	3%
DEV & PLANNING	2 430	2%	10 883	9%	1 000	1%	1 000	1%
CIVIL ENIGENERING	103 301	86%	107 676	87%	61 156	90%	67 883	88%
Capital multi-year expenditure sub-total	120 504		123 711		67 656		77 083	

For 2011/12 an amount of R81 million has been appropriated for the development of infrastructure which represents 65 per cent of the total capital budget.

Total new assets represent 100 per cent or R123 million of the total capital. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 37. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to page 95). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery and crematorium development – R2 million;
- Parks, recreational facilities and swimming pools – R300 000;
- Office furniture & equipment– R1.4 million;
- LED projects – R4.2 million;
- Housing Infrastructure – R4.5 million;
- Economic Development – R2.1 million;
- Safety & Security Equipment – R1.4 million;
- Electricity for all (backlog eradication) – R30 million;
- Electrical tools – R420 000;
- New electricity infrastructure – R8.7 million;
- Public lighting – R5.4 million;
- Automated meter reading – R7.6 million;
- New solid waste weigh bridge – R1.6 million;
- Bridges – R1.9 million;
- New community facilities in rural area – R3.9 million;
- Rehabilitation of roads – R8.4 million; and
- New roads in rural area – R39.5 million.

Furthermore page 97 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

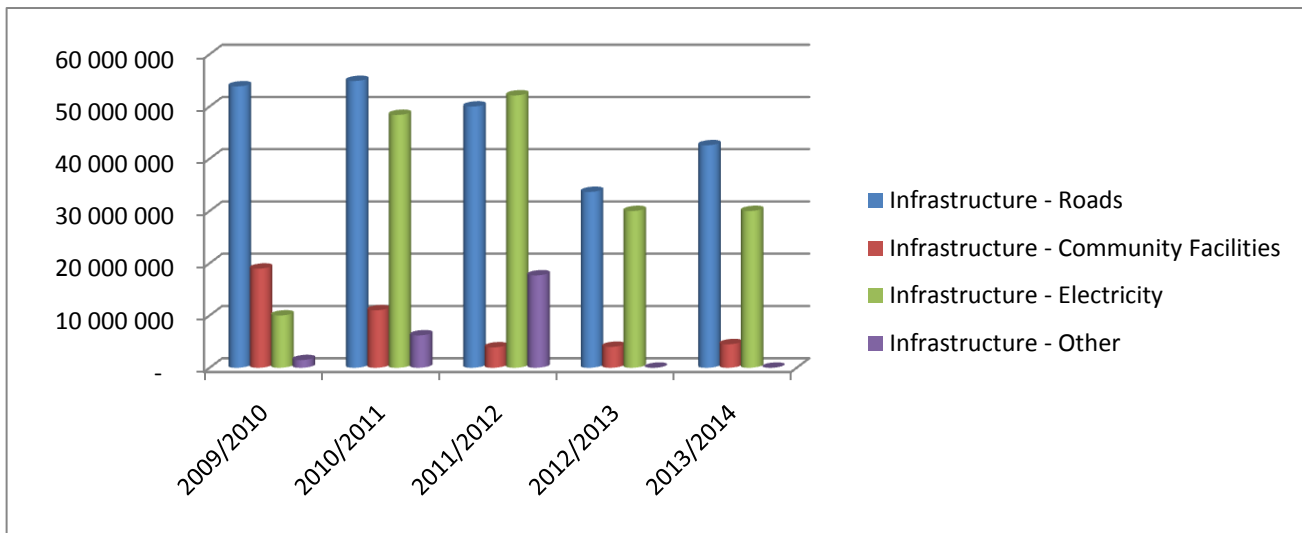


Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 96. This table shows that future operational costs associated with the capital programme totals R123 million in 2011/12 and decrease in outer years. It needs to be noted that as part of the 2011/12 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.17 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2011/12 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

TABLE 17

EC441 Matatiele - Table A1 Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Financial Performance										
Property rates	13 217	15 835	14 782	22 145	21 795	21 795	-	26 813	29 096	30 408
Service charges	19 672	20 527	24 525	29 657	34 213	34 213	-	43 331	46 796	49 451
Investment revenue	3 498	4 451	3 306	3 000	3 310	3 310	-	3 000	3 150	3 308
Transfers recognised - operational	58 881	97 028	101 036	168 107	166 129	166 129	-	182 615	167 083	185 200
Other own revenue	3 566	5 381	3 905	7 086	3 893	3 893	-	6 001	6 200	6 708
Total Revenue (excluding capital transfers and contributions)	98 834	143 222	147 554	229 994	229 340	229 340	-	261 760	252 325	275 074
Employee costs	17 407	24 067	27 139	45 539	48 361	48 361	-	52 549	53 062	55 666
Remuneration of councillors	8 946	9 763	11 155	11 973	11 973	11 973	-	12 522	13 023	13 544
Depreciation & asset impairment	5 430	7 192	-	10 945	10 945	10 945	-	10 698	10 160	11 682
Finance charges	260	165	72	2 759	2 759	2 759	-	1 432	1 503	1 579
Materials and bulk purchases	9 544	18 774	20 862	31 776	31 776	31 776	-	39 259	41 158	43 214
Transfers and grants	2 257	12 259	8 224	17 397	22 619	22 619	-	12 283	8 481	9 214
Other expenditure	15 300	22 113	27 259	35 072	32 912	32 912	-	42 171	45 932	50 057
Total Expenditure	59 144	94 333	94 711	155 460	161 344	161 344	-	170 914	173 319	184 956
Surplus/(Deficit)	39 690	48 888	52 844	74 534	67 996	67 996	-	90 846	79 006	90 118
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
	39 690	48 888	52 844	74 534	67 996	67 996	-	90 846	79 006	90 118
Surplus/(Deficit) after capital transfers & contributions										
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	39 690	48 888	52 844	74 534	67 996	67 996	-	90 846	79 006	90 118
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	20 733	44 583	33 170	79 162	72 535	72 535	72 535	90 849	67 656	77 083
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	23 000	23 000	23 000	23 000	13 000	-	-
Internally generated funds	240	7 821	2 676	19 768	24 968	24 968	24 968	19 862	-	-
Total sources of capital funds	20 973	52 404	35 846	121 930	120 504	120 504	120 504	123 711	67 656	77 083
Financial position										
Total current assets	81 805	70 653	73 923	73 923	73 923	73 923	73 923	77 619	81 500	85 575
Total non current assets	105 312	193 572	230 245	223 470	223 470	223 470	223 470	234 644	246 376	258 695
Total current liabilities	58 759	46 339	32 971	29 493	-	-	-	-	-	-
Total non current liabilities	2 942	7 301	7 204	7 204	4 245	4 245	4 245	4 457	4 680	4 914
Community wealth/Equity	125 451	210 585	263 992	260 696	293 148	293 148	293 148	307 806	323 196	339 356
Cash flows										
Net cash from (used) operating	56 111	34 785	50 195	50 195	50 195	50 195	-	55 215	60 737	60 737
Net cash from (used) investing	(22 576)	(52 879)	(36 442)	(36 442)	(36 442)	(36 442)	-	(40 086)	(44 095)	(48 505)
Net cash from (used) financing	(629)	(438)	527	527	527	527	-	580	638	638
Cash/cash equivalents at the year end	67 628	49 096	63 376	63 376	63 376	63 376	-	69 714	86 994	99 864
Cash backing/surplus reconciliation										
Cash and investments available	67 628	49 095	63 227	64 636	64 636	64 636	64 636	67 868	71 262	74 825
Application of cash and investments	83 341	61 606	40 590	41 093	(7 233)	(7 233)	(4 174)	(7 458)	(7 890)	(8 114)
Balance - surplus (shortfall)	(15 713)	(12 510)	22 637	23 544	71 869	71 869	68 810	75 326	79 152	82 939
Asset management										
Asset register summary (WDV)	101 817	189 557	225 634	223 470	223 470	223 470	234 644	234 644	246 376	258 695
Depreciation & asset impairment	5 430	7 192	-	10 945	10 945	10 945	10 698	10 698	10 160	11 682
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
Free services										
Cost of Free Basic Services provided	566	1 551	3 456	4 154	4 154	4 154	4 569	4 569	5 026	5 529
Revenue cost of free services provided	566	1 551	9 045	9 966	10 198	4 154	11 218	11 218	12 340	13 574
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 600	4 650	5 000

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF

b. Capital expenditure is balanced by capital funding sources, of which

i. Transfers recognised is reflected on the Financial Performance Budget;

ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

iii. Internally generated funds is financed from a combination of the current operating surplus

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the adopted Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

TABEL 18

EC441 Matatiele - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue - Standard										
Governance and administration		52 985	77 126	82 611	101 120	106 052	106 052	113 487	123 663	135 821
Executive and council		1 715	1 528	133	750	3 100	3 100	400	-	-
Budget and treasury office		51 270	71 621	82 011	99 470	101 188	101 188	112 887	123 663	135 821
Corporate services		-	3 977	467	900	1 764	1 764	200	-	-
Community and public safety		11 357	17 802	7 439	13 336	9 676	9 676	8 760	9 198	9 657
Community and social services		3 756	4 023	5 336	6 773	6 039	6 039	1 614	1 695	1 779
Sport and recreation		11	495	126	4 190	1 902	1 902	2 638	2 770	2 909
Public safety		142	-	-	0	0	0	0	0	0
Housing		5 294	11 401	3	694	6	6	4 507	4 732	4 969
Health		2 154	1 883	1 974	1 679	1 729	1 729	0	0	0
Economic and environmental services		13 685	17 294	29 111	45 487	39 211	39 211	52 012	36 485	43 454
Planning and development		13 504	2 070	2 495	5 950	8 133	8 133	9 965	3 693	3 853
Road transport		-	15 224	26 616	39 537	31 078	31 078	42 047	32 792	39 600
Environmental protection		181	-	-	-	-	-	-	-	-
Trading services		20 807	30 999	28 393	70 050	74 401	74 401	87 501	82 979	86 142
Electricity		18 115	23 393	23 349	57 574	63 249	63 249	77 050	71 006	73 570
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 692	7 607	5 044	12 476	11 152	11 152	10 450	11 973	12 572
Other	4	-	-	-	(0)	(0)	(0)	(0)	(0)	1
Total Revenue - Standard	2	98 834	143 222	147 554	229 994	229 340	229 340	261 760	252 325	275 074
Expenditure - Standard										
Governance and administration		28 290	43 897	46 889	60 068	63 537	63 537	70 577	71 072	77 500
Executive and council		13 436	14 106	15 699	20 720	23 030	23 030	25 532	24 280	26 487
Budget and treasury office		10 613	23 607	23 242	30 452	31 561	31 561	32 788	33 986	38 425
Corporate services		4 241	6 185	7 949	8 896	8 946	8 946	12 257	12 807	12 588
Community and public safety		5 545	4 006	4 931	14 030	14 153	14 153	15 174	15 216	16 082
Community and social services		1 115	2 047	2 249	8 341	8 376	8 376	8 566	8 894	9 440
Sport and recreation		2 112	134	828	3 692	3 723	3 723	5 815	5 495	5 778
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	319	326	326	793	828	864
Health		2 318	1 825	1 854	1 679	1 729	1 729	-	-	-
Economic and environmental services		11 551	28 164	21 209	43 605	45 866	45 866	38 435	37 969	39 863
Planning and development		718	4 051	5 208	7 676	10 736	10 736	8 695	6 744	7 078
Road transport		10 117	24 112	16 001	35 929	35 129	35 129	29 741	31 226	32 785
Environmental protection		716	-	-	-	-	-	-	-	-
Trading services		13 758	18 266	21 681	37 757	37 788	37 788	46 728	49 062	51 512
Electricity		10 227	12 933	16 042	26 698	26 698	26 698	31 521	33 097	34 753
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3 531	5 333	5 639	11 059	11 089	11 089	15 206	15 965	16 759
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	59 144	94 333	94 711	155 460	161 344	161 344	170 914	173 319	184 956
Surplus/(Deficit) for the year		39 690	48 888	52 844	74 534	67 996	67 996	90 846	79 006	90 118

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Financial Services.

TABEL 19**EC441 Matatiele - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue by Vote	1									
EXECUTIVE & COUNCIL		1 715	1 578	133	750	3 100	3 100	400	-	-
BUDGET & FINANCE		51 270	73 428	82 011	99 470	101 188	101 188	112 887	123 663	135 821
CORPORATE		-	134	467	900	1 764	1 764	200	-	-
COMMUNITY		8 889	16 170	9 586	13 336	9 676	9 676	8 760	9 198	9 657
DEV & PLANNING		3 819	4 120	348	5 950	8 133	8 133	9 965	3 693	3 853
CIVIL ENIGENERING		33 141	47 791	55 009	109 587	105 479	105 479	129 548	115 770	125 743
Vote7 - Example 7		-	-	-	-	-	-	-	-	-
Vote8 - Example 8		-	-	-	-	-	-	-	-	-
Vote9 - Example 9		-	-	-	-	-	-	-	-	-
Vote10 - Example 10		-	-	-	-	-	-	-	-	-
Vote11 - Example 11		-	-	-	-	-	-	-	-	-
Vote12 - Example 12		-	-	-	-	-	-	-	-	-
Vote13 - Example 13		-	-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	98 834	143 222	147 554	229 994	229 340	229 340	261 760	252 325	275 074
Expenditure by Vote to be appropriated	1									
EXECUTIVE & COUNCIL		13 436	14 239	15 699	20 720	23 030	23 030	25 532	24 280	26 487
BUDGET & FINANCE		10 613	24 127	23 242	30 452	31 561	31 561	32 788	33 986	38 425
CORPORATE		4 241	6 367	7 949	8 896	8 946	8 946	12 257	12 807	12 588
COMMUNITY		5 519	5 616	8 101	14 030	14 153	14 153	15 174	15 216	16 082
DEV & PLANNING		1 931	4 073	2 038	7 708	10 736	10 736	8 695	6 744	7 078
CIVIL ENIGENERING		23 404	39 911	37 682	73 654	72 917	72 917	76 468	80 288	84 296
Vote7 - Example 7		-	-	-	-	-	-	-	-	-
Vote8 - Example 8		-	-	-	-	-	-	-	-	-
Vote9 - Example 9		-	-	-	-	-	-	-	-	-
Vote10 - Example 10		-	-	-	-	-	-	-	-	-
Vote11 - Example 11		-	-	-	-	-	-	-	-	-
Vote12 - Example 12		-	-	-	-	-	-	-	-	-
Vote13 - Example 13		-	-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	59 144	94 333	94 711	155 460	161 344	161 344	170 914	173 319	184 956
Surplus/(Deficit) for the year	2	39 690	48 888	52 844	74 534	67 996	67 996	90 846	79 006	90 118

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 20 Surplus/(Deficit) calculations for the trading services

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand									
Electricity									
Total revenue	18 116	23 705	23 349	57 574	63 249	63 249	77 050	71 006	73 570
Operating expenditure	10 227	16 764	16 042	26 698	26 698	26 698	31 521	33 098	34 752
Surplus/(Deficit) for the year	7 889	6 941	7 307	30 876	36 551	36 551	45 529	37 908	38 818
Percentage Surplus	43.55%	29.28%	31.29%	53.63%	57.79%	57.79%	59.09%	53.39%	52.76%

2. The electricity trading surplus is deteriorating over the 2011/12 MTREF from 59 per cent or R45 million in 2011/12 to 52 per cent by 2013/14. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.

3. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services*.

TABEL 21

EC441 Matatiele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue By Source											
Property rates	2	12 779	15 268	13 204	20 645	20 155	20 155	-	25 173	26 432	27 819
Property rates - penalties & collection charges	3280	438	567	1 578	1 500	1 640	1 640	-	1 640	2 664	2 590
Service charges - electricity revenue	2	17 373	17 462	22 219	22 402	28 402	28 402	-	37 267	39 428	41 715
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 299	3 065	2 306	7 255	5 812	5 812	-	6 064	7 368	7 736
Service charges - other											
Rental of facilities and equipment	3070	360	386	451	1 680	821	821	-	1 183	1 242	1 304
Interest earned - external investments	3210	3 498	4 451	3 306	3 000	3 310	3 310	-	3 000	3 150	3 308
Interest earned - outstanding debtors	3270	1 260	2 037	86	180	145	145	-	145	-	198
Dividends received											
Fines	3310	433	613	135	1 687	32	32	-	487	511	537
Licences and permits	3370	797	859	1 844	2 506	1 873	1 873	-	2 154	2 262	2 375
Agency services											
Transfers recognised - operational	3410	58 881	97 028	101 036	168 107	166 129	166 129	-	182 615	167 083	185 200
Other revenue	2	681	1 450	1 378	1 032	1 016	1 016	-	2 026	2 179	2 287
Gains on disposal of PPE	3700	35	36	11	-	7	7	-	5	5	6
Total Revenue (excluding capital transfers and contributions)		98 834	143 222	147 554	229 994	229 340	229 340	-	261 760	252 325	275 074
Expenditure By Type											
Employee related costs	2	17 407	24 067	27 139	45 539	48 361	48 361	-	52 549	53 062	55 666
Remuneration of councillors	4340	8 946	9 763	11 155	11 973	11 973	11 973	-	12 522	13 023	13 544
Debt impairment	4560	2 801	6 992	7 533	2 000	2 000	2 000	-	2 000	4 000	6 000
Depreciation & asset impairment	2	5 430	7 192	-	10 945	10 945	10 945	-	10 698	10 160	11 682
Finance charges	4810	260	165	72	2 759	2 759	2 759	-	1 432	1 503	1 579
Bulk purchases	2	6 293	8 900	12 449	18 507	18 507	18 507	-	23 616	24 797	26 036
Other materials	4610	3 251	9 874	8 413	13 268	13 268	13 268	-	15 643	16 361	17 178
Contracted services		5 377	6 035	7 161	10 780	6 416	6 416	-	9 540	10 012	10 508
Transfers and grants	4970	2 257	12 259	8 224	17 397	22 619	22 619	-	12 283	8 481	9 214
Other expenditure	4, 5	7 122	9 054	12 565	22 292	24 495	24 495	-	30 631	31 920	33 549
Loss on disposal of PPE			32	-	0	-	-	-	(0)	(0)	1
Total Expenditure		59 144	94 333	94 711	155 460	161 344	161 344	-	170 914	173 319	184 956
Surplus/(Deficit)											
Transfers recognised - capital		39 690	48 888	52 844	74 534	67 996	67 996	-	90 846	79 006	90 118
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		39 690	48 888	52 844	74 534	67 996	67 996	-	90 846	79 006	90 118
Taxation											
Surplus/(Deficit) after taxation		39 690	48 888	52 844	74 534	67 996	67 996	-	90 846	79 006	90 118
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		39 690	48 888	52 844	74 534	67 996	67 996	-	90 846	79 006	90 118
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		39 690	48 888	52 844	74 534	67 996	67 996	-	90 846	79 006	90 118

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R261 million in 2011/12 and decrease to R252 million by 2013/14. This represents a year-on-year increase of -4 per cent for the 2012/13 financial year and 5 per cent for the 2013/14 financial year.
2. Revenue to be generated from property rates is R25 million in the 2011/12 financial year and increases to R26 million by 2013/14 which represents 10 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R43 million for the 2011/12 financial year and increasing to R49 million by 2013/14. For the 2011/12 financial year services charges amount to 17 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are necessary for the survival of the Municipality. These transfers are 35 per cent of the total income.
5. The following graph illustrates the major expenditure items per type.

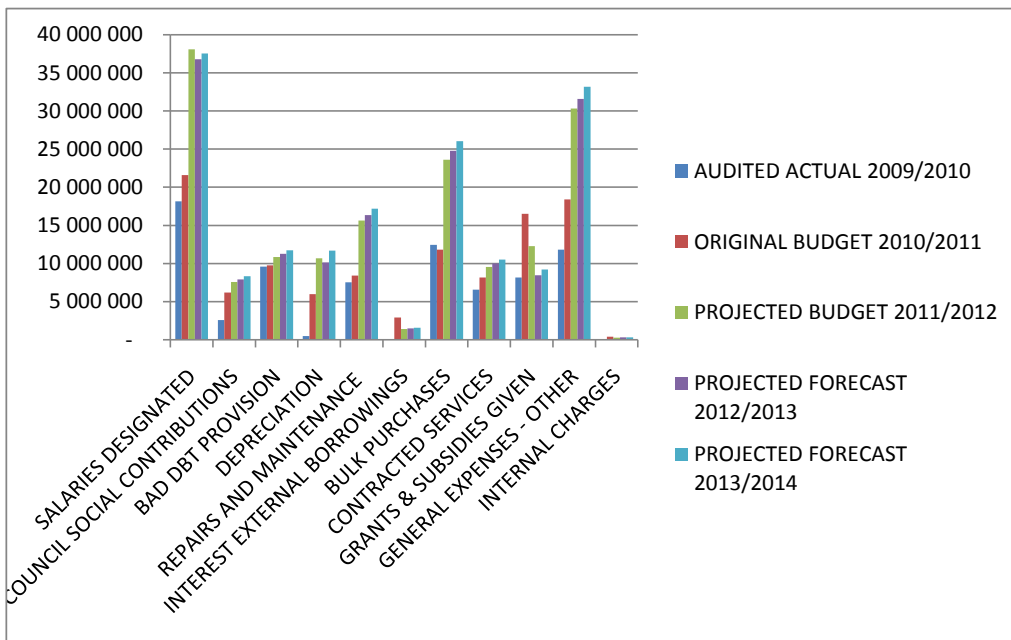


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2007/08 to 2013/14 period escalating from R6 Million to R26 Million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.

7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

TABEL 22

EC441 Matatielle - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
EXECUTIVE & COUNCIL	88	200	66	-	550	550	550	10	2 000	3 200
BUDGET & FINANCE	3 926	4 014	1 686	2 843	4 666	4 666	4 666	1 378	1 500	1 000
CORPORATE	-	192	529	818	983	983	983	35	1 000	2 000
COMMUNITY	5 034	11 223	1 960	10 003	8 574	8 574	8 574	3 730	1 000	2 000
DEV & PLANNING	50	12 182	3 426	2 430	2 430	2 430	2 430	10 883	1 000	1 000
CIVIL ENIGENERING	11 875	24 593	28 178	105 836	103 301	103 301	103 301	107 676	61 156	67 883
Vote7 - Example 7	-	-	-	-	-	-	-	-	-	-
Vote8 - Example 8	-	-	-	-	-	-	-	-	-	-
Vote9 - Example 9	-	-	-	-	-	-	-	-	-	-
Vote10 - Example 10	-	-	-	-	-	-	-	-	-	-
Vote11 - Example 11	-	-	-	-	-	-	-	-	-	-
Vote12 - Example 12	-	-	-	-	-	-	-	-	-	-
Vote13 - Example 13	-	-	-	-	-	-	-	-	-	-
Vote14 - Example 14	-	-	-	-	-	-	-	-	-	-
Vote15 - Example 15	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	20 973	52 404	35 846	121 930	120 504	120 504	120 504	123 711	67 656	77 083
Single-year expenditure to be appropriated										
EXECUTIVE & COUNCIL	-	-	-	-	-	-	-	-	-	-
BUDGET & FINANCE	-	-	-	-	-	-	-	-	-	-
CORPORATE	-	-	-	-	-	-	-	-	-	-
COMMUNITY	-	-	-	-	-	-	-	-	-	-
DEV & PLANNING	-	-	-	-	-	-	-	-	-	-
CIVIL ENIGENERING	-	-	-	-	-	-	-	-	-	-
Vote7 - Example 7	-	-	-	-	-	-	-	-	-	-
Vote8 - Example 8	-	-	-	-	-	-	-	-	-	-
Vote9 - Example 9	-	-	-	-	-	-	-	-	-	-
Vote10 - Example 10	-	-	-	-	-	-	-	-	-	-
Vote11 - Example 11	-	-	-	-	-	-	-	-	-	-
Vote12 - Example 12	-	-	-	-	-	-	-	-	-	-
Vote13 - Example 13	-	-	-	-	-	-	-	-	-	-
Vote14 - Example 14	-	-	-	-	-	-	-	-	-	-
Vote15 - Example 15	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	20 973	52 404	35 846	121 930	120 504	120 504	120 504	123 711	67 656	77 083
Capital Expenditure - Standard										
Governance and administration	-	-	-	-	-	-	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	-
Community and public safety	-	-	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	-	-	-	-	-	-	-	-	-	-
Planning and development	-	-	-	-	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	-	-	-	-	-	-	-	-	-	-
Funded by:										
National Government	11 825	12 425	25 882	77 132	68 516	68 516	68 516	78 625	67 656	77 083
Provincial Government	3 320	32 158	7 288	2 030	4 019	4 019	4 019	12 224	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	5 588	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	20 733	44 583	33 170	79 162	72 535	72 535	72 535	90 849	67 656	77 083
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	23 000	23 000	23 000	23 000	13 000	-	-
Internally generated funds	240	7 821	2 676	19 768	24 968	24 968	24 968	19 862	-	-
Total Capital Funding	20 973	52 404	35 846	121 930	120 504	120 504	120 504	123 711	67 656	77 083

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2011/12 R16 Million has been allocated of the total R123 million capital budget, which totals 16 per cent.

3. Single-year capital expenditure has been appropriated at R16 Million for the 2011/12 financial year and decrease over the MTREF at levels of R6.5 million and R9.2 million respectively for the two outer years, primarily due to the fact that various projects reach completion in 2011/12.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

5. The capital programme is funded from capital and provincial grants and transfers, borrowing and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

TABEL 23

EC441 Matatiele - Table A6 Budgeted Financial Position

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
ASSETS											
Current assets											
Cash		68 245	50 452	64 636	64 636	64 636	64 636	64 636	67 868	71 262	74 825
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	5 839	9 426	4 492	4 492	4 492	4 492	4 492	4 716	4 952	5 200
Other debtors		6 933	10 218	4 174	4 174	4 174	4 174	4 174	4 383	4 602	4 832
Current portion of long-term receivables		240	210	-	-	-	-	-	-	-	-
Inventory	2	548	347	621	621	621	621	621	652	684	718
Total current assets		81 805	70 653	73 923	73 923	73 923	73 923	73 923	77 619	81 500	85 575
Non current assets											
Long-term receivables		3 495	4 015	4 611							
Investments											
Investment property		1 289	19	19							
Investment in Associate											
Property, plant and equipment	3	99 363	187 736	223 470	223 470	223 470	223 470	223 470	234 644	246 376	258 695
Agricultural											
Biological											
Intangible		1 165	1 802	2 145							
Other non-current assets											
Total non current assets		105 312	193 572	230 245	223 470	223 470	223 470	223 470	234 644	246 376	258 695
TOTAL ASSETS		187 117	264 225	304 168	297 393	297 393	297 393	297 393	312 263	327 876	344 270
LIABILITIES											
Current liabilities											
Bank overdraft	1	617	1 357	1 410							
Borrowing	4	583	265	135	135	-	-	-	-	-	-
Consumer deposits		311	321	326							
Trade and other payables	4	56 805	43 270	29 357	29 357	-	-	-	-	-	-
Provisions		443	1 126	1 743							
Total current liabilities		58 759	46 339	32 971	29 493	-	-	-	-	-	-
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		2 942	7 301	7 204	7 204	4 245	4 245	4 245	4 457	4 680	4 914
Total non current liabilities		2 942	7 301	7 204	7 204	4 245	4 245	4 245	4 457	4 680	4 914
TOTAL LIABILITIES		61 701	53 640	40 175	36 697	4 245	4 245	4 245	4 457	4 680	4 914
NET ASSETS	5	125 416	210 585	263 992	260 696	293 148	293 148	293 148	307 806	323 196	339 356
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		30 786	189 431	242 100	238 803	271 256	271 256	271 256	285 913	301 304	317 464
Reserves	4	94 665	21 154	21 892	21 892	21 892	21 892	21 892	21 892	21 892	21 892
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	125 451	210 585	263 992	260 696	293 148	293 148	293 148	307 806	323 196	339 356

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 101) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

TABEL 24

EC441 Matatiele - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1	101 539	28 462	45 297	45 297	45 297	45 297		49 827	54 810	54 810
Government - operating					-	-	-		-	-	-
Government - capital	1				-	-	-		-	-	-
Interest		4 758	6 488	4 970	4 970	4 970	4 970		5 467	6 014	6 014
Dividends											
Payments											
Suppliers and employees		(49 926)									
Finance charges		(260)	(165)	(72)	(72)	(72)	(72)		(79)	(87)	(87)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		56 111	34 785	50 195	50 195	50 195	50 195	-	55 215	60 737	60 737
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		63			-	-	-		-	-	-
Decrease (Increase) in non-current debtors		7			-	-	-		-	-	-
Decrease (increase) other non-current receivables		(714)		(343)	(343)	(343)	(343)		(377)	(415)	(457)
Decrease (increase) in non-current investments		(453)	(519)	(596)	(596)	(596)	(596)		(656)	(722)	(794)
Payments											
Capital assets		(21 479)	(52 360)	(35 503)	(35 503)	(35 503)	(35 503)		(39 053)	(42 958)	(47 254)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(22 576)	(52 879)	(36 442)	(36 442)	(36 442)	(36 442)	-	(40 086)	(44 095)	(48 505)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(594)	(438)	527	527	527	527		580	638	638
Increase (decrease) in consumer deposits		(35)									
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		(629)	(438)	527	527	527	527	-	580	638	638
NET INCREASE/ (DECREASE) IN CASH HELD											
		32 906	(18 532)	14 281	14 281	14 281	14 281	-	15 709	17 280	12 870
Cash/cash equivalents at the year begin:	2	34 722	67 628	49 096	49 096	49 096	49 096		54 005	69 714	86 994
Cash/cash equivalents at the year end:	2	67 628	49 096	63 376	63 376	63 376	63 376		69 714	86 994	99 864

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality stayed consistent over the 2007/08 to 2009/10 period owing directly to well oiled finance department.
4. In addition the City undertook an extensive debt collection drive resulting in cash receipts on arrear debtors of R10 million. These interventions translated into a net cash position of R14 million for the 2010/11 financial year and cash and cash equivalents totaled R63 million at year end.
5. The 2011/12 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R69 million as at the end of the 2011/12 financial year and escalates to R99 million by 2013/14.

TABEL 25**EC441 Matatiele - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash and investments available											
Cash/cash equivalents at the year end	1	67 628	49 096	63 376	63 376	63 376	63 376	–	69 714	86 994	99 864
Other current investments > 90 days		0	(0)	(150)	1 260	1 260	1 260	64 636	(1 846)	(15 732)	(25 039)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		67 628	49 095	63 227	64 636	64 636	64 636	64 636	67 868	71 262	74 825
Application of cash and investments											
Unspent conditional transfers		48 856	34 258	19 022	19 022	–	–	–	–	–	–
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	34 484	27 348	21 567	22 070	(7 233)	(7 233)	(4 174)	(7 458)	(7 890)	(8 114)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		83 341	61 606	40 590	41 093	(7 233)	(7 233)	(4 174)	(7 458)	(7 890)	(8 114)
Surplus(shortfall)		(15 713)	(12 510)	22 637	23 544	71 869	71 869	68 810	75 326	79 152	82 939

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2007/08 to 2008/09 the deficit deteriorated from R15 million to R12 million. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a deficit of R15 million in 2007/08 to a surplus of R82 million by 2013/14.

TABEL 26

EC441 Matatiele - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	20 973	52 404	35 846	121 930	120 504	120 504	123 711	67 656	77 083
Infrastructure - Road transport		12 237	30 107	23 206	56 974	52 205	52 205	55 454	67 656	77 083
Infrastructure - Electricity		-	-	-	48 400	48 400	48 400	52 130	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	4 167	1 196	-	-	-	-	-	-
Infrastructure - Other		-	-	-	439	2 696	2 696	1 650	-	-
Infrastructure		12 237	34 274	24 402	105 813	103 301	103 301	109 234	67 656	77 083
Community		50	11 367	8 724	9 462	9 288	9 288	8 555	-	-
Heritage assets		-	44	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		8 686	6 674	2 377	6 654	7 915	7 915	5 922	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	44	343	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	12 237	30 107	23 206	56 974	52 205	52 205	55 454	67 656	77 083
Infrastructure - Road transport		-	-	-	48 400	48 400	48 400	52 130	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	4 167	1 196	-	-	-	-	-	-
Infrastructure - Other		-	-	-	439	2 696	2 696	1 650	-	-
Infrastructure		12 237	34 274	24 402	105 813	103 301	103 301	109 234	67 656	77 083
Community		50	11 367	8 724	9 462	9 288	9 288	8 555	-	-
Heritage assets		-	44	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		8 686	6 674	2 377	6 654	7 915	7 915	5 922	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	44	343	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	20 973	52 404	35 846	121 930	120 504	120 504	123 711	67 656	77 083
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		34 880	94 897	128 479	223 470	223 470	223 470	234 644	246 376	258 695
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	4 167	1 196	-	-	-	-	-	-
Infrastructure - Other		-	-	-	439	2 696	2 696	1 650	-	-
Infrastructure		34 880	94 897	128 479	223 470	223 470	223 470	234 644	246 376	258 695
Community		46 632	53 503	65 176	-	-	-	-	-	-
Heritage assets		1 289	19	19	-	-	-	-	-	-
Investment properties		17 851	39 336	29 815	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		1 165	1 802	2 145	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	101 817	189 557	225 634	223 470	223 470	223 470	234 644	246 376	258 695
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		5 430	7 192	-	10 945	10 945	10 945	10 698	10 160	11 682
Repairs and Maintenance by Asset Class		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	6, 7	5 430	7 192	-	10 945	10 945	10 945	10 698	10 160	11 682
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality currently shows a 13 per cent of repairs and maintenance to the total capital budget and no % to PPE, Matatiele Local Municipality does not meet these recommendations yet.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality’s strategy to address the maintenance backlog.

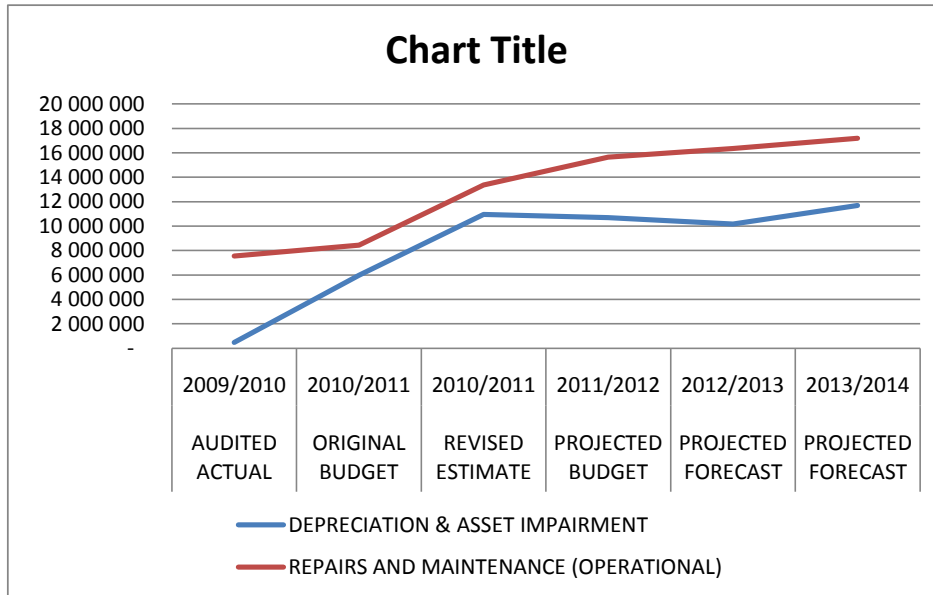


Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

TABEL 27

EC441 Matatiele - Table A10 Basic service delivery measurement

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Household service targets (000)	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		1	0	1	1	1	1	1	1	1
Electricity - prepaid (min.service level)		3	3	3	4	4	4	4	4	5
<i>Minimum Service Level and Above sub-total</i>		4	4	4	4	4	4	5	5	5
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	4	4	4	4	4	4	5	5	5
Refuse:										
Removed at least once a week		4	4	5	5	5	5	5	5	5
<i>Minimum Service Level and Above sub-total</i>		4	4	5	5	5	5	5	5	5
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		4	4	5	5	5	5	5	5	5
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		4	4	5	5	5	5	5	5	5
Total number of households	5	9	9	9	9	9	9	9	9	10
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		0	1	2	4	4	4	9	12	18
Refuse (removed at least once a week)		0	1	2	4	4	4	9	12	18
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		239	1 316	420	2 160	2 160	2 160	2 376	2 614	2 875
Refuse (removed once a week)		327	235	3 036	1 994	1 994	1 994	2 193	2 413	2 654
Total cost of FBS provided (minimum social package)		566	1 551	3 456	4 154	4 154	4 154	4 569	5 026	5 529
Highest level of free service provided										
Property rates (R value threshold)		-	-	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		37	40	44	89	89	89	95	102	109
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		-	-	-	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)		-	-	5 588	5 812	6 044	-	6 649	7 314	8 045
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy		239	1 316	420	2 160	2 160	2 160	2 376	2 614	2 875
Refuse		327	235	3 036	1 994	1 994	1 994	2 193	2 413	2 654
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	6	566	1 551	9 045	9 966	10 198	4 154	11 218	12 340	13 574

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 8 569 households to be registered as indigent in 2011/12, and therefore entitled to receiving Free Basic Services. The number is set to increase to 10 000 households given the rapid rate of in-migration to the Matatiele town, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R4.5 million in 2011/12, increasing to R5.5 million in 2013/14. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

1. The process followed in compiling the 2011/2012 Budget can be summarized as follows:

- (a) Council adopted a Budget Timetable on 31 August 2010. However, regrettably the dates as stipulated in the Budget Timetable could not always be adhere to due to community consultation process regarding the demarcation of Matatiele which clashed COGTA's with certain dates as well as certain provincial programmes which clashed with Matatiele's outreach program. The Budget Timetable is attached;
- (b) The Budget & Finance Standing Committee compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM policies were reviewed. No amendments were recommended as the policies were approved less than 4 months prior to this meeting;
- (c) The CFO presented the Budget Assumptions and Guidelines to the General Managers in October 2010;
- (d) IDP Outreaches were held in April 2011. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.
- (e) In February 2011 a Strategic Planning Workshop was held in Durban during which Standing Committees in their various commissions developed their respective KPA's and objectives for 2011/2012;
- (f) The Budget Office compiled a Draft Budget which was presented to Management, the Budget & Finance Standing Committee and EXCO during February 2011;
- (g) The Draft Budget for 2011/2012 was table at Council by the Mayor on 22 February 2011;
- (h) The Draft Budget was submitted to Provincial Treasury and to National Treasury during April 2010;
- (i) Management and support staff did an Asset Verification Exercise during April 2011. All wards were visited and maintenance requirements and strategies were recorded for inclusion in the Budget;
- (j) On the 24 January 2011 the General Manager Corporate Services and the Manager Budget and Financial Reporting attended a meeting held by CoGTA in Johannesburg. The essence of the meeting was to revise the budget timetable to address the Local Government elections that is taking place on the 18th of May 2011. This resulted in the budget process to move a month earlier for the budget to be adopted on the 20th April 2011. This left the budget office with a lot of challenges to meet deadlines.
- (k) On the 20 April 2011 Council will considered and adopted the IDP, Budget, Tariffs and all budget related schedules and policies.

2. Input from Stakeholders

The following input was received:

(a) National Treasury

- (i) Grants must equal those as indicated by DoRA, especially MIG.
- (ii) Big variances between previous years figures and current years figures must be verified; and
- (iii) The Budget Document must comply with the new format, e.g. Mayors Report, Municipal Managers Quality Certificate and support schedules must be attached.

(b) Certain Ward Residents

- (i) Certain maize fields to be fenced.

(c) General input during Outreaches

- (i) The Budget must be ward based; and
- (ii) The Budget must indicate all programmes and activities that will be held in the wards.

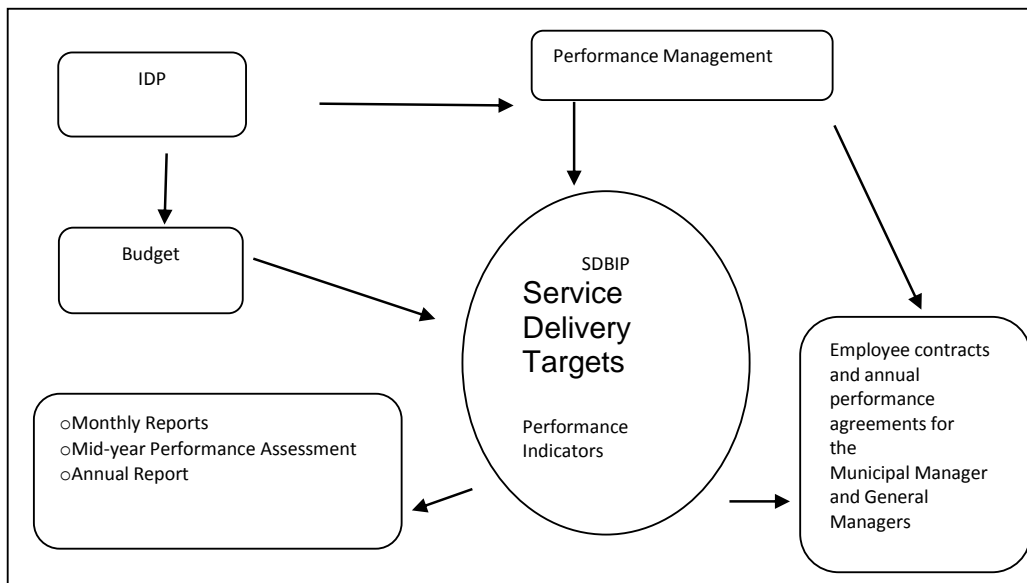
2.2 OVERVIEW OF THE ALIGNMENT OF THE BUDGET TO THE INTEGRATED DEVELOPMENT PLAN

The review of the IDP and the 2011/2012 Budget compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future Budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2011/2012 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KPA's. Details of the Budgets allocated to the various departments are reflected in schedules SA4-6.

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performance plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.



The SDBIP allows the budget to be implemented fully as it identifies:

- o The Strategic Imperative – Through links with the IDP.
- o The Financial Imperative – Through links with the budget.
- o The Performance Imperative – Through links to the PMS.

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies

- Green Paper on National Strategic
- Government Programme of Action;
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth
- National 2014 Vision;
- National Spatial Development
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2010/11 Financial Year		2011/12 MTREF	
1	The provision of quality basic services and infrastructure	1	Provision of quality basic services and infrastructure
2	Acceleration of higher and shared economic growth and development	2	Economic growth and development that leads to sustainable job creation
3	Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1	Fight poverty and build clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4	Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5	Good governance, Financial viability and institutional governance	5.1	Promote sound governance
		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

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

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

1. Provision of quality basic services and infrastructure which includes, amongst others:

- o Provide electricity;
- o Provide water;
- o Provide sanitation;
- o Provide waste removal;
- o Provide housing;
- o Provide roads and storm water;
- o Provide public transport;
- o Provide city planning services; and

o Maintaining the infrastructure of the City.

2. Economic growth and development that leads to sustainable job creation by:

- o Ensuring there is a clear structural plan for the City;
- o Ensuring planning processes function in accordance with set timeframes;
- o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- o Effective implementation of the Indigent Policy;
- o Working with the provincial department of health to provide primary health care services;

- o Extending waste removal services and ensuring effective city cleansing;
- o Ensuring all waste water treatment works are operating optimally;
- o Working with strategic partners such as SAPS to address crime;
- o Ensuring safe working environments by effective enforcement of building and health regulations;

- o Promote viable, sustainable communities through proper zoning; and
- o Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4 Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable

- o Optimising effective community participation in the ward committee system; and
- o Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- o Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- o Reviewing the use of contracted services
- o Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- o Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year

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

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were

- Strengthening the analysis and strategic planning processes of the City;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives

The 2011/12 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC441 Matatiele - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Good Governance and Public Participation	Executive & Council	-	-	-	-	-	-	-	-	-
Municipal Financial Viability and Management	Budget & Finance	-	-	-	-	-	-	-	-	-
Transformation and Institutional Development	Corporate Services	2 428	2 511	2 072	3 067	6 077	6 077	4 086	4 250	4 420
Basic Service Delivery and Infrastructure Investment	Community Services	-	-	-	9 918	11 252	11 252	11 944	13 826	16 234
Local Economic Development	Economic & Development Planning	-	-	-	1 221	1 221	1 221	1 782	1 871	1 358
Basic Service Delivery and Infrastructure Investment	Technical Services	452	529	382	725	725	725	728	764	801
0		2 880	3 040	2 453	14 932	19 275	19 275	18 540	20 710	22 813

Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC441 Matatiele - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Good Governance and Public Participation	Executive & Council	13 436	14 239	15 699	20 720	23 030	23 030	25 532	24 280	26 487
Municipal Financial Viability and Management	Budget & Finance	10 613	24 127	23 242	30 452	31 561	31 561	32 788	33 986	38 425
Transformation and Institutional Development	Corporate Services	4 241	6 367	7 949	8 896	8 946	8 946	12 257	12 807	12 588
Basic Service Delivery and Infrastructure Investment	Community Services	5 519	5 616	8 101	14 030	14 153	14 153	15 174	15 216	16 082
Local Economic Development	Economic & Development Planning	1 931	4 073	2 038	7 708	10 736	10 736	8 695	6 744	7 078
Basic Service Delivery and Infrastructure Investment	Technical Services	23 404	39 911	37 682	73 654	72 917	72 917	76 468	80 288	84 296
		59 144	94 333	94 711	155 460	161 344	161 344	170 914	173 319	184 956

Table 31 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC441 Matatiele - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
Good Governance and Public Participation	Executive & Council	A	88	200	66	-	550	550	10	2 000	3 200
Municipal Financial Viability and Management	Budget & Finance	B	3 926	4 014	1 686	2 843	4 666	4 666	1 378	1 500	1 000
Transformation and Institutional Development	Corporate Services	C	-	192	529	818	983	983	35	1 000	2 000
Basic Service Delivery and Infrastructure Investment	Community Services	D	5 034	11 223	1 960	10 003	8 574	8 574	3 730	1 000	2 000
Local Economic Development	Economic & Development Planning	E	50	12 182	3 426	2 430	2 430	2 430	10 883	1 000	1 000
Basic Service Delivery and Infrastructure Investment	Technical Services	F	11 875	24 593	28 178	105 836	103 301	103 301	107 676	61 156	67 883
			20 973	52 404	35 846	121 930	120 504	120 504	123 711	67 656	77 083

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

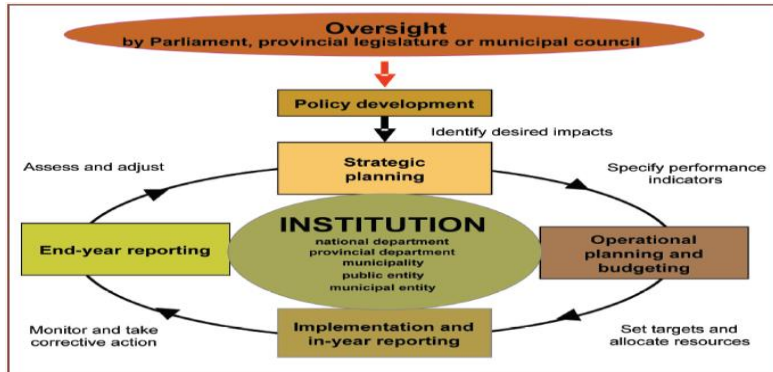


Figure 5 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 6 Definition of performance information concepts

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

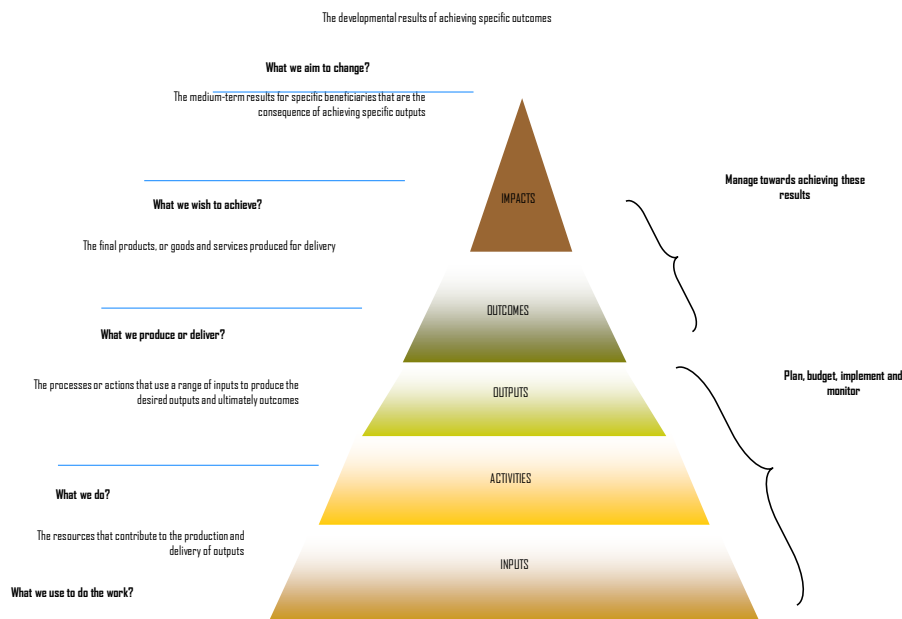


Figure 6 Definition of performance information concepts

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

Table 32 MBRR Table SA7 - Measurable performance objectives

EC441 Matatiele - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Vote 1 - MUNICIPAL FINANCIAL										
Function 1 - BUDGET & FINANCE										
Sub-function 1 - Good										
No of staff trained in finance management	Training schedule							No of people		
No of staff meetings	Minutes							12		
To launch a program aimed at	Registration Certificates							30/06/2012		
Launch a program aimed at accrediting	CA/CPA's Training							30/06/2012		
Computer Training	No. of staff trained							No of people		
Undertake a study aimed at identifying	Competency levels							Annually		
Issue of staff with PC's	No. of staff issued							20		
Installation of antivirus software	Update Reports							Monthly		
Updating of Abakus Financial System	New Release Dates							Half Yearly		
Updating of PayDay Payroll System	New Release Dates							Annually		
Maintenance of hardware	Asset Verification Report							Quarterly		
Valuation Roll Maintenance	Amended Valuation Roll							Quarterly		
Develop and implement an IT Strategy for	Strategy Document							Annually		
Table for consideration and approval of	Risk Management Plan							1		
Risk Management & Fraud Prevention	Fraud Prevention Workshop							1		
Develop a comprehensive office	Plan							Annually		
Communicate needs through applicable	Plan							Annually		
Identify economic opportunities and liaise	Plan							Annually		
Appointment of Department Safety	Letter of Appointment							31/09/2010		
Review written delegations in line with	Delegation Framework Policy							Annually		
To comply with the MFMA	% compliance with the requirements of the							Monthly		
practices within Matatiele to sustain the	Debt coverage (Asset Test Ratio)							Monthly		
practices within Matatiele to sustain the	Cost Coverage Ratio							Monthly		
practices within Matatiele to sustain the	Outstanding debtors days (Debt Coverage							Monthly		
Sub-function 2 - Budget										
No of staff trained in finance management	No. of monthly reports							12		
Quarterly reporting to council	No. of quarterly reports							4		
Annual details of bank account (Sec.9b)	Before 30 June each year							30-Jun-12		
Quarterly reporting on withdrawals	No. of quarterly reports							4		
Mid-year budget (Sec.72)	Before 25 January each year							25-Jan-12		
Bank reconciliation's	No. of reconciliations							12		
Investments	No. of bank certificates							4		
Investment policy (annual review)	Date approved							30-Jun-12		
Review of policies	Date policies reviewed by Council - Credit							30-Jun-12		
Payment of interest & redemption	Cheque vouchers							Bi-annually		
Reconciliation with general ledger	Reconciliation							Bi-annually		
Inclusion in financial statements	Appendix A							Annually		
Time schedule	Date approved							31-Aug-10		
Tabling of annual budget	Date tabled							31-Mar-11		
Approval of annual budget	Date approved							31-May-11		
Public meetings	No. of meetings							7		
Undertake tariff setting during budget								Annually		
Align Budget with IDP								Annually		
Monthly reports to Managers i.r.o I & E	No. of budget reports							Monthly		
Age Creditors Analysis	12 Monthly Budget Reports							10 working days		
Age Debtors Analysis	12 Monthly Budget Reports							10 working days		
Capital Acquisition Actuals	12 Monthly Budget Reports							10 working days		
Statement of Financial Performance	12 Monthly Budget Reports							10 working days		
Cash Flow actuals	12 Monthly Budget Reports							10 working days		
Finance Management Grant	12 Monthly Budget Reports							10 working days		
Restructuring Grant	12 Monthly Budget Reports							10 working days		
Municipal Systems Implementation Grant	12 Monthly Budget Reports							10 working days		
Municipal Infrastructure Grant	12 Monthly Budget Reports							10 working days		
List of Municipal Entities	4 Quarterly Reports							24 Working		
Long Term Contracts	4 Quarterly Reports							24 Working		
Implementation Priorities	4 Quarterly Reports							24 Working		
Borrowing Monitoring	4 Quarterly Reports							24 Working		
Competency Levels	2 Half yearly Reports							24 working days		
MFMA Evaluation by MM S72	1 Yearly Reports							25-Jan		
Standard Budget return form to analyst	1 Yearly Reports							24-Jan		
Revised Capital Budget	1 Yearly Reports							24-Jan		
Revised Operating Budget	1 Yearly Reports							24-Jan		
Revised Balance Sheet	1 Yearly Reports							24-Jan		
Capital Acquisition Audit	1 Yearly Reports							Audit Outcomes		
Operating Audited	1 Yearly Reports							Audit Outcomes whenever receive from AG		
Balance Sheet Audited	1 Yearly Reports							Audit Outcomes		
Adjustment budget	Date revised budget approved							31-Jan-12		
Trial balance preparation	Date completed							31-Jul-11		
Reconciliation with general ledger	Date completed							25-Aug-11		
Working papers for year-end transactions	Date completed							25-Aug-11		
Accounting policies i.r.o statements	Date completed							25-Aug-11		
CFO report on statements	Date completed							25-Aug-11		
GAMAP/GRAP conversion	Ledger and trial balance and I & E statement in							25-Aug-11		
Completed financial statements	Date completed							25-Aug-11		
Submission to A-G & Province	Date completed							31-Aug-11		
Exceptions	Quick and efficient responses to Audit Queries.							30-Sep-11		
Unspent Grants	Budget Adjustment in line with AFS.							100%		
Equitable Share	% Received							100%		
MSIG	% Received							100%		
FMG	% Received							100%		

Sub-function 3 - Assets and										
Insurance of assets & liabilities	Renewal Document								100%	
Financial regulations review	Regulations								Annually	
Delegations review	Delegations								Annually	
Procure debt management and credit	System Implementation								Annually	
Fleet Management	Log books & tracking system								All Vehicles	
Compliance with SCM Regulations	Survey								12	
Supply Chain Management Policy Review	Policy								30/06/2011	
Tender Adjudications	Committee Meeting Minutes								Monthly	
Implementation of Supply Chain	Internal Audit Report								Quarterly	
Compile delegations	SCM delegations								Annual	
Establish SCM unit under CFO	SCM unit								30/06/2012	
Align with new threshold values	Policy								Annual	
Establish new bid committees	Committees								Annual	
Compile internal procedures and	Procurement Manual								30/06/2012	
Compile list of suppliers	Updated suppliers data base								Monthly	
Training of practitioners	Training courses								10	
Approval of tenders not recommended.	Monthly reports to AG, PT and								Quarterly	
Inventory control	Frequency of inventory lists								Quarterly	
Updating of assets register	Frequency of updates								Quarterly	
Disposal of assets	Date of report to Council								30/04/2012	
Additional assets acquired.	Amount Spent								30/06/2012	
Sub-function 4 - Revenue, Debt										
Creditors paid	30 days								No of creditors days	
Salaries and allowances paid on time	Payroll Payment Date								100%	
To improve key financial viability and	Reduce Outstanding Debt								Bi-monthly	
Tariff adjustments	Date Advertised								R15m	
Debtors reconciliation	No. of reconciliations								Annually	
Additional revenue	Rand value of additional revenue secured								Monthly	
Launch on-going data cleansing									Monthly	
Rates Income	Check I&E								Monthly	
Interest on External Investments	Check I&E								Monthly	
Interest on Outstanding Debtors	Check I&E								Monthly	
Other Income	Check I&E								Monthly	

The following table sets out the municipalities main performance objectives and benchmarks for the 2011/12 MTREF.

Table 33 MBRR Table SA8 - Performance indicators and benchmarks

EC441 Matatiele - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Borrowing Management											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	-	-	-	-	-
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	-	-	-	-	-
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	-	-	-	-	-
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Funding of Provisions											
Provisions not funded - %	Unfunded Provs./Total Provisions										
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										

Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source											
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
IDP regulation financial viability indicators												
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	-	-	-	-	-	-	-	-	-	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	-	-	-	-	-	-

Vote Indicator	Unit of Measurement
<p>Municipal Finance Management Act, Monthly reporting to Mayor (Section 71) Quarterly reporting to council Annual details of bank account (Sec.9b) Quarterly reporting on withdrawals Mid-year budget (Sec.72) Bank reconciliation's Investments Investment policy (annual review) Review of policies</p>	<p>No. of monthly reports No. of quarterly reports Before 30 June each year No. of quarterly reports Before 25 January each year No. of reconciliations No. of bank certificates Date approved Date policies reviewed by Council - Credit Control and Debt Collection, Tariff, Procurement, Indigent Management, Budget, Risk Management, Rates, Fixed Assets and Accounting, Banking and Investment</p>
<p>Multi-year budget Time schedule Tabling of annual budget Approval of annual budget Public meetings</p>	<p>Date approved Date tabled Date approved No. of meetings</p>
<p>Financial Statements Trial balance preparation Reconciliation with general ledger Working papers for year-end transactions Accounting policies i.r.o statements CFO report on statements Completed financial statements Submission to A-G & Province GAMAP/GRAP conversion</p>	<p>Date completed Date completed Date completed Date completed Date completed Date completed Date completed Ledger and trial balance and I & E statement in GRAP format - date finalised</p>
<p>Budget Control Monthly reports to Managers i.r.o I & E Age Creditors Analysis Age Debtors Analysis Capital Acquisition Actuals Statement of Financial Performance (actuals) Cash Flow actuals Finance Management Grant Restructuring Grant Municipal Systems Implementation Grant Municipal Infrastructure Grant List of Municipal Entities Long Term Contracts Implementation Priorities Borrowing Monitoring Competency Levels MFMA Evaluation by MM S72 Standard Budget return form to analyst Revised Capital Budget Revised Operating Budget Revised Balance Sheet</p>	<p>No. of budget reports 12 Monthly Budget Reports 12 Monthly Budget Reports 12 Monthly Budget Reports 12 Monthly Budget Reports 12 Monthly Budget Reports 12 Monthly Budget Reports 12 Monthly Budget Reports 12 Monthly Budget Reports 12 Monthly Budget Reports 4 Quarterly Reports 4 Quarterly Reports 4 Quarterly Reports 4 Quarterly Reports 2 Half yearly Reports 1 Yearly Reports 1 Yearly Reports 1 Yearly Reports 1 Yearly Reports 1 Yearly Reports</p>

Capital Acquisition Audit	1 Yearly Reports
Operating Audited	1 Yearly Reports
Balance Sheet Audited	1 Yearly Reports
Adjustment budget	Date revised budget approved
Asset Register	
Inventory control	Frequency of inventory lists
Updating of assets register	Frequency of updates
Disposal of assets	Date of report to Council
Loans Register	
Payment of interest & redemption	Cheque vouchers
Reconciliation with general ledger	Reconciliation
Inclusion in financial statements	Appendix A
Revenue Management	
Credit control & debt collecting	Report to sub committee
Debt Reduction	Outstanding Debt
Tariff adjustments	Date Advertised
Debtors reconciliation	No. of reconciliations
Expenditure Management	
Creditors paid	Creditors reconciliation
Salaries and allowances paid on time	Payroll
Insurance of assets & liabilities	Premiums
Financial regulations review	Regulations
Delegations review	Delegations
Training of staff	
No of staff trained in finance management	Training schedule
No of staff meetings competency levels	Survey
Supply Chain Management	
Compliance with SCM Regulations	Survey
Supply Chain Management Policy Review	Policy
Tender Adjudications	Committee Meetings
Department: Chief Financial Officer	
Vote: Information Technology	
Computer literacy	No. of staff trained
Issue of staff with PC's	No. of staff issued
Installation of antivirus software	Updates
Updating of Web page	Contents
Updating of Abakus Financial System	Reports
Updating of PayDay Payroll System	Reports
Maintenance of hardware	As Required
Valuation Roll Maintenance	Amended Valuation Roll
GIS System Maintenance	As Required
Review powers and functions, roles and responsibilities	
Draft revised organizational structure to address key recommendations	
Table for consideration and approval a draft establishment plan	
Undertake a study aimed at identifying g and address critical gaps in line with JIPSA and Competency levels of Financial Officers/ SCM	
To launch a program aimed at accrediting Financial/ non-technical officials/councillors with IMFO	

<p>Launch a program aimed at accrediting Financial officials as CA/CPA's</p> <p>Develop a comprehensive office requirement plan informed through needs analysis</p> <p>Communicate needs through applicable department</p>	
<p>Launch on-going data cleansing programme (in-house)</p> <p>Undertake tariff setting during budget preparation process</p> <p>Implement full blown credit control in accordance with Council Policy</p> <p>Procure debt management and credit control operating system</p> <p>Identify economic opportunities and liaise with internal structures</p> <p>To improve key financial viability and liquidity indicators:</p> <ul style="list-style-type: none"> · Acid Test Ratio · Cost Coverage Ratio · Debt Coverage Ratio <p>Budget framework is balances and modeled on actual revenue collected</p> <p>Implement Division of Revenue Act (DORA)</p> <p>Ensure compliance with prescribed accounting standards (Compliance with AFS preparation framework)</p> <p>Ensure compliance with prescribed accounting standards (Compliance with AFS preparation framework) and Council Policies</p> <p>Compile AFS in line with AFS preparations framework (GRAP)</p> <p>Preparation of section 52, 71 (DORA) & 72 reports</p> <p>Review written delegations in line with delegations policy</p> <p>Develop and implement and IT Strategy</p> <p>Supply Chain Management</p> <p>Development and implementation of Supply Management Policy</p> <p>Compile delegations</p> <p>Establish SCM unit under CFO</p> <p>Align with new threshold values</p> <p>Establish new bid committees</p> <p>Compile internal procedures and processes</p> <p>Compile list of suppliers</p> <p>Training of practitioners</p> <p>Approval of tenders not recommended in the normal course of the implementation of SCM</p> <p>Separation of duties in SCM</p> <p>Revenue Management</p> <p>Additional revenue</p>	<p>Monthly monitoring</p> <p>SCM delegations</p> <p>SCM units</p> <p>Policy</p> <p>Committees</p> <p>Policy</p> <p>Updated suppliers data base</p> <p>Training courses</p> <p>Monthly reports to AG, PT and NT</p> <p>Implementation of SCM policy</p> <p>Rand value of additional revenue secured</p>
<p>Department: Municipal Managers Office</p> <p>Vote: Administration</p>	

<p>Full Council meetings Executive Committee meetings Budget Control for departmental expenditure.</p> <p>Vote: Executive and Council</p> <p>Oversee the strategic planning for the Municipality that will ensure alleviation of poverty and the facilitation of sustainable development Strategically manage the use of Council resources so that an economic, effective and efficient service is delivered Maintain overall responsibility as Chief Accounting Officer for all income and expenditure of Council, all assets and discharge of liabilities Lead direct and manage staff so that they are able to meet objectives of Council</p> <p>Oversee the implementation of the Employment Equity Plan so that it is dealt with in accordance with legislation Monitor and control the budget for the office of the Municipal Manager and Mayor Ensure good governance within the municipality so that transparency, public accountability, access to information, administrative justice and responsiveness to complaints are dealt with Develop and maintain relations with all other spheres of Government and to apply the spirit of co operative governance</p>	<p>Minutes Minutes Review budget</p> <p>IDP Review Proof of IDP review meetings Internal submissions Budget inputs to Mayor Develop and monitor SDBIP</p> <p>Link IDP to budget Budget approval by 31 May 08 Adoption of multi year budget Monthly manco meetings Bi annual review of performance agreements Quarterly reports</p> <p>Monthly budget reports</p> <p>Exco meetings Council meetings Publication of budget Availability of web site</p> <p>No of meetings with COGTA Provincial Treasury District Council</p>
<p>Vote: Executive and Council</p> <p>Ensure that all the planning and reporting of the performance of the Municipality conforms to the requirements of the Municipal Systems Act and Municipal Finance Management Act</p> <p>Implementation of policies, by-laws and regulations</p> <p>Credit control and debt collection policy Indigent policy Tariff policy Subsistence and travel policy Asset management policy Investment and cash management policy Debt management policy Investment regulations Public private partnership regulations</p> <p>Department: Corporate Services</p> <p>Vote: Administration</p> <p>Monthly reporting to Mayor (Section 71) Quarterly reporting to council Budget Control for departmental expenditure.</p> <p>Vote: Human Resources</p>	<p>Tabling of audit report and financial statements</p> <p>Policy Policy Policy Policy Policy Policy Policy Regulations Regulations</p> <p>No. of monthly reports No. of quarterly reports Review budget</p>

Recruitment and selection of staff	Number
Training and development	Number
Management training - senior management	Number
Labour relations. Disciplinary hearings and grievances	Number
Occupational health and safety	Number
Change management, viz sense of belonging, sense of ownership and pride in workshop in service delivery	Number
Induction training	Number
Operator/training IT, finance training and development	Number
Learnerships for in house staff and communities	Number
Sexual harassment at the workplace	Number
Every employee to have a job description which is available for inspection and links to overall strategic objectives of the department	Number
Individual training plans including career development issues and progress against plans for inspection.	Number
Plans to be in accordance with the format stipulated by the skills development plan.	Number
HR strategy developed with the participation of relevant stakeholders to include EE, SD, Salary parity.	Number
Performance management remuneration etc	Number
Department: Community Services	
Vote: Administration	
Monthly reporting to Mayor (Section 71)	No. of monthly reports
Quarterly reporting to council	No. of quarterly reports
Budget Control for departmental expenditure.	Review budget
Vote: Library	
Membership	
Membership	Number
Circulation	
Books circulated	Number of books circulated
Lost Books	
Lost Books	Rand value of lost books
Vote: Protection Services	
Prosecutions	Number of prosecutions
Warrants	Number of warrants executed
Vehicle check points	Number conducted
Speed - camera	Number conducted
Road blocks	Number conducted
Vote: Public Amenities	
Town Hall Hire Matatiele	Hall hire per occasion
Town Hall Hire Cedarville	Hall hire per occasion
Nokhwezi Hall Hire	Hall hire per occasion
Harry Gwala Hall Hire	Hall hire per occasion
Msingisi Hall Hire	Hall hire per occasion
Library Hall Matatiele	Hall hire per occasion
Library Hall Cedarville	Hall hire per occasion
Community Functions	Hall hire per occasion

Rural Hall Hire	Hall hire per occasion
Various Site Rental	No of rental
Vote: Housing	
Housing consumer education	No. of beneficiaries trained
Completion of new houses	No. of houses completed
Applications captured	Number
Properties transferred	Number
Projects conditionally approved	Number
Vote: Cemetry	
Burials	No of
Plots	No of
Exhumation of body	No of
Widening of grave	No of
Memorial	No of
Vote: Sports, Recreation & Youth Development	
Matatiele sport council	No. of meetings
Matatiele youth council	No. of meetings
Children Per Occasion	No.of tickets sold
Adult Per Accasion	No.of tickets sold
Season Children	No.of tickets sold
Part Season Children	No.of tickets sold
Season Adults	No.of tickets sold
Part season Adult	No.of tickets sold
Local Club for practice per practice	No.of Games
Local Clubs per Game	No.of Games
Outside Clubs per game	No.of Games
Non sport funtion per day	No.of Games
Vote: Museum	
Visitors	Number of visitors
Vote: Nature Reserve	
various Farm rentals	
Chalet:6 bedded	Accopmodation per room
Chalet:4 bedded	Accopmodation per room
Angling:Annual	Accomodation per year
Angling:Daily	Accomodation per day
Camping:p/p	Accomodation per day
Wood Sales	wood per ton
Vote:Pound	
Donkeys,Horses,cattle,pigs,ostriches per head	No of
Sheep,goat per head	No of
Tresspass fee per head	
Donkeys,Horses,cattle,pigs,ostriches per head	No of
Sheep,goat per head	No of
Substance per head per day	
Donkeys,Horses,cattle,pigs,ostriches per head	No of
Sheep,goat per head	No of
Cattle sales	No of
Driving fees with Vehicle p km	km Per Hr
Driving fees per foot km	km Per Hr
Vote: Property Services	
Unused municipal property that will be disposed by sale	Number
Lease agreements that will be signed	Number

Renewal and maintenance of existing leases	Number
Vote: Cemetery	
<u>Operating and maintenance</u>	
Cut grass at cemetery 3 times each per season	
Cycle 1 end of September	Cycle
Cycle 2 end of December	Cycle
Cycle 3 end of March	Cycle
<u>Grave Markers</u>	
Design and purchase grave markers and place	Number
<u>Excavate graves</u>	
In-house or outsourced T.L.B and trim graves with labour	Number
<u>Maintain records and plans</u>	Percentage
<u>Maintain facilities</u>	
Erect public ablution facilities	No. of facilities erected
<u>Maintain fencing</u>	
As and when required	Meters of fencing maintained
<u>Capex</u>	
Public ablution facilities	No. of ablution facilities
<u>Training</u>	
Training on register	No. of staff trained
<u>Administration</u>	
Budget Control for departmental expenditure.	Review budget
Department: Planning and Development	
Vote: Administration	
Monthly reporting to Mayor (Section 71)	No. of monthly reports
Quarterly reporting to council	No. of quarterly reports
Budget Control for departmental expenditure.	Review budget
Vote: Local economic development	
1. No of learnership/interns appointed	Number
2. No of projects initiated	Number
3. Appointment of LED co-ordinator	Number
Vote: Land Use Management	
1. LUMS: initiated and in place	Number
2. IDP revision for 2008/2009	Number
3. Subdivisions approved	Number
4. Planning applications processed	Number
Vote: Publicity Association	
Establishment of publicity association	Establishment of association
Department: Technical Services	
Vote: Roads	
<u>Operating and maintenance</u>	
<u>Repair Surfaced Roads - Potholes</u>	
10m ³ per day	m ²
<u>Road Marking</u>	
Paint marking 10m ² per day	m ²
<u>Erect Street Name Signs</u>	
SMME's	Number
<u>Traffic Signs</u>	
Erect traffic signs	Number

<u>Gravel Roads</u> Grade roads <u>Capex</u> <u>Construct roads</u> Construct roads to surfaced standards <u>Roads rehabilitation</u> Refurbish roads <u>Training</u> Vote: Stormwater Management	 KM KM m ² Number
<u>Operating and maintenance</u> <u>Catchpits</u> Clear catchpits and manholes of silt and soil <u>Kerbs and channels</u> Desilt and clear kerbs and channels SMME's <u>Capex</u> New Kerbing and channelling <u>Training</u> Kerbing Vote: Landfill Site	 No. of catchpits cleared Meters of kerbing and channelling constructed No. of staff trained
<u>Operating and maintenance</u> <u>Access Control</u> Restrict access to authorised persons without permit and measure by loose volume incoming refuse 1. Garden Refuse 2. Domestic Refuse <u>Processing</u> Process domestic refuse on site by spreading, covering and compacting in 1.5m high benches <u>Earthworks</u> Annually carry out earth works clear with dozer <u>Audit</u> Carry out external audit Carry out internal audit <u>Capex</u> New Dump <u>Training</u> Environmental Control Vote: Refuse Removal	 m ² m ² Daily Number Number Number Number Number
<u>Operating and maintenance</u> Collect refuse from all urban properties Maintain staff compliment for essential services at 100% <u>Capex</u> <u>Training</u> Vote: Street Cleaning	 Percentage Percentatge
<u>Operating and maintenance</u> Maintain suburbs every two weeks Vote: Technical Services	 Percentatge

Prepare monthly reports to portfolio comm	Number
Departmental MANCO meetings	Number
Prepare O&M and capex items for MANCO	Number
Prepare O&M and capex budget to Legislative time frames	Percentage
Complete all capital projects	Percentage
Complete all grant funded capital projects	Percentage
Manage consultants and contractors on approved projects to complete within financial year	Percentage
Establish GIS unit	Number
Compile business plans	No. of business plans
Monthly reporting to Mayor (Section 71)	No. of monthly reports
Quarterly reporting to council	No. of quarterly reports
Vote: Revenue Management	
Income generation	% of budgeted income raised for Department
Vote: Sport and Recreation	
<u>Operating and maintenance</u>	
<u>Grass verge clearance</u>	
Thandanani Stadium Matatiele	Percentage
Bottom Fields Matatiele	Percentage
North End Stadium Matatiele	Percentage
Davis Park Harry Gwala Park	Percentage
Cedarville Stadium Cedarville	Percentage
Vote: Electricity Distribution	
<u>Operating and maintenance</u>	
Carry out pole inspections	Number
Respond to faults within one day	Percentage
<u>Capex</u>	
Upgrade old cables	KM
<u>Training</u>	
LV Lines	No. of staff trained

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2011/12 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 22.1 per cent to 18.5 per cent in 2013/14, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 7 per cent in 2007/08 to 8.2 per cent in 2010/11. This increase can be attributed to the raising of loans to fund portions of the capital programme. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 9.7 per cent in 2011/12 and will then decrease to 8.8 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 64 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2012 and 2018. Debt service costs are expected to peak in 2018 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. During the 2009/10 financial year the ratio deteriorated to a level 107.5 per cent. As part of the planning guidelines that informed the compilation of the 2011/12 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective, hence the steady decrease from 91.1 per cent in the 2011/12 financial year to 79.2 per cent in 2013/14.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2007/08 and 2010/11 the gearing ratio peaked at 55.7 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio increases to 61.2 per cent in the 2011/12 financial year, the medium term strategy is to steadily reduce the gearing ratio to a level that does not exceed 50 per cent as a prudential limit, hence, over the 2011/12 MTREF the ratio decreases to 54 per cent by 2013/14.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2011/12 MTREF the current ratio is 1.2 in the 2011/12 financial year and 1.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2010/11 financial year the ratio was 0.2 and as part of the financial planning strategy it has been increased to 0.3 in the 2011/12 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 12 per cent in the 2010/11 financial year to 10 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2011/12 financial year 90 000 registered indigents have been provided for in the budget with this figured increasing to 105 000 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 39.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

As listed hereunder are all the policies that are currently adopted by

[Matatiele Local Municipality. All these policies can be viewed on the official municipal website www.matatiele.co.za.](http://www.matatiele.co.za)

These policies were adopted on the 29 June 2009. CR352/2009, and reviewed on the 31/05/2010.

Approved Policies

- 1 Credit Control & Debt Collection Policy
- 2, 3 Banking & Investment Policy & Implementation Guide
- 4, 5 Fixed Asset Management Policy & Implementation Guide
- 6, 7 Budget Policy & Implementation Guide
- 8 Property Rates Policy
- 9 Transport Policy
- 10 Tariff Policy
- 11 Internal Audit Charter
- 12 Terms of Reference for Audit Committee
- 13, 14 Supply Chain Management Policy & Code of Conduct
- 15 Indigent Policy
- 16 Legal Representation Policy
- 17 GRAP Framework Policy
- 18 Risk Management Policy
- 19 IT Policy
- 20, 21 Disaster Recovery Policy & Plan
- 22 Data Backup Policy
- 23 Network Security Policy
- 24 Cash Management Policy
- 25 Special Services Tariff Policy
- 26 Grant & Donation Policy
- 27 Donor Finance Policy
- 28 Procurement Policy
- 29 Payment Policy
- 30 Virement Policy
- 31 Cash-Up Policy
- 32 Cash Shortage Policy
- 33 Electricity Token Policy
- 34 Credit Card Policy
- 35 Corporate Gifts Policy
- 36 Dress Code Policy
- 37 Entertainment / Refreshment Policy
- 38 Customer incentive Scheme Policy
- 39 Strategy to Improve Debtor Payment Policy
- 40 Customer Care Policy
- 41 Fraud Prevention & Response Plan
- 42 Debt Capacity Policy
- 43 Subsistence & Transport Allowance
- 44 All Promulgated By-Laws

2.5 OVERVIEW OF THE BUDGET ASSUMPTIONS

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2011/12 budget:

➤ Estimated salary increases:

- 2011/12 – 4,3% + 2 % = 6,3%
- 2012/13 – 4,8% + 2 % = 6,8%
- 2013/14 – 5,5% + 3% = 8,5%

➤ Debt impairment: the overall collection levels are estimated around 90% overall for the MLM. Payment levels for the following revenue streams have been estimated as follows:

Property rates 95% (89% in 2010/2011)
Electricity 90% (66% in 2010/2011)
Refuse 90% (65% in 2010/2011)

- Indigent Support to increase from 1% to 30% of all registered indigents;
- Bulk electricity purchases: MLM has assumed a tariff increase of 25% from ESKOM and will increase its tariffs with 20,4% as determined by NERSA;
- Finance charges and depreciation is growing with an amount of R9.68 million or 10% over the 2009/10 financial year and it is mainly as a result of the capital investment over the medium term and the implementation of GRAP 17;
- Other expenditure: in order to accommodate the increases in salaries, bulk purchases, debt impairment and depreciation, it means that all other expenditure will increase at a reduced rate or maintained at the current levels;
- Matatiele Local Municipality will continue with its current powers and functions;
- The Budget is based on current service levels. However, provision is made for a pilot project to expand refuse removal services to 5 rural areas;
- Government grants for the years 2011/2012 to 2013/2014 are as per the Division of Revenue Act, assuming that all allocations will be received;
- The inflation rate has been estimated at 4,2% per annum;
- Growth in staff related costs has been provided for in the budget at 8% per annum, growth in the remaining expense items range from 0% to 10%;
- Provision has been made for tariff increases relating to services at an average rate of 6% per annum; and
- Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

Table 34 Credit rating outlook

Security class	Currency	Rating	Annual rating	Previous Rating
			Oct-09	
Short term	Rand	Prime -1	20-Apr-10	Prime -1
Long-term	Rand	Aa3	20-Apr-10	Aa3
Outlook	Rand	Negative	20-Apr-10	Negative

The rating definitions are:

- Short term : Prime – 1
- Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)

- Long-term : Aa3

Defined as high-grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.

	WITHOUT VAT	Old Tariff	Old Tariff	Increase	Old Tariff	Increase	Old Tariff	Increase	New Tariff Vat Excluded	Increase
1	REFUSE REMOVAL CHARGES	2007/2008	2008/2009	%	2009/2010	%	2010/2011	%	2011/2012	%
1.1	<i>Domestic Removals</i>									
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 32.45	R 35.37	9%	R 38.91	10%	R 77.82	100%	R 85.60	10%
1.2	<i>Commercial Removals</i>									
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 48.67	R 53.05	9%	R 58.36	10%	R 116.72	100%	R 128.39	10%
1.3	In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 48.67	R 53.05	9%	R 58.36	10%	R 116.72	100%	R 128.39	10%
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.									

1.5	Removal from Separate Consumers on same Premises Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.									
1.6	Availability Charge A availability fee , is charged to any vacant commercial erven located in the town areas of					R 200.00	100%	R 200.00	0%	
	A availability fee , is charged to any vacant domestic erven located in the town areas of					R 100.00	100%	R 100.00	0%	

2	BUILDING PLAN FEES
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2.1	The fees payable for plans of any building submitted in terms of the building regulations shall be calculated at R6.00 per R1 000 or part thereof in respect of total estimated cost of the work, subject to a minimum charge of R1 000. Building Cost is calculated at R2 500 per m².This calculation is used to calculate the building plan fees for buildings in excess of 100m² and major alterations to existing buildings.									
2.1.1	Building less than 80m².	R 74.28	R 200.56	170.0%	R 202.00	0%	R 201.75	0%	R 201.75	R 0.00
2.1.2	Building less than 100m².	R 217.35	R 543.38	150.0%	R 544.00	0%	R 543.86	0%	R 543.86	R 0.00
2.1.3	Building more than 100m². Tariff 2.1 is applicable									
2.2	Builders Deposits The following deposits must be paid by building contractors/owners in a developed area, prior to the commencement of any work: (a) Extensions less than 100m ² or part thereof as determined by the Building Inspector but not more than (b) Extensions more than 100m ² but less than 200m ² or part thereof (c) Extensions more than 200m ² but less than 500m ² (d) Extensions more than 500m ² or part thereof									
	(a)	R 171.45	R 188.60	10.0%	R 188.60	0%	R 207.02	0%	R 207.02	R 0.00
	(b)	R 856	R 941.60	10.0%	R 941.60	0%	R 942.11	0%	R 942.11	R 0.00
	(c)	R 3 567	R 3 923.70	10.0%	R 3 923.70	0%	R 3 923.68	0%	R 3 923.68	R 0.00
	(d)	R 4 993	R 5 492.30	10.0%	R 5 492.30	0%	R 5 492.11	0%	R 5 492.11	R 0.00
2.3	Penalty Deposits will be forfeited after 7 days from date of completion certificate, should the Developer/Contractor not have the sidewalk/pavement cleared within such period.									
2.4	Exemption Certificate Fee payable for minor building work as contemplated in Section 13 of the National Building Regulations and Building Standards Act, 1977(Act 103 of 1977) as amended		R 100.00	n/a	R 100.00	0%	R 100.00	0%	R 100.00	0%

3 POUND FEES

3.1	Schedule B: Rate of Compensation for all animals delivered to the pound, per head.	R 15	R 16.35	9%	R 16.35	0%	R 16.67	2%	R 16.67	0%
3.2	Schedule C: Trespass on private land Description of animal Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day Sheep and goats per head per day						R 13.16		R 13.16	0%
							R 8.77		R 8.77	0%

3.3	Schedule E: Pound Fees Description of animal									
	Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day	R 25	R 28.75	15%	R 28.75	0%	R 13.16	-50%	R 13.16	0%
	Sheep and Goats, per head per day	R 25	R 28.75	15%	R 28.75	0%	R 8.77	-50%	R 8.77	0%
3.4	Schedule F: Sustenance fees Description of animal									
	Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day	R 25	R 30.00	20%	R 30.00	0%	R 21.93	-50%	R 21.93	0%
	Sheep and Goats, per head per day	R 25	R 30.00	20%	R 30.00	0%	R 13.16	-50%	R 13.16	0%

4 SWIMMING BATH

4.1	Single Tickets Entrance, per occasion									
(a)	Adults	R 12	R 13.16	10%	R 9.00	0%	R 8.77	-3%	R 8.77	0%
(b)	Scholars and Children	R 7	R 7.02	10%	R 4.00	0%	R 4.39	0%	R 4.39	0%
4.2	Season Tickets Bath only, not transferable									
(a)	Adult (Full Season)	R 152	R 167.20	10%	R 167.20	0%	R 131.58	-27%	R 131.58	0%
(b)	Adult (Part Season - valid for one month from day issue)	R 61	R 67.10	10%	R 67.10	0%	R 65.79	-2%	R 65.79	0%
(c)	Scholars and children (Full Season)	R 61	R 67.10	10%	R 67.10	0%	R 65.79	-2%	R 65.79	0%
(d)	Scholars and children (Part Season valid for one month from day of issue)	R 24	R 26.40	10%	R 26.40	0%	R 26.32	0%	R 26.32	0%
	For the purposes of this Section "scholars" shall mean any scholars attending a primary or secondary school and "children" shall mean any children who have not reached the age of 17 years; provided that children have not reached the age of five years may be admitted free of charge if accompanied and under the care of a responsible adult.									
	School Swimming Classes The Council may permit school swimming classes to use the bath free of charge at such times as the Council may determine from time to time provided that the pupils of such swimming classes are accompanied by and under the control of a responsible teacher.									

5 FIRE SERVICES

The charges payable for services rendered or materials supplied by the

5.1	For the services rendered involving the making available of any appliances, together with the attendance of personnel, the charges shall be as follows:									
(a)	Fire fighting and life-saving, per hour or part thereof	R 342.90	R 358.33	4.5%	R 358.33	0%	R 359.65	4%	R 359.65	0%
(b)	Travelling costs: Fire tenders per km or part thereof	R 10.92	R 12.56	15.0%	R 12.56	0%	R 13.16	0%	R 13.16	0%
(c)	Subsidized vehicles and any other equipment, materials used during a fire by officials of the Council	Cost plus 10%	Cost plus 10%		Cost plus 10%		Cost plus 10%		Cost plus 10%	

6 ELECTRICITY CHARGES

The charges payable by consumers for the supply of electricity shall be as

Subject to the approval by the National Electricity Regulator.		2007/2008	2008/2009	%	2009/2010	%	2010/2011	%	2011/2012	%
6.1	Scale 1: <i>Domestic Consumers</i>									
(a)	Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 99	R 119.39	20.6%	R 159.99	34.0%	R 190.39	19%	R 226.56	16%
	0-50								0.58	
	51-350								0.67	
	351-600								0.93	
	600 over								1.09	
(b)	Scale 2: <i>Commercial & Other Consumers</i>									
	Basic charge of consumers with the following kVA installed per month									
	0 - 25 KVA	R 112.00	R 135.07	20.6%	R 181.00	34.0%	R 215.39	19%	259.29	17%
	26 - 64 KVA	R 410	R 494.46	20.6%	R 662.58	34.0%	R 788.47	19%	949.16	17%
	65 KVA and more plus the following kWh charge per month:	R 2 457	R 2 963.14	20.6%	R 3 970.61	34.0%	R 4 725.03	19%	5687.99	17%
	0 - 2000 kWh								1.15	New
	2000 - and more								1.17	New
(c)	Scale 3: <i>Pre-Paid Metre Units</i>									
	Domestic:									
	0-50								0.58	New
	51-350								0.67	New
	351-600								0.93	New
	600 over								1.09	New
	Commercial:									
	0 - 2000 kWh								1.15	New
	2000 - and more								1.17	New
(d)	Scale 4: <i>Schools/School Hostels</i>									
	Schools defined as the majority of its Teachers paid for by the Government or State Education Department.									
	Basic Charges per month,	R 70.00	R 94.55	20.6%	R 127.64	34.0%	R 151.89	19%	182.85	
	0 - 2000 kWh								1.15	New
	2000 - and more								1.17	New
6.2	<i>Special Agreements</i>									
	The Council reserves the right in special circumstances to enter into special agreements subject to the approval of the Premier of the supply of electrical energy to consumers.									
6.3	<i>Change of Scale</i>									
	Where a consumer elects to change from any one scale to any other scale, he shall notify the Town Clerk in writing at least 30 days prior to the date on which the elected scale shall take effect, and shall remain on such elected scale for a period of not less than 12 months.									
6.4	<i>Supply to Separate Consumers on same Premises</i>									
	Where electricity is supplied to shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the supply of electricity shall be as prescribed in applicable scales.									

6.5	<i>Payment of Accounts</i>									
(a)	All accounts for the supply of electricity shall become due and payable on demand but not later than the last working day of the month following the month to which such accounts relate. Any account which remains unpaid after such date shall be subject to a penalty of 1,5%.									
(b)	The Council may disconnect the supply of electricity where any account remains unpaid at the end of the month following the month in respect of which such account was rendered and the supply of electricity shall only be resumed on payment of a charge of R46.64.00 in addition to all other outstanding charges.	R 20	R 25.00	20.0%	R 33.50	34.0%	R 39.87	19%	R 46.64	17%
(c)	Consumers shall be responsible for obtaining statements of their accounts so as to enable them to effect payment thereof within the prescribed period.									
6.6	<i>Deposits</i>									
	Every consumer shall when making application for a supply of electricity deposit with the Council the applicable amount as tabled hereunder.									
(a)	Domestic consumers	R 1 141.14	R 1 278.08	12.0%	R 1 712.63	34.0%	R 2 038.03	19%	R 2 384.49	17%
(b)	Small power consumers with installation not exceeding 25 KVA	R 2 853.40	R 3 195.81	12.0%	R 4 282.39	34.0%	R 5 096.04	19%	R 5 962.37	17%
(c)	Medium power consumers with a demand exceeding 25kVA but not exceeding 64 Kva	R 4 992.62	R 5 591.73	12.0%	R 7 492.92	34.0%	R 8 916.57	19%	R 10 432.39	17%
(d)	Large power consumers with a demand exceeding 65KVA to supply a bank guarantee equal to two months estimated average usage.									
(e)	Pre-paid metre consumers									
6.7	<i>Connection Fees and other Charges</i>									
(a)	Commercial and other consumers electricity connection fees and be charged at cost of materials, labour, supervision plus 10% payable in advance.									
(b)	Domestic consumers electricity connection fees payable in advance. Cost plus 10% provided that the cost be taken from the boundary of the Erf per property of the applicant.									
(c)	For a connection after a disconnection at consumers request, or in case of a faulty installation R223.88exc vat payable in advance.	R 60	R 120.00	100%	R 160.80	34%	R 191.35	19%	R 223.88	17%
(d)	For the testing of a metre cost plus 10%									
(e)	For a special reading of metre R50.00 payable in advance.									

(f) For an investigation to establish the cause of a defect in consumers installation - R60.00 payable in advance.									
(g) For each inspection and testing of an installation after failure to pass the first inspection and test - R100.00 payable in advance.									
(h) <i>Conversion</i> On application from a consumer to convert from the conventional electricity metre to a pre-paid metre the following fee is applicable:	R 571.12	R 1 500.00	163%	R 2 010.00	34%	R 2 391.90	19%	R 2 798.52	17%
(i) On application from a consumer to convert from the conventional electricity metre or any other meter to a pre-paid metre the following fee is applicable on condition that such application and payment is made before 30 September 2004. After 30 September 2004 - (h) apply.	N/A	N/A	N/A	N/A		N/A		N/A	
(j) Where supply has been disconnected as a result of unauthorized reconnection, illegal bypassing of meter or for tempering; per disconnection and additional sum for units stolen. NOTE: In addition to the amounts contained in item (i), reconnection shall only occur once any arrears consumption charges; estimated charges for un-metered consumption and/or additional deposits owed by the consumer have been paid.	R 1 712.26	R 1 917.73	12.0%	R 2 569.76	34.0%	R 3 058.01	19%	R 3 577.88	17%
6.8 <i>Availability Charge</i> A fee equal to that mentioned in 6.1 (a) and 6.1 (b) above, depending on the zoning of the applicable erf, is charged to any vacant erf located in the town areas of Cedarville, Matatiele and Maluti.									

7 CEMETERY CHARGES

The following fees shall be payable to the Council in respect of burials and

7.1 <i>Burial Plots - Charge per Burial Plot</i> A non-refundable charge of:	R 133	R 133.00	0%	R 133.00	0%	R 127.20	5%	R 127.20	0%
7.2 <i>Burial Fees</i>									
(a) Adult	R 479	R 479.00	0%	R 479.00	0%	R 210.53	-56%	R 210.53	0%
(b) Child	R 479	R 479.00	0%	R 479.00	0%	R 210.53	-56%	R 210.53	0%
7.3 <i>Miscellaneous Charges</i>									
(a) Exhumation of body	R 1 815	R 1 815.00	0%	R 1 816.00	0%	R 1 592.11	-12%	R 1 592.11	0%
(b) Widening or deepening of grave	R 242	R 242.00	0%	R 242.00	0%	R 214.91	-12%	R 214.91	0%
(c) Permit to erect a memorial	R 100.00	R 100.00	0%	R 100.00	0%	R 87.72	-12%	R 87.72	0%
7.4 Fees for non-residents of the municipal area shall be the prescribed fees in (7.1) and (7.2) above, plus 50%									
7.5 After hours burial request as in (7.1) plus 100%									
7.6 At least 16 working hours notice must be given of a burial									
7.7 Pauper burial fees	R 479	R 479.00	0%	R 479.00	0%	R 394.74	-18%	R 394.74	0%
7.8 Internment of ashes in excising graves	R 36	R 36.00	0%	R 36.00	0%	R 30.70	-15%	R 30.70	0%

8 PUBLIC HALLS TARIFF

8.1	<i>Town Hall (Matatiele)</i>									
(a)	Main hall and kitchen per 12 hour period per day.	R 2 310	R 2 541.00	10%	R 2 544.00	1%	R 2 412.28	-5%	R 2 412.28	0%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 2 874	R 3 161.40	10%	R 3 161.40	0%	R 2 807.02	-11%	R 2 807.02	0%
8.2	<i>Town Hall (Cedarville)</i>									
(a)	Main hall and kitchen per 12 hour period per day.	R 860	R 946.00	10%	R 946.00	0%	R 912.28	-5%	R 912.28	0%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 1 510	R 1 661.00	10%	R 1 661.00	0%	R 1 315.79	-15%	R 1 315.79	0%
(c)	Old Cedarville Boardroom	R 90	R 99.00	10%	R 99.00	0%	R 87.72	-11%	R 87.72	0%
8.3	<i>Harry Gwala Park Community Hall</i>									
(a)	Main hall and kitchen per 12 hour period per day.	R 350	R 385.00	10%	R 385.00	0%	R 368.42	-5%	R 394.74	6%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 414	R 455.40	10%	R 455.40	0%	R 394.74	-13%	R 394.74	0%
8.4	<i>Nokhwezi & Msingizi Community Hall</i>									
(a)	Hall per 12 hour period per day	R 350	R 385.00	10%	R 385.00	0%	R 368.42	-5%	R 394.74	6%
(b)	Hall per kitchen per function exceeding 12 hours	R 414	R 455.40	10%	R 455.40	0%	R 394.74	-14%	R 394.74	0%
8.5	<i>Library Hall (Matatiele)</i>									
(a)	Hall per 12 hour period per day	R 120	R 132.00	10%	R 132.00	0%	R 127.19	-4%	131.58	9%
8.6	<i>Library Hall (Cedarville)</i>									
(a)	Hall per 12 hour period per day	R 90	R 99.00	10%	R 99.00	0%	R 92.11	-7%	114.04	19%
8.7	Community Halls (Rural Area)									
(a)	Hall per 12 hour period per day						R 87.72		R 87.72	0%
8.8	<i>Equipment</i>									
	The public address system per day or part thereof	R 315	R 346.50	10%	R 346.50	0%	R 302.63	-13%	R 302.63	0%
8.9	In addition to 8.1 to 8.6 above the hirer shall purchase pre-paid electricity cards for the supply of electricity.									
8.10	Where the hall is hired there shall first be deposited with the Chief Financial Officer the following amounts which amounts shall be refunded when the premises is handed over in satisfactory condition.									
	Town Hall (Matatiele)	R 2 300	R 2 530.00	10%	R 2 530.00	0%	R 2 400.00	-5%	R 2 400.00	0%
	Town Hall (Cedarville)	R 865	R 951.50	10%	R 951.50	0%	R 950.00	0%	R 950.00	0%
	Harry Gwala Park Community Hall	R 350	R 385.00	10%	R 385.00	0%	R 385.00	0%	R 385.00	0%
	Nokhwezi & Msingizi Community Hall	R 350	R 385.00	10%	R 385.00	0%	R 385.00	0%	R 385.00	0%
	Library Hall (Matatiele)	R 120	R 132.00	10%	R 132.00	0%	R 130.00	-1%	R 130.00	0%
	Library Hall (Cedarville)	R 90	R 99.00	10%	R 99.00	0%	R 100.00	0%	R 100.00	0%
8.11	<i>Community Halls</i>									
	The Municipal Manager has delegated Authority to hire the Community Halls to Matatiele Local Registered Non-Profit Organisations/Institutions and to resident members of the community for memorial/personal social activities at a variable charge not less than the following amount per occasion	R 45	R 49.50	10%	R 49.50	0%	R 43.86	-15%	R 43.86	0%

CONDITIONS OF HIRE

- 1 The Council reserves the right to refuse any booking or cancel any
- 2 No booking will be made and no date reserved until the full charges for the hire accommodation required has been paid. In the event of the hirer canceling or postponing any booking 25% of the hire fees shall be forfeited to the Council, provided the Council is notified of such cancellation at least 5 days prior to the date booked.
- 3 Advance bookings will not be accepted for any date more than thirteen months ahead, provided that prior bookings may be accepted in respect of a conference congress or festival celebrations at the discretion of the Town Clerk.
- 4 Every hirer shall specify the times and hours for which he wishes to hire the accommodation concerned and he shall not be entitled to exceed the period of the hire period, the hirer shall be liable for the payment to the Council of any additional charges calculated as above but nothing herein shall prejudice the right of the Council to require him to vacate the accommodation upon the expiration of the hire period specified by him.
- 5 No additional or special lighting may be installed in the City Hall without the written approval of the Municipal Manager, and any additional lights so authorized shall be carried out by the Electricity Department of the council on terms and conditions to be arranged.
- 6 Hirers shall be responsible for making good any breakage or damage of any description to the hall, furniture, fittings or any other property of the Council. If any furniture, equipment or any other property of the Council be found defective by the hirer, the same must be pointed out to the Caretaker before being used, failing this, everything will be considered to be in proper order.
- 7 The hirer shall ensure that all accommodation or equipment hired and the adjoining City Hall corridors are kept and left in a clean and tidy condition, failing which the Council will have the premises cleaned at the hirers expense.
- 8 From the deposit of the amount set out in the tariff of charges, the Council shall be entitled to deduct from such amount the cost of repairing, replacing or making good any damage, breakage, loss or disfigurement to the property of the Council sustained during hiring to hirer. Should the amount of the said deposit be insufficient to cover such cost, the hirer shall be liable for the payment of any additional amount involved. In the event of no damage, breakage, loss or disfigurement to the property of the Council being sustained as aforesaid, the deposit shall be refunded to the hirer.
- 9 Cooking in the hall, other than in the kitchen and utensils provided for that
- 10 The Council shall not be responsible for any loss occasioned by the temporary failure of the electric light supply in the building.
- 11 The Council shall not be responsible for any damage howsoever caused to, or for the loss of, articles or goods brought into, or left in the City Hall by the hirer or any other person.
- 12 The hirer shall be responsible for the control and behaviour of all children attending the functions, and shall prevent undue noise or nuisance being caused by children running about the Town Hall offices or otherwise.
- 13 No furniture, fittings, musical instruments, produce or refreshments shall be brought into, or removed from the building except by the Councillors car park entrance.
- 14 Standing on seats or chairs shall not be permitted.
- 15 No portion of the City Hall may be used for business purposes involving the sale of goods. The condition shall not apply to bazaars and fetes for charitable or other public purposes not to the sale of programmes or refreshments incidental to the use of the hall premises for public performances or functions.

9 MISCELLANEOUS SERVICES

<i>Sundry Charges</i>									
9.1	Search Fees								
(a)	Other than from the Minutes of proceedings of the Council, for any document or information required dated back:								
(b)	More than 12 months but not more than 24 months.	R 63	R 69.30	10.0%	R 70.00	1%	R 65.79	-6%	R 65.79 0%
(c)	24 Months or more but not more than 48 months.	R 125	R 137.50	10.0%	R 137.50	0%	R 122.81	-11%	R 122.81 0%
(d)	48 months or more	R 251	R 276.10	10.0%	R 276.10	0%	R 245.61	-11%	R 245.61 0%
9.2	Copy of valuation roll	R 607	R 667.70	10.0%	R 667.00	0%	R 614.04	-8%	R 614.04 0%
9.3	Copy of voters roll (per ward)	R 607	R 667.70	10.0%	R 667.00	0%	R 614.04	-8%	R 614.04 0%
9.4	Rates clearance certificates as laid down in Section 175(2) of Ordinance No. 25 of 1974	R 10	R 10.00	0.0%	R 10.00	0%	R 8.50	-15%	R 8.50 0%
9.5	Appeals to property valuations in terms of Section 160(3) of Ordinance No. 25 of 1974	R 54	R 59.40	10.0%	R 61.00	1%	R 57.02	-6%	R 57.02 0%
9.6	Services rendered by Council but not covered in tariffs of charges.	Cost plus 10%	Cost plus 10%		Cost plus 10%		Cost plus 10%		Cost plus 10%
9.7	Valuation and/or housing loan certificate as laid down in Section 265(5) of Ordinance No. 25 of 1974	R 63	R 69.30	10.0%	R 70.00	0%	R 70.18	0%	R 70.18 0%
9.8	Copy of estimates	R 257	R 282.70	10.0%	R 282.70	0%	R 263.16	-7%	R 263.16 0%

9.9	Special consent applications in terms of the Town Planning Scheme, which amount is not refundable.	R 2 174	R 2 391.40	10.0%	R 2 391.40	0%	R 2 105.26	-12%	R 2 105.26	0%
9.10	Application for relaxation of building line and/or side space requirements.	R 513	R 564.30	10.0%	R 564.30	0%	R 495.61	-12%	R 495.61	0%
9.11	<i>Rezoning applications</i> Fees payable shall not exceed the following maximum amounts: (a) Areas of land being rezoned Area of land to be rezoned less than 1ha (b) 1ha but less than 5ha (c) 5ha and over R30.00 for every hectare or part thereof in excess of 5ha	R 733	R 806.30	10%	R 807.00	0%	R 710.53	-12%	R 710.53	0%
		R 3 163	R 3 479.30	10%	R 3 479.30	0%	R 3 070.18	-12%	R 3 070.18	0%
		R 4 158	R 4 573.80	10%	R 4 573.80	0%	R 4 035.09	-12%	R 4 035.09	0%
9.12	Housing Administration fees per house per month on all bonds administered by the Borough	R 10	R 10.00	0.0%	R 10.00	0%	R 8.77	-12%	R 8.77	0%
9.13	Vehicle pound fees on all impounded vehicles per vehicle per day plus tow-in costs Impounded vehicles not released within 90 (ninety) days will be sold.	R 33.86	R 37.25	10%	R 37.25	0%	R 35.09	-6%	R 35.09	0%
9.14	Chemical toilet hire per toilet per day: Fee Deposit per toilet	R 628 R 314	R 690.80 R 345.40	10% 10%	R 690.80 R 345.40	0% 0%	R 614.04 R 307.02	-11% -11%	R 614.04 R 307.02	0% 0%
9.15	<i>Sports grounds rental</i> Local clubs for practices per practice Local clubs per game Outside clubs per game Stadium hire for non sporting events.	R 40	R 44.00	10%	R 35.09	-25%	R 35.09	0%	R 35.09	0%
		R 198	R 217.80	10%	R 175.44	-24%	R 175.44	0%	R 175.44	0%
		R 300	R 330.00	10%	R 263.16	-25%	R 263.16	0%	R 263.16	0%
									R 438.60	New
	Pre-paid Electricity Metering cards to be purchased for the use of lights at the stadium at the Domestic Rates.									
9.16	A penalty will be charged for any dishonoured cheque.	R 110	R 110.00	0.0%	R 110.00	0%	R 96.49	-12%	R 96.49	0%
9.17	Damage to any Council property	R 2 000	R 2 000.00	0.0%	R 2 000.00	0%	R 1 754.39	-12%	R 1 754.39	0%
9.18	Cleaning of over grown property after failing to respond to councils instruction to clean this said property.	R 1 997	R 2 196.70	10%	R 2 196.70	0%	R 2 192.98	-15%	R 2 192.98	0%
9.19	<i>Dog Licenses</i> Dogs	R 15.00	R 16.50	10.0%	R 16.50	0%	R 17.54	6%	R 17.54	0%
9.20	<i>Library Fines</i> Lost books + cost of the book. Book/s per day Video/s per day Photocopies per copy Internet per 30 minutes Internet E-Mail address per 6 months.	R 2 R 2 R 2 R 25 R 30	R 0.00 R 2.20 R 2.20 R 2.20 R 27.50 R 33.00	 10.0% 10.0% 10.0% 10.0%	R 17.54 R 2.20 R 2.20 R 2.20 R 26.32 R 33.00	 0% 0% 0% 0%	 R 2.63 R 2.63 R 2.63 R 26.32 R 30.70	 20% 20% 20% -1% -7%	26.32 R 2.63 R 2.63 R 26.32 R 30.70	33% 0% 0% 0% 0%
9.21	<i>Transport & Plant Hire</i> Bomag NCX 2721 Bobcat NCX 2661 JCB Bush Cutter Petrol Saw Wacker Lawn Mower Generator (without petrol) Water Pump Angle Grinder (230mm) Drill Welding Machine (220 amp) Welding Machine (250 amp) Compressor (380 Volt) High Pressure Washer Extension Lead Tar Spray	PER HOUR R 44.02 R 152 R 294 PER DAY R 229.90 R 375.10 R 145.20 R 133.10 R 181.50 R 121.00 R 90.75 R 133.10 R 193.60 R 205.70 R 217.80 R 133.10 R 12.10 R 363.00	R 48.42 R 166.98 R 323.07 R 252.89 R 412.61 R 159.72 R 146.41 R 199.65 R 133.10 R 99.83 R 146.41 R 212.96 R 226.27 R 239.58 R 146.41 R 13.31 R 399.30	10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10%	R 48.42 R 166.98 R 323.07 R 252.89 R 412.61 R 159.72 R 146.41 R 199.65 R 133.10 R 99.83 R 146.41 R 212.96 R 226.27 R 239.58 R 146.41 R 13.31 R 399.30	0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%	R 43.86 R 175.44 R 307.02 R 263.16 R 394.74 R 175.44 R 175.44 R 219.30 R 219.30 R 87.72 R 131.58 R 219.30 R 219.30 R 219.30 R 131.58 R 13.16 R 394.74	-9% 5% -5% 4% -4% 10% 20% 10% 65% -12% -10% 3% -3% -8% -10% -11% -11%	R 43.86 R 175.44 R 307.02 R 263.16 R 394.74 R 175.44 R 175.44 R 219.30 R 219.30 R 87.72 R 131.58 R 219.30 R 219.30 R 219.30 R 131.58 R 13.16 R 394.74	0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%
9.23	Tender Documents A fee of not less than R100 will be The fee will increase according to									

10 RANKS/STANDS FOR PUBLIC BUSES

The following fees shall be payable to the Council in respect of ANNUAL

10.1	Long Distance Bus Operators 1 -5 Bus Permits per Bus per Permit per Annum 6 and more Bus permits per Bus per Permit per Annum	Tariffs to be determined by Council Resolution, such Tariffs no to exceed R4000.00 per permit per annum.							
10.2	Local Bus Operators Bus Permit per Bus per Permit per Annum								
10.3	Local bus operators, "local", shall mean operators operating routes within a one								
10.4	Applicants are to be made by no later than December of such year in order for								

11 BUSINESS LICENSES

11.1	Food Vendors in caravans & carts								
11.2	General Dealers								
11.3	Supermarkets, Wholesalers &								
11.4	Restaurants, B&B's, Hotels, Guest								
11.5	Spaza Shops								
11.6	Funeral Parlours								
11.7	Hawker License: Trucks &								
11.8	Hawker License: Street Vendors								
11.9	Hawker License: (Special								
11.10	Clothing Shops								
11.11	Hardware								
11.12	Garages								
11.13	Livestock Sales								
11.14	Car wash								
11.15	Laundromat/Dry Cleaning								
11.16	Financial Institution								
11.17	Beauty Parlour: Hair Salons,								
11.18	Furniture Shops								
11.19	Legal Practice								
11.20	Surgeries								
11.21	Transport Industry								
11.22	Liquor: Bottle Stores, Taverns								
11.23	Book Shops								
11.24	Brokers: Insurance, Estate agents								

12 ASSESMENT RATES

12.1	Residential First R30 000 discount 35% Rebate	0.013		0.01391	7%	0.0144664	4%
12.2	Vacant Land	0.0156		0.01669	7%	0.01735968	4%
12.3	Commercial 10% Rebate	0.0156		0.01669	7%	0.01735968	4%
12.4	Farms Apply for R30 000 residential discount.	0.00325		0.00348	7%	0.0036166	4%

13 NATURE RESERVE

13.1	Accommodation									
	4 bed chalet per day	R 0	219.29	0%	219.29	0%	R 241.23	9%	R 241.23	0%
	6 bed chalet per day	R 0	307.01	0%	307.01	0%	R 337.72	9%	R 337.72	0%
	Camping pppd						R 43.86		R 43.86	0%
13.2	Fishing									
	per annum per member	R 0	307.01	0%	337.72	10%	R 372.81	9%	R 372.81	0%
	per day	R 0	43.85	0%	65.79	50%	R 87.72	15%	R 87.72	0%
13.3	Wood Sales									
	Per one ton bakkie load	R 0	65.78	0%	65.78	0%	R 87.72	15%	R 87.72	0%

14 TAXATION

The amounts referred to in these tariffs do not include any tax which may be

15 ADVERTISING & SIGNAGE

15.1	Billboards									
	non refundable application fee per	R 394.73	R 394.73	0%	R 394.73	0%	R 1 315.78	70%	R 1 315.78	0%
	+ Approval fee per applicant						R 35.08	100%	R 35.08	0%
15.2	Ground Signs									
	non refundable application fee per	R 131.57	R 131.57	0%	R 131.57	0%	R 219.29	40%	R 219.29	0%
	+ Approval fee per applicant						R 35.08	100%	R 35.08	0%
15.3	Wall Sign - Flat									
	non refundable application fee per	R 131.57	R 131.57	0%	R 131.57	0%	R 394.73	77%	R 394.73	0%
	+ Approval fee per applicant						R 35.08	100%	R 35.08	0%
15.4	Roof, Veranda, Balcony, Canopy and Under awning Sign									
	non refundable application fee per	R 131.57	R 131.57	0%	R 131.57	0%	R 394.73	77%	R 394.73	0%
15.5	Estate Agent Boards									
	non refundable application fee	R 526.31	R 526.31	0%	R 526.31	0%	R 526.31	0%	R 526.31	0%
	+ per board/sign (annually)	R 43.85	R 43.85	0%	R 43.85	0%	R 43.85	0%	R 43.85	0%
15.6	Portable Boards / Collapsible									
	non refundable application fee per	R 526.31	R 526.31	0%	R 526.31	0%	R 219.29	-59%	R 219.29	0%
15.7	Aerial Advertisement									
	non refundable application fee per	R 175.43	R 175.43	0%	R 175.43	0%	R 438.59	60%	R 438.59	0%
15.8	Advertising Vehicles									
	non refundable application fee per	R 1 052.63	R 1 052.63	0%	R 1 052.63	0%	R 1 052.63	0%	R 1 052.63	0%
15.9	Temporary Signs / Posters									
	non refundable application fee per	R 43.85	R 43.85	0%	R 43.85	0%	R 43.85	0%	R 43.85	0%
	+ non commercial fee per signs,	R 2.19	R 2.19	0%	R 2.19	0%	R 2.19	0%	R 2.19	0%
	+ commercial fee per signs,						R 4.38	100%	R 4.38	0%
15.10	Banners									
	non refundable application fee per	R 526.31	R 526.31	0%	R 526.31	0%	R 131.57	-75%	R 131.57	0%

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 35 Breakdown of the operating revenue over the medium-term

Description	2011/12 Medium Term Revenue & Expenditure Framework					
	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
R thousand						
Property rates	25 173		26 432		27 819	
Service charges	43 331		46 796		49 451	
Investment revenue	3 000		3 150		3 308	
Transfers recognised - operational	182 615		167 083		185 200	
Other own revenue	7 641		8 864		9 297	
Total operating revenue (excluding capital transfers and contributions)	261 760		252 325		275 074	
Total Operating Expenditure	170 914		173 319		184 956	
Surplus/(Deficit)	90 846		79 006		90 118	

The following graph is a breakdown of the operational revenue per main category for the 2011/12 financial year.

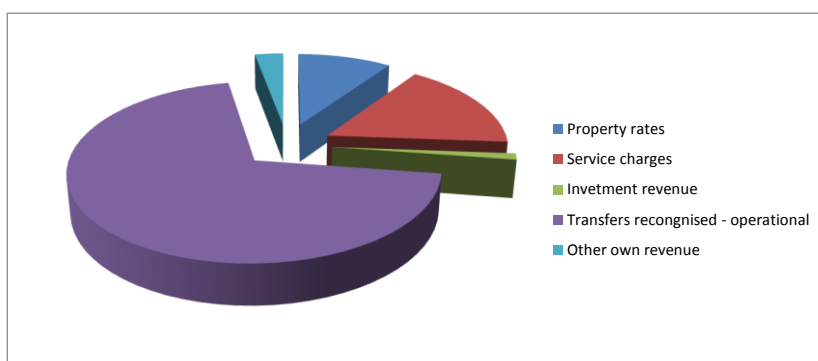


Figure 7 Breakdown of operating revenue over the 2011/12 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the town and economic development;
- Revenue management and enhancement;
- Achievement of a 80 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2011/12 MTREF on the different revenue categories are:

Table 36 Proposed tariff increases over the medium-term

Revenue category	2011/12 proposed tariff increase	2012/13 proposed tariff increase	2013/14 proposed tariff increase	2011/12 additional revenue for each 1%	2011/12 additional revenue owing to %	2011/12 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	4	4	4	252	24 166	25 173
Solid Waste	10	10	10	61	5 458	6 064
ElectriMunicipality	22	20	18	373	29 068	37 267
Total				686	58 692	68 504

The following tables indicates the sources of funding.

Total Revenue by source

INCOME	AMOUNT	PERCENTAGE
Property Rates	-25 173	10%
Service Charges	-43 331	17%
Rentals of facilities and equipment	-1 183	0%
Interest earned – external investments	-3 000	1%
Interest earned – outstanding debtors	-1 785	1%
Fines	-487	0%
Licenses and permits	-2 154	1%
Government grants & subsidies	-91 764	35%
Capital Grants	-90 851	35%
Other	-2 031	1%
TOTAL	-261 759	100%

Revenue to be generated from property rates is R25 million in the 2011/12 financial year and increases to R26.5 million by 2013/14 which represents 10 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2010/11 financial year. It is anticipated that the process will be concluded by the end of 2011.

Services charges relating to electriMunicipality and refuse removal constitutes the biggest component of the revenue basket of the Municipal own revenue generated totalling R43 million for the 2011/12 financial year and increasing to R46 million by 2013/14. For the 2011/12 financial year services charges amount to 56 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electriMunicipality and water.

Operational grants and subsidies amount to R183 million, R167 million and R185 million for each of the respective financial years of the MTREF, or 66 and 67 per cent of operating revenue. It needs to be noted that the Matatiele Local Municipality is dependant on government grants.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R3 million, R3.1million and R3.3 million for the respective three financial years of the 2011/12 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 37 MBRR SA15 – Detail Investment Information

Investment type	2007/8	2008/9	2009/10	rent Year 2010/11			2011/12 Medium Term		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand									
Deposits - Bank	68 245	50 452	64 636	64 636	64 636	64 636	67 868	71 262	74 825
Total	68 245	50 452	64 636	64 636	64 636	64 636	67 868	71 262	74 825

Table 38 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	1	Yrs/Months			Rand thousand	
Parent municipality						
Standard Bank	0	0	Money Market	On call	29 513	-
Standard Bank	0	0	Money Market	On call	29 655	-
First National Bank	0	0	Money Market	On call	2 453	-
Nedcor	0	15	0		5 174	-
First National Bank	0	0	Money Market	On call	1 073	-
0	0	0	0		-	-
0	0	0	0		-	-
Municipality sub-total					67 868	-

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R90 million, R79 million and R90 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2011/12 medium-term capital programme:

Table 39 Sources of capital revenue over the MTREF

Vote Description			2011/12 Medium Term Revenue & Expenditure Framework					
	R thousand		Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Funded by:								
National Government	68 516	57%	78 625	64%	67 656	100%	77 083	100%
Provincial Government	4 019	3%	12 224	10%	-	-	-	-
District Municipality	-	0%	-	0%	-	-	-	-
Other transfers and grants	-	0%	-	0%	-	-	-	-
Transfers recognised - capital	72 535		90 849		67 656		77 083	
Public contributions & donations	-	0%	-	0%	-	-	-	-
Borrowing	23 000	19%	13 000	11%	-	-	-	-
Internally generated funds	24 968	21%	19 862	16%	-	-	-	-
Total Capital Funding	120 504	100%	123 711	100%	67 656	100%	77 083	100%

The above table is graphically represented as follows for the 2011/12 financial year.

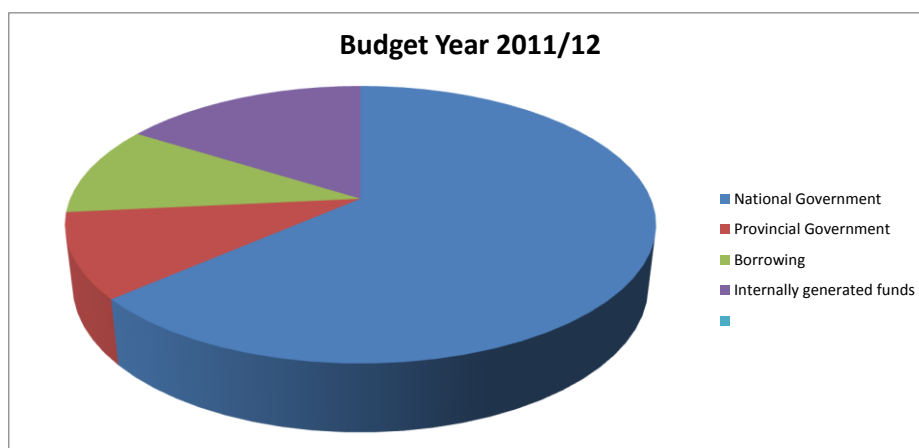


Figure 8 Sources of capital revenue for the 2011/12 financial year

Capital grants and receipts equates to 74 per cent of the total funding source which represents R123 million for the 2011/12 financial year.

FUNDING OF CAPITAL BUDGET

R'000

Grants received: Other	2 700
Grants received: Dep Housing	4 500
DME	38 136
Grants Available, carried forward from previous years.	15 917
Municipal Infrastructure Grant (MIG)	29 598
SUB TOTAL (Capital Grants Receivable)	90 851
Capital Replacement Reserve (CRR)	19 862
External Loan (To be raised)	13 000
TOTAL	123 713

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 40 MBRR Table SA 17 - Detail of borrowings

EC441 Matatiele - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Parent municipality										
Long-Term Loans (annuity/reducing balance)		-	356	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	4	18	18	18	18	19	20	21
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	360	18	18	18	18	19	20	21

The following graph illustrates the growth in outstanding borrowing for the 2007/08 to 2013/14 period.

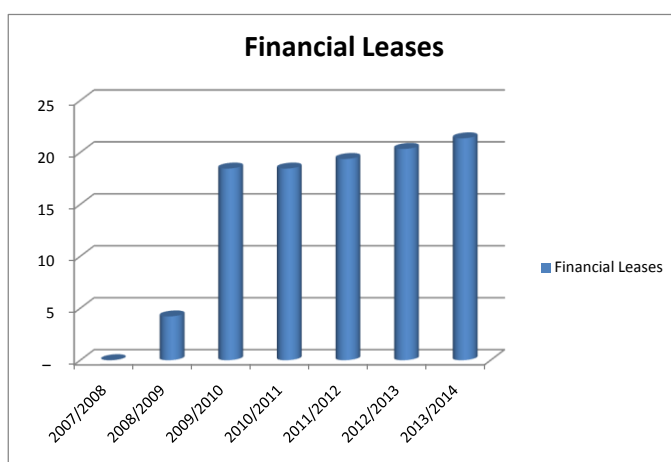


Figure 9 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R76 million in 2011/12, R82 in 2012/12 and R86 million in 2013/14.

Table 41 MBRR Table SA 18 - Capital transfers and grant receipts

EC441 Matatiele - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital Transfers and Grants										
National Government:		12 891	16 070	22 693	58 503	57 815	57 815	72 234	62 156	68 883
Municipal Infrastructure Grant (MIG)		12 891	16 070	22 693	24 615	24 615	24 615	29 598	31 156	37 883
Regional Bulk Infrastructure		-	-	-	33 200	33 200	33 200	38 136	31 000	31 000
Rural Households Infrastructure		-	-	-	688	-	-	4 500	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Performance Management System		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	20 659	14 858	14 858	18 617	-	-
Seeta Subsidy		-	-	-	-	-	-	-	-	-
Carried over from previous years		-	-	-	13 512	14 858	14 858	15 917	-	-
Other		-	-	-	7 146	-	-	2 700	-	-
Total Capital Transfers and Grants	5	12 891	16 070	22 693	79 162	72 673	72 673	90 851	62 156	68 883

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 42 MBRR Table A7 - Budget cash flow statement

EC441 Matatiele - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		101 539	28 462	45 297	45 297	45 297	45 297		49 827	54 810	54 810
Government - operating	1				-	-	-		-	-	-
Government - capital	1				-	-	-		-	-	-
Interest		4 758	6 488	4 970	4 970	4 970	4 970		5 467	6 014	6 014
Dividends											
Payments											
Suppliers and employees		(49 926)									
Finance charges		(260)	(165)	(72)	(72)	(72)	(72)		(79)	(87)	(87)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		56 111	34 785	50 195	50 195	50 195	50 195	-	55 215	60 737	60 737
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		63			-	-	-		-	-	-
Decrease (increase) in non-current debtors		7			-	-	-		-	-	-
Decrease (increase) other non-current receivables		(714)		(343)	(343)	(343)	(343)		(377)	(415)	(457)
Decrease (increase) in non-current investments		(453)	(519)	(596)	(596)	(596)	(596)		(656)	(722)	(794)
Payments											
Capital assets		(21 479)	(52 360)	(35 503)	(35 503)	(35 503)	(35 503)		(39 053)	(42 958)	(47 254)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(22 576)	(52 879)	(36 442)	(36 442)	(36 442)	(36 442)	-	(40 086)	(44 095)	(48 505)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(594)	(438)	527	527	527	527		580	638	638
Increase (decrease) in consumer deposits		(35)									
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		(629)	(438)	527	527	527	527	-	580	638	638
NET INCREASE/ (DECREASE) IN CASH HELD		32 906	(18 532)	14 281	14 281	14 281	14 281	-	15 709	17 280	12 870
Cash/cash equivalents at the year begin:	2	34 722	67 628	49 096	49 096	49 096	49 096		54 005	69 714	86 994
Cash/cash equivalents at the year end:	2	67 628	49 096	63 376	63 376	63 376	63 376		69 714	86 994	99 864

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2007/08 and 2010/11 financial year moving from a positive cash balance of R67 million to R63 million with the approved 2010/11 MTREF. With the 2010/11 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive consistent cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R69 million by the financial year end. For the 2011/12 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase to R86 million by 2011/12 and steadily increasing to R99 million by 2013/14.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC441 Matatiele - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash and investments available											
Cash/cash equivalents at the year end	1	67 628	49 096	63 376	63 376	63 376	63 376	-	69 714	86 994	99 864
Other current investments > 90 days		0	(0)	(150)	1 260	1 260	1 260	64 636	(1 846)	(15 732)	(25 039)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		67 628	49 095	63 227	64 636	64 636	64 636	64 636	67 868	71 262	74 825
Application of cash and investments											
Unspent conditional transfers		48 856	34 258	19 022	19 022	-	-	-	-	-	-
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	34 484	27 348	21 567	22 070	(7 233)	(7 233)	(4 174)	(7 458)	(7 890)	(8 114)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		83 341	61 606	40 590	41 093	(7 233)	(7 233)	(4 174)	(7 458)	(7 890)	(8 114)
Surplus(shortfall)		(15 713)	(12 510)	22 637	23 544	71 869	71 869	68 810	75 326	79 152	82 939

From the above table it can be seen that the cash and investments available total R67 million in the 2011/12 financial year and progressively increase to R74 million by 2013/14, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2010/11 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2011/12 financial year no provision has been made for this liability as the Municipality has spent all unspent conditional grants.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2010/11 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- This liability is informed by, amongst others, the supplementary pension liability.
- Long term investments consist primarily of the sinking funds for the repayment of a future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a deficit against the cash backed and accumulated surpluses reconciliation. The level of non cash-backing progressively escalated over the period 2009/10 to 2010/11 from R15 million deficit to R71 million estimated surplus in 2010/11. It is aimed that by 2013/14 this surplus would stay consistent into a surplus of R82 million in 2013/14. The 2011/12 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

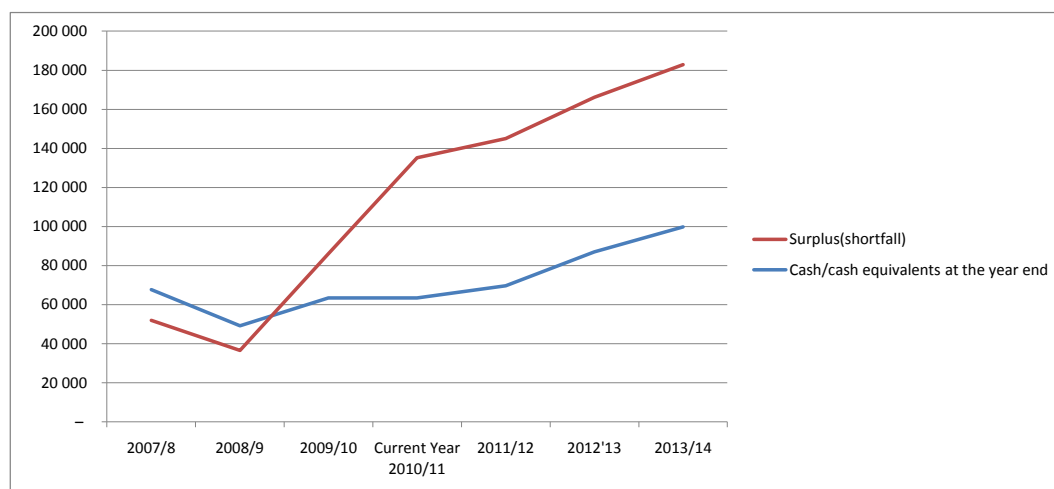


Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44 MBRR SA10 – Funding compliance measurement

EC441 Matatiele Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	67 628	49 096	63 376	63 376	63 376	63 376	-	69 714	86 994	99 864
Cash + investments at the yr end less applications - R'000	18(1)b	2	(15 400)	(12 510)	22 637	22 487	22 426	22 426	19 021	64 232	67 757	70 975
Cash year end/monthly employee/supplier payments	18(1)b	3	18.7	8.6	10.3	7.0	6.8	6.8	0.0	7.3	9.1	9.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	39 690	48 888	52 844	74 534	67 996	67 996	-	90 846	79 006	90 118
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	5%	2%	26%	2%	-6%	-106%	19%	2%	-1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	269%	61%	80%	77%	76%	76%	0%	60%	66%	63%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	8%	19%	19%	4%	4%	4%	0%	3%	5%	7%
Capital payments % of capital expenditure	18(1)c;19	8	102%	100%	99%	29%	29%	29%	0%	32%	63%	61%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	-248%	-6%	20%	1%	1%	1%	0%	2%	0%	0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	53%	-56%	0%	0%	0%	0%	5%	5%	5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	15%	15%	0%	0%	0%	0%	-100%	0%	0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Asset renewal % of capital budget	20(1)(vi)	14	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

2.6.5.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2011/12 MTREF shows R69.7 million, R86.9 million and R99.8 million for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2007/08 to 2010/11, moving from 18.7 to 7 with the adopted 2010/11 MTREF. As part of the 2011/12 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2011/12 MTREF the indicative outcome is a surplus of R90.8 million, R79 million and R90 million.

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

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

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 19, 2.2 and 0.8 per cent for the respective financial year of the 2011/12 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 9 per cent, with the increase in electricity at 19 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 60.1, 66.4 and 63.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 65 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 2.8, 5.2 and 7.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 40 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 1.8, 0 and 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 61.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 96.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 96.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

EC441 Matatiele - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		35 940	48 217	58 165	73 767	73 767	73 767	83 160	91 346	102 014
Local Government Equitable Share		34 706	46 917	56 665	71 817	71 817	71 817	80 870	88 896	99 564
Local Government Equitable Share		500	500	1 000	1 200	1 200	1 200	1 450	1 500	1 500
Finance Management		734	800	500	750	750	750	840	950	950
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-
Provincial Government:		2 154	11 697	7 985	7 693	7 743	1 729	-	-	-
Health subsidy		2 154	1 883	2 043	1 679	1 729	1 729	-	-	-
Establishment Grant		-	9 814	5 942	6 014	6 014	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Performanse Management System		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Seeta Subsidy		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		38 094	59 914	66 150	81 460	81 510	75 496	83 160	91 346	102 014
Capital expenditure of Transfers and Grants										
National Government:		12 160	14 063	25 877	37 347	30 178	-	28 040	31 156	37 883
Municipal Infrastructure Grant (MIG)		12 160	14 063	25 877	37 347	30 178	-	28 040	31 156	37 883
		12 160	14 063	25 877	37 347	30 178	-	28 040	31 156	37 883
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		50 254	73 977	92 027	118 807	111 687	75 496	111 200	122 502	139 897

Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

EC441 Matatiele - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
Operating transfers and grants:	1,3									
6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)										
Balance unspent at beginning of the year										
Current year receipts		58 881	47 317	59 771	168 107	166 129	166 129	182 615	167 083	185 200
Conditions met - transferred to revenue		58 881	47 317	59 771	168 107	166 129	166 129	182 615	167 083	185 200
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts			47 329	40 614						
Conditions met - transferred to revenue		-	47 329	40 614	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts			2 383	651						
Conditions met - transferred to revenue		-	2 383	651	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		58 881	97 028	101 036	168 107	166 129	166 129	182 615	167 083	185 200
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)										
Balance unspent at beginning of the year		20 733	18 221	29 529	79 162	72 535	72 535	90 849	67 656	77 083
Current year receipts										
Conditions met - transferred to revenue		20 733	18 221	29 529	79 162	72 535	72 535	90 849	67 656	77 083
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts			10 569	2 387						
Conditions met - transferred to revenue		-	10 569	2 387	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts			15 793	1 254						
Conditions met - transferred to revenue		-	15 793	1 254	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		20 733	44 582	33 170	79 162	72 535	72 535	90 849	67 656	77 083
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		79 614	141 611	134 206	247 269	238 664	238 664	273 464	234 739	262 283
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 47 MBRR SA22 - Summary of councillor and staff benefits

EC441 Matatiele - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Salary		8 946	9 793	11 155	11 973	11 973	11 973	12 522	13 023	13 544
Sub Total - Councillors		8 946	9 793	11 155	11 973	11 973	11 973	12 522	13 023	13 544
% increase	4		9.5%	13.9%	7.3%	-	-	4.6%	4.0%	4.0%
Senior Managers of the Municipality	2									
Summary of Employee and Councillor remuneration		3 308	4 135	3 436	5 427	5 427	5 427	-	-	-
Sub Total - Senior Managers of Municipality		3 308	4 135	3 436	5 427	5 427	5 427	-	-	-
Housing allowance	0		25.0%	(16.9%)	57.9%	-	-	(100.0%)	-	-
Other Municipal Staff										
Basic Salaries and Wages		17 407	24 067	27 139	48 371	48 371	48 371	52 549	53 062	55 703
Sub Total - Other Municipal Staff		17 407	24 067	27 139	48 371	48 371	48 371	52 549	53 062	55 703
Housing allowance	0		38.3%	12.8%	78.2%	-	-	8.6%	1.0%	5.0%
Total Parent Municipality		29 662	37 995	41 730	65 771	65 771	65 771	65 071	66 085	69 247
			28.1%	9.8%	57.6%	-	-	(1.1%)	1.6%	4.8%
TOTAL SALARY, ALLOWANCES & BENEFITS		29 662	37 995	41 730	65 771	65 771	65 771	65 071	66 085	69 247
Housing allowance	0		28.1%	9.8%	57.6%	-	-	(1.1%)	1.6%	4.8%
TOTAL MANAGERS AND STAFF	5	20 716	28 202	30 575	53 798	53 798	53 798	52 549	53 062	55 703

Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

EC441 Matatiele - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No. 10	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.			2.	3.
Councillors	4							
Speaker	5	1	540 480	-	-	-	-	540 480
Chief Whip		1	506 177	-	-	-	-	506 177
Executive Mayor		1	575 584	-	-	-	-	575 584
Deputy Executive Mayor		-	-	-	-	-	-	-
Executive Committee		8	3 049 940	-	-	-	-	3 049 940
Total for all other councillors		41	(3 049 940)	-	-	-	-	(3 049 940)
Total Councillors	9	52	1 622 241	-	-	-	-	1 622 241
Senior Managers of the Municipality	6							
Municipal Manager (MM)		1	1 014 288	-	-	-	-	1 014 288
Chief Finance Officer		1	899 350	-	-	-	-	899 350
Manager: Community		1	715 968	-	-	-	-	715 968
Manager: Infrastructure		1	835 999	-	-	-	-	835 999
Manager: Corporate		1	870 338	-	-	-	-	870 338
Manager: Dev & Planning		1	870 338	-	-	-	-	870 338
Total Senior Managers of the Municipality	9	6	5 206 281	-	-	-	-	5 206 281
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		58	6 828 522	-	-	-	-	6 828 522

(Note that National Treasury has deliberately left the above table blank so as not to appear to be setting benchmarks for acceptable remuneration levels for the relevant positions. Municipalities MUST, however, provide the required information as applicable to their municipalities)

Table 49 MBRR SA24 – Summary of personnel numbers

EC441 Matatiele - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2009/10			Current Year 2010/11			Budget Year 2011/12		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			48	7	41	52	7	45	52	7	45
Municipal employees		5									
Municipal Manager and Senior Managers		3	6	–	6	6	–	6	6	–	6
Other Managers		7	–	–	–	10	–	10	12	–	12
Technicians			328	328	–	210	210	–	248	248	36
<i>Finance</i>			21	21	–	27	27	–	35	35	–
<i>Spatial/town planning</i>			5	5	–	7	7	–	10	10	1
<i>Information Technology</i>			–	–	–	1	1	–	1	1	2
<i>Roads</i>			273	273	–	146	146	–	170	170	3
<i>Electricity</i>			13	13	–	13	13	–	14	14	4
<i>Refuse</i>			16	16	–	16	16	–	18	18	7
Clerks (Clerical and administrative)			412	412	–	713	713	–	748	748	9
Plant and Machine Operators			4	4	–	–	–	–	–	–	13
TOTAL PERSONNEL NUMBERS			798	751	47	991	930	61	1 066	1 003	168

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

EC441 Matatiele - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year+1 2012/13	Budget Year +2 2013/14	
Service charges - sanitation revenue																	
Service charges - refuse revenue		2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	25 173	26 432	27 819	
Service charges - other		137	137	137	137	137	137	137	137	137	137	137	137	1 640	2 664	2 590	
Rental of facilities and equipment		3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	37 267	39 428	41 715	
Dividends received		505	505	505	505	505	505	505	505	505	505	505	505	6 064	7 368	7 736	
Licences and permits		99	99	99	99	99	99	99	99	99	99	99	99	1 183	1 242	1 304	
Agency services		250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 150	3 308	
Transfers recognised - operational		12	12	12	12	12	12	12	12	12	12	12	12	145	-	198	
Gains on disposal of PPE		41	41	41	41	41	41	41	41	41	41	41	41	487	511	537	
Total Revenue (excluding capital transfers and contributions)		180	180	180	180	180	180	180	180	180	180	180	180	2 154	2 262	2 375	
Expenditure By Type		15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	182 615	167 083	185 200	
Employee related costs		169	169	169	169	169	169	169	169	169	169	169	169	2 026	2 179	2 287	
Debt impairment		21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	261 760	252 325	275 074	
Finance charges																	
Bulk purchases		4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	52 549	53 062	55 666	
Other materials		1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	12 522	13 023	13 544	
Contracted services		167	167	167	167	167	167	167	167	167	167	167	167	2 000	4 000	6 000	
Transfers and grants		891	891	891	891	891	891	891	891	891	891	891	891	10 698	10 160	11 682	
Other expenditure		119	119	119	119	119	119	119	119	119	119	119	119	1 432	1 503	1 579	
Loss on disposal of PPE		1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	23 616	24 797	26 036	
Total Expenditure		1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	15 643	16 361	17 178	
0		795	795	795	795	795	795	795	795	795	795	795	795	9 540	10 012	10 508	
Surplus/(Deficit)		1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	12 283	8 481	9 214	
Transfers recognised - capital		2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	30 631	31 920	33 549	
Contributed assets		14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	170 914	173 319	184 956	
Taxation		7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	90 846	79 006	90 118	
Surplus/(Deficit) after taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	90 846	79 006	90 118	
Surplus/(Deficit) for the year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Classifications are revenue sources and expenditure type		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxation	1	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	90 846	79 006	90 118	

Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC441 Matatiele - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
0	EXECUTIVE & COUNCIL		33	33	33	33	33	33	33	33	33	33	33	400	-	-	
	BUDGET & FINANCE		9 407	9 407	9 407	9 407	9 407	9 407	9 407	9 407	9 407	9 407	9 407	112 887	123 663	135 821	
	CORPORATE		17	17	17	17	17	17	17	17	17	17	200	-	-		
	COMMUNITY		730	730	730	730	730	730	730	730	730	730	8 760	9 198	9 657		
	DEV & PLANNING		830	830	830	830	830	830	830	830	830	830	9 965	3 693	3 853		
	CIVIL ENIGENERING		10 796	10 796	10 796	10 796	10 796	10 796	10 796	10 796	10 796	10 796	129 548	115 770	125 743		
0			21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	261 760	252 325	275 074		
0	EXECUTIVE & COUNCIL		2 128	2 128	2 128	2 128	2 128	2 128	2 128	2 128	2 128	2 128	2 128	25 532	24 280	26 487	
	BUDGET & FINANCE		2 732	2 732	2 732	2 732	2 732	2 732	2 732	2 732	2 732	2 732	2 732	32 788	33 986	38 425	
	CORPORATE		1 021	1 021	1 021	1 021	1 021	1 021	1 021	1 021	1 021	1 021	1 021	12 257	12 807	12 588	
	COMMUNITY		1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	15 174	15 216	16 082	
	DEV & PLANNING		725	725	725	725	725	725	725	725	725	725	8 695	6 744	7 078		
	CIVIL ENIGENERING		6 372	6 372	6 372	6 372	6 372	6 372	6 372	6 372	6 372	6 372	76 468	80 288	84 296		
0			14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	170 914	173 319	184 956		
	before assoc.		7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	90 846	79 006	90 118	
	Taxation												-	-	-		
	Attributable to minorities												-	-	-		
	Share of surplus/ (deficit) of associate												-	-	-		
0 1			7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	90 846	79 006	90 118	

Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC441 Matatiele - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue - Standard																
Executive and council		9 457	9 457	9 457	9 457	9 457	9 457	9 457	9 457	9 457	9 457	9 457	9 457	113 487	123 663	135 821
Executive and council		33	33	33	33	33	33	33	33	33	33	33	33	400	-	-
Budget and treasury office		9 407	9 407	9 407	9 407	9 407	9 407	9 407	9 407	9 407	9 407	9 407	9 407	112 887	123 663	135 821
Corporate services		17	17	17	17	17	17	17	17	17	17	17	17	200	-	-
Community and public safety		730	730	730	730	730	730	730	730	730	730	730	730	8 760	9 198	9 657
Community and social services		135	135	135	135	135	135	135	135	135	135	135	135	1 614	1 695	1 779
Sport and recreation		220	220	220	220	220	220	220	220	220	220	220	220	2 638	2 770	2 909
Public safety		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing		376	376	376	376	376	376	376	376	376	376	376	376	4 507	4 732	4 969
Health		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic and environmental services		4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	4 334	52 012	36 485	43 454
Planning and development		830	830	830	830	830	830	830	830	830	830	830	830	9 965	3 693	3 853
Road transport		3 504	3 504	3 504	3 504	3 504	3 504	3 504	3 504	3 504	3 504	3 504	3 504	42 047	32 792	39 600
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		7 292	7 292	7 292	7 292	7 292	7 292	7 292	7 292	7 292	7 292	7 292	7 292	87 501	82 979	86 142
Electricity		6 421	6 421	6 421	6 421	6 421	6 421	6 421	6 421	6 421	6 421	6 421	6 421	77 050	71 006	73 570
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		871	871	871	871	871	871	871	871	871	871	871	871	10 450	11 973	12 572
Other		(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	1
Total Revenue - Standard		21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	261 760	252 325	275 074
		-	29 232	29 232	29 232	29 232	29 232	29 232	29 232	29 232	29 232	29 232	29 232	-	-	-
Expenditure - Standard																
Governance and administration		5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	5 881	70 577	71 072	77 500
Executive and council		2 128	2 128	2 128	2 128	2 128	2 128	2 128	2 128	2 128	2 128	2 128	2 128	25 532	24 280	26 487
Budget and treasury office		2 732	2 732	2 732	2 732	2 732	2 732	2 732	2 732	2 732	2 732	2 732	2 732	32 788	33 986	38 425
Corporate services		1 021	1 021	1 021	1 021	1 021	1 021	1 021	1 021	1 021	1 021	1 021	1 021	12 257	12 807	12 588
Community and public safety		1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	15 174	15 216	16 082
Community and social services		714	714	714	714	714	714	714	714	714	714	714	714	8 566	8 894	9 440
Sport and recreation		485	485	485	485	485	485	485	485	485	485	485	485	5 815	5 495	5 778
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		66	66	66	66	66	66	66	66	66	66	66	66	793	828	864
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		3 203	3 203	3 203	3 203	3 203	3 203	3 203	3 203	3 203	3 203	3 203	3 203	38 435	37 969	39 863
Planning and development		725	725	725	725	725	725	725	725	725	725	725	725	8 695	6 744	7 078
Road transport		2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	2 478	29 741	31 226	32 785
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		3 894	3 894	3 894	3 894	3 894	3 894	3 894	3 894	3 894	3 894	3 894	3 894	46 728	49 062	51 512
Electricity		2 627	2 627	2 627	2 627	2 627	2 627	2 627	2 627	2 627	2 627	2 627	2 627	31 521	33 097	34 753
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		1 267	1 267	1 267	1 267	1 267	1 267	1 267	1 267	1 267	1 267	1 267	1 267	15 206	15 965	16 759
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard		14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	170 914	173 319	184 956
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before assoc.		7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	90 846	79 006	90 118
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	7 571	90 846	79 006	90 118

Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC441 Matatiele - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	
R thousand																	
Multi-year expenditure to be appropriated	1																
EXECUTIVE & COUNCIL		1	1	1	1	1	1	1	1	1	1	1	1	10	2 000	3 200	
BUDGET & FINANCE		115	115	115	115	115	115	115	115	115	115	115	115	1 378	1 500	1 000	
CORPORATE		3	3	3	3	3	3	3	3	3	3	3	3	35	1 000	2 000	
COMMUNITY		311	311	311	311	311	311	311	311	311	311	311	311	3 730	1 000	2 000	
DEV & PLANNING		907	907	907	907	907	907	907	907	907	907	907	907	10 883	1 000	1 000	
CIVIL ENIGENERING		8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	107 676	61 156	67 883	
Capital multi-year expenditure sub-total	2	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	123 711	67 656	77 083	
Single-year expenditure to be appropriated																	
EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
BUDGET & FINANCE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CORPORATE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
COMMUNITY		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DEV & PLANNING		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CIVIL ENIGENERING		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure	2	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	123 711	67 656	77 083	

Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EC441 Matatiele - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2011/12												Medium Term Revenue and Expenditure			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	
R thousand																	
Capital Expenditure - Standard	1																
Governance and administration		119	119	119	119	119	119	119	119	119	119	119	119	1 422	-	-	
Executive and council		1	1	1	1	1	1	1	1	1	1	1	1	10	-	-	
Budget and treasury office		115	115	115	115	115	115	115	115	115	115	115	115	1 378	-	-	
Corporate services		3	3	3	3	3	3	3	3	3	3	3	3	35	-	-	
Community and public safety		311	311	311	311	311	311	311	311	311	311	311	311	3 730	-	-	
Community and social services		311	311	311	311	311	311	311	311	311	311	311	311	3 730	-	-	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Economic and environmental services		9 880	9 880	9 880	9 880	9 880	9 880	9 880	9 880	9 880	9 880	9 880	9 880	118 559	-	-	
Planning and development		907	907	907	907	907	907	907	907	907	907	907	907	10 883	-	-	
Road transport		8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	8 973	107 676	-	-	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trading services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure - Standard	2	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	10 309	123 711	-	-	

Table 55 MBRR SA30 - Budgeted monthly cash flow

EC441 Matatiele - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2011/12												Medium Term Revenue and Expenditure		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand															
Cash Receipts By Source													1		
Property rates	2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	2 098	25 173	26 432	27 819
Property rates - penalties & collection charges	137	137	137	137	137	137	137	137	137	137	137	137	1 640	2 664	2 590
Service charges - electricity revenue	3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	3 106	37 267	39 428	41 715
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	505	505	505	505	505	505	505	505	505	505	505	505	6 064	7 368	7 736
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	99	99	99	99	99	99	99	99	99	99	99	99	1 183	1 242	1 304
Interest earned - external investments	250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 150	3 308
Interest earned - outstanding debtors	12	12	12	12	12	12	12	12	12	12	12	12	145	-	198
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	41	41	41	41	41	41	41	41	41	41	41	41	487	511	537
Licences and permits	180	180	180	180	180	180	180	180	180	180	180	180	2 154	2 262	2 375
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	15 218	182 615	167 083	185 200
Other revenue	169	169	169	169	169	169	169	169	169	169	169	169	2 026	2 179	2 287
Cash Receipts by Source	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	261 755	252 320	275 068
Other Cash Flows by Source															
Transfer receipts - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	21 813	261 755	252 320	275 068
Cash Payments by Type															
Employee related costs	4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	4 379	52 549	53 062	55 666
Remuneration of councillors	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	12 522	13 023	13 544
Collection costs	167	167	167	167	167	167	167	167	167	167	167	167	2 000	4 000	6 000
Interest paid	891	891	891	891	891	891	891	891	891	891	891	891	10 698	10 160	11 682
Bulk purchases - Electricity	119	119	119	119	119	119	119	119	119	119	119	119	1 432	1 503	1 579
Bulk purchases - Water & Sewer	1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	1 968	23 616	24 797	26 036
Other materials	1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	1 304	15 643	16 361	17 178
Contracted services	795	795	795	795	795	795	795	795	795	795	795	795	9 540	10 012	10 508
Grants and subsidies paid - other municipalities	1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	1 024	12 283	8 481	9 214
Grants and subsidies paid - other	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	2 553	30 631	31 920	33 549
General expenses	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	1
Cash Payments by Type	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	170 914	173 319	184 956
Other Cash Flows/Payments by Type															
Capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	14 243	170 914	173 319	184 956
NET INCREASE/(DECREASE) IN CASH HELD	7 570	7 570	7 570	7 570	7 570	7 570	7 570	7 570	7 570	7 570	7 570	7 570	90 841	79 001	90 112
Cash/cash equivalents at the month/year begin:		7 570	15 140	22 710	30 280	37 851	45 421	52 991	60 561	68 131	75 701	83 271	-	90 841	169 842
Cash/cash equivalents at the month/year end:	7 570	15 140	22 710	30 280	37 851	45 421	52 991	60 561	68 131	75 701	83 271	90 841	90 841	169 842	259 955

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 14

Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

Not applicable.

2.11 Contracts having future budgetary implications

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

2.12 Capital expenditure details

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

Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class

EC441 Matatiela - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		12 237	34 274	24 402	105 813	103 301	103 301	109 234	67 656	77 083
Infrastructure - Road transport		12 237	30 107	23 206	56 974	52 205	52 205	55 454	67 656	77 083
Roads, Pavements & Bridges		12 237	21 365	23 206	56 974	52 205	52 205	55 454	67 656	77 083
Storm water			8 742							
Infrastructure - Electricity		-	-	-	48 400	48 400	48 400	52 130	-	-
Generation					48 400	48 400	48 400	52 130		
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	4 167	1 196	-	-	-	-	-	-
Reticulation			4 167	1 196						
Sewerage purification										
Infrastructure - Other		-	-	-	439	2 696	2 696	1 650	-	-
Waste Management					439	2 696	2 696	1 650		
Transportation										
Gas										
Other										
Community		50	11 367	8 724	9 462	9 288	9 288	8 555	-	-
Parks & gardens										
Sportsfields & stadia					329	302	302			
Swimming pools										
Community halls			11 359	8 724	5 182	4 228	4 228	2 300		
Libraries					178					
Recreational facilities										
Fire, safety & emergency		29	8					1 430		
Security and policing										
Buses					2 100	2 100	2 100	2 700		
Clinics										
Museums & Art Galleries						19	19			
Cemeteries										
Social rental housing										
Other		21			1 674	2 640	2 640	2 125		
Heritage assets		-	44	-	-	-	-	-	-	-
Buildings										
Other			44							
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		8 686	6 674	2 377	6 654	7 915	7 915	5 922	-	-
General vehicles		238	4 025	507	2 170	2 492	2 492			
Specialised vehicles										
Plant & equipment		273	175	434	941	1 386	1 386			
Computers - hardware/equipment		408	147	766		1 444	1 444			
Furniture and other office equipment		16	370	669		1 046	1 046	736		
Abattoirs										
Markets										
Civic Land and Buildings		3 443				687	687	687		
Other Buildings		4 306			3 543	147	147	4 500		
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		2	1 956			713	713			
Intangibles		-	44	343	-	-	-	-	-	-
Computers - software & programming			44	343						
Other (list sub-class)										
Total Capital Expenditure on new assets	1	20 973	52 404	35 846	121 930	120 504	120 504	123 711	67 656	77 083
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Not available

Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class

Not available

Table 61 MBRR SA35 - Future financial implications of the capital budget

EC441 Matatiele - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2011/12 Medium Term Revenue & Expenditure			Forecasts			Present value
		Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	
Capital expenditure	1							
EXECUTIVE & COUNCIL		10	2 000	3 200	3 424	3 664	3 920	-
BUDGET & FINANCE		1 378	1 500	1 000	1 200	1 300	1 400	-
CORPORATE		35	1 000	2 000	2 000	2 000	2 000	-
COMMUNITY		3 730	1 000	2 000	3 000	3 000	3 000	-
DEV & PLANNING		10 883	1 000	1 000	10 000	10 000	10 000	-
CIVIL ENIGENERING		107 676	61 156	67 883	73 314	79 179	85 513	-
List entity summary if applicable		-	-	-	-	-	-	-
Total Capital Expenditure		123 711	67 656	77 083	92 938	99 142	105 833	-
Future operational costs by vote	2							
EXECUTIVE & COUNCIL		25 532	24 280	26 487	28 341	30 325	32 447	34 719
BUDGET & FINANCE		32 788	33 986	38 425	41 115	43 993	47 072	50 367
CORPORATE		12 257	12 807	12 581	13 461	14 404	15 412	16 491
COMMUNITY		14 381	15 214	15 923	17 037	18 230	19 506	20 871
DEV & PLANNING		9 488	677	6 947	7 433	7 953	8 510	9 106
CIVIL ENIGENERING		76 468	80 267	84 265	90 163	96 475	103 228	110 454
List entity summary if applicable		-	-	-	-	-	-	-
Total future operational costs		170 914	167 230	184 626	197 550	211 379	226 175	242 008
Future revenue by source	3							
Property rates		25 173	26 432	27 819	29 766	31 849	34 079	36 464
Property rates - penalties & collection charges		1 785	-	-	-	-	-	-
Service charges - electricity revenue		37 267	46 796	49 451	52 913	56 617	60 580	64 820
Service charges - water revenue		-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-
Service charges - refuse revenue		6 064	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		1 183	1 238	1 295	1 385	1 482	1 586	1 697
Interest earned - external		3 000	3 150	3 308	3 539	3 787	4 052	4 335
Interest earned - debtors		-	2 664	2 788	2 983	3 192	3 416	3 655
Fines		487	511	537	574	615	658	704
Licences & Permits		2 154	2 262	2 375	2 542	2 720	2 910	3 114
Grants & Subsidies		182 615	167 384	185 200	198 164	212 035	226 878	242 759
Other income		2 031	2 184	2 292	2 453	2 624	2 808	3 005
Total future revenue		261 760	252 622	275 064	294 319	314 921	336 966	360 553
Net Financial Implications		32 865	(17 736)	(13 355)	(3 831)	(4 400)	(4 957)	(118 546)

Table 62 MBRR SA36 - Detailed capital budget per municipal vote

EC441 Matatiele - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Ref	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2011/12 Medium Term Revenue & Expenditure			Project information		
								Audited Outcome 2009/10	Current Year 2010/11 Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	Ward location	New or renewal	
	5														
Parent municipality:															
<i>List all capital projects grouped by Municipal Vote</i>															
Municipal Manager		Workstations for Officials & Interns													
		Desk								2					19 N
		Chair								5					19 N
		Cabinet								3					19 N
BUDGET & TREASURY															
		New IT								677					19 R
		New alteration to offices								687					19 N
		Office Equipment BTO								3					19 N
		Office Equipment Fleet								3					19 N
		Office Equipment Rev								5					19 N
		Office Equipment SCM								4					19 N
CORPORATE SERVICES															
		Office Furniture & IT Equipment (6 posts)								10					19 N
		Transferring Pay-day to Corp Services								20					19 N
		Portable Digital Recording System								5					19 N
COMMUNITY SERVICES															
		Environment													
		MALUTI CEMETERY FENCE (STEEL PALISADE)								1 000					1 N
		CEDARVILLE CEMETERY FENCE (CONCRETE PALISADE)								1 000					21 N
		Upgrade Pleasure dam								300					19 N
		Safety & Security								-					
		SPEED TIMING DEVICES								200					19 N
		ALCOHOL DETECTION DEVICES								50					19 N
		TESTING EQUIPMENT								50					19 N
		RADIOS / TWO WAY								30					19 N
		SPEED HUMPS								50					19 N
		VTS EQUIPMENT								25					19 N
		EMERGENCY EQUIPMENT								25					19 N
		Installation of traffic lights								1 000					19 N
EDP										-					
LED										-					
		Access Road to Kuyasa Poultry Project Next to Masakala								1 558					20 R
		Sewer Connection to Mokhosi Milling Site								-					
		Access Road to Mokhosi Milling Site in Harry Gwala Extension								-					20
		Road Leading to Khuthalani Sinosizo Poultry in Malubalube								-					2
		Septic Tank for Gwebindlala Piggery								-					20
		Fencing for 2Sha Sites in Gwebindlala								-					20
		Thina Sinako Balloon Taxi Rank								2 700					19 R
										-					

2.13 Legislation compliance status

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2010/11 MTREF in May 2011 directly aligned and informed by the 2011/12 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance

EC441 Matatiele - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
REVENUE ITEMS:										
Total Expenditure										
Total Property Rates	12 779	15 268	13 204	20 645	20 155	20 155		25 173	26 432	27 819
less Revenue Foregone										
Net Property Rates	12 779	15 268	13 204	20 645	20 155	20 155	-	25 173	26 432	27 819
Surplus/(Deficit)										
Total Surplus/(Deficit)	17 373	17 462	22 219	22 402	28 402	28 402		37 267	39 428	41 715
2. Internship programme										
Net Surplus/(Deficit)	17 373	17 462	22 219	22 402	28 402	28 402	-	37 267	39 428	41 715
Transfers recognised - capital										
Total Transfers recognised - capital										
2. Internship programme										
Net Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital										
Total Contributions recognised - capital										
2. Internship programme										
Net Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-

Contributed assets										
Total refuse removal revenue	2 299	3 065	2 306	7 255	5 812	5 812		6 064	7 368	7 736
Total landfill revenue										
2. Internship programme										
Net Contributed assets	2 299	3 065	2 306	7 255	5 812	5 812	-	6 064	7 368	7 736
Other Revenue by source										
Fuel levy										
Other revenue	681	1 450	1 378	1 032	1 016	1 016		2 026	2 179	2 287
Total 'Other' Revenue	681	1 450	1 378	1 032	1 016	1 016	-	2 026	2 179	2 287
EXPENDITURE ITEMS:										
7. Equity method										
Salaries and Wages	16 060	16 950	20 772	34 932	36 243	36 243		41 094	39 847	41 619
Contributions to UIF, pensions, medical aid		2 691	2 936	6 359	6 834	6 834		7 594	7 912	8 317
Travel, motor car, accom; & other allowances		1 499	1 132	1 075	1 236	1 236		1 367	1 415	1 484
Housing benefits and allowances		163	178	72	162	162		68	71	75
Overtime		678	1 056	807	942	942		1 254	1 278	1 341
Performance bonus	641	151	456	167	817	817		670	697	725
Long service awards	75	324	27	357	357	357		30	31	32
Payments in lieu of leave	509	590	424	649	649	649		298	310	323
Post-retirement benefit obligations	122	1 021	158	1 123	1 123	1 123		173	1 500	1 750
sub-total	17 407	24 067	27 139	45 539	48 361	48 361	-	52 549	53 062	55 666
Less: Employees costs capitalised to PPE										
Total 7. Equity method	17 407	24 067	27 139	45 539	48 361	48 361	-	52 549	53 062	55 666
Contributions recognised - capital										
List contributions by contract										
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
0										
Depreciation of Property, Plant & Equipment	5 430	7 192	-	10 945	10 945	10 945		10 698	10 160	11 682
Total 0	5 430	7 192	-	10 945	10 945	10 945	-	10 698	10 160	11 682
0										
Electricity Bulk Purchases	6 293	8 900	12 449	18 507	18 507	18 507		23 616	24 797	26 036
Water Bulk Purchases										
Total bulk purchases	6 293	8 900	12 449	18 507	18 507	18 507	-	23 616	24 797	26 036
0										
	5 377	6 035	7 161	10 780	6 416	6 416		9 540	10 012	10 508
sub-total	5 377	6 035	7 161	10 780	6 416	6 416	-	9 540	10 012	10 508
Total contracted services	5 377	6 035	7 161	10 780	6 416	6 416	-	9 540	10 012	10 508
Other Expenditure By Type										
Collection costs										
Contributions to 'other' provisions										
Consultant fees	7 122	-	-	-	-	-		-	-	-
Audit fees		2 157	2 859	2 000	2 900	2 900		2 600	2 730	2 867
General expenses										
Advertsing		278	309	333	396	396		528	446	467
Bank Charges		111	132	170	270	270		170	179	187
Cartage & Railage		9	2	35	35	35		85	89	94
Chemicals		27	40	57	57	57		50	11	11
Conferences		69	212	184	130	130		220	230	240
Contingencies		569	1 855	2 860	1 877	1 877		4 425	4 640	4 824
Delegates Expenses		1 416	1 958	1 705	1 882	1 882		2 472	2 580	2 694
Donations		-	101	-	30	30		30	31	32
Electricity and Water		83	67	105	106	106		105	110	116
Feed		17	26	105	105	105		5	(45)	63
Fuel		490	453	607	587	587		535	562	590
Grants in aid		4	-	-	-	-		-	-	-
Mayoral Projects		630	738	2 040	2 020	2 020		3 330	3 494	3 666
Insurance		380	486	757	757	757		577	606	636
Int on overdraft		0	-	1	1	1		-	-	-
Legal costs		79	58	260	260	260		50	53	55
Lost Books		-	-	1	1	1		1	1	1
Obsolete stock			14	-	-	-		-	-	-
Photo Copies		29	62	15	75	75		105	109	114
Plant Hire		13	25	60	65	65		190	200	209
Postage		47	52	122	117	117		102	107	112
Other Expenditure By Type		2 645	3 118	10 876	12 827	12 827		15 051	15 788	16 570
Total 'Other' Expenditure	7 122	9 054	12 565	22 292	24 495	24 495	-	30 631	31 920	33 549

Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC441 Matatiele - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref 1	EXECUTIVE & COUNCIL	BUDGET & FINANCE	CORPORATE	COMMUNITY	DEV & PLANNING	CIVIL ENIGENERING	Total
Property rates - penalties & collection charges								
Service charges - electricity revenue			25 173					25 173
Service charges - water revenue			-				145	145
Service charges - sanitation revenue							37 267	37 267
Service charges - refuse revenue								-
Service charges - other								-
Rental of facilities and equipment								-
Interest earned - external investments								-
Interest earned - outstanding debtors					726	457		1 183
Dividends received								-
Fines								-
Licences and permits								-
Agency services								-
Transfers recognised - operational					182 615			182 615
Other revenue								-
Total Revenue (excluding capital transfers and contributions)								-
Gains on disposal of PPE		400	82 903	200		13 280	85 832	182 615
0			171		885	735	240	2 031
Expenditure By Type		400	108 247	200	184 226	14 472	123 483	431 029
Remuneration of councillors								
Debt impairment		4 841	8 033	9 085	8 634	4 218	17 738	52 549
Depreciation & asset impairment		12 522						12 522
Finance charges			2 000					2 000
Bulk purchases		36	4 542	(29)	536	330	5 283	10 698
Other materials							1 432	1 432
Contracted services							23 616	23 616
Transfers and grants		100	395	110	2 398	100	12 540	15 643
Other expenditure			230	535	734		8 040	9 540
Loss on disposal of PPE		400	3 817			2 418	5 649	12 283
Total Expenditure		7 633	13 770	2 555	2 079	2 423	2 171	30 631
0								-
Total Expenditure		25 532	32 788	12 257	14 381	9 488	76 468	170 914
Contributions recognised - capital		(25 132)	75 459	(12 057)	169 845	4 984	47 016	260 115
Contributed assets								-
Surplus/(Deficit) after capital transfers & contributions								-
Taxation								-
Surplus/(Deficit) after taxation		(25 132)	75 459	(12 057)	169 845	4 984	47 016	260 115

Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC441 Matatiele - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
ASSETS										
5. Net assets must balance with Total Community Wealth/Equity										
Call deposits < 90 days		68 245	50 452	64 636	64 636	64 636	64 636	67 868	71 262	74 825
Other current investments > 90 days										
Total Call investment deposits	2	68 245	50 452	64 636	64 636	64 636	64 636	67 868	71 262	74 825
Consumer debtors										
Consumer debtors		17 146	25 345	18 821	18 821	18 821	18 821	19 762	20 750	21 788
Less: Provision for debt impairment		(11 307)	(15 919)	(14 329)	(14 329)	(14 329)	(14 329)	(15 046)	(15 798)	(16 588)
Total Consumer debtors	2	5 839	9 426	4 492	4 492	4 492	4 492	4 716	4 952	5 200
Debt impairment provision										
Balance at the beginning of the year										
Contributions to the provision										
Bad debts written off										
Balance at end of year		-	-	-	-	-	-	-	-	-

Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	3	99 363	187 736	223 470	223 470	223 470	223 470	234 644	246 376	258 695
Leases recognised as PPE										
Less: Accumulated depreciation										
Total Property, plant and equipment (PPE)	2	99 363	187 736	223 470	223 470	223 470	223 470	234 644	246 376	258 695
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities		583	265	135	135	135	135	142	149	157
Total Current liabilities - Borrowing		583	265	135	135	135	135	142	149	157
Trade and other payables										
Trade and other creditors		7 949	8 117	10 335	10 335	10 335	10 335	10 852	11 394	11 964
Unspent conditional transfers		48 856	34 258	19 022	19 022	19 022	19 022	-	-	-
VAT			895							
Total Trade and other payables	2	56 805	43 270	29 357	29 357	29 357	29 357	10 852	11 394	11 964
Non current liabilities - Borrowing										
Borrowing	4		355	-						
Finance leases (including PPP asset element)			4	18	18	18	18	19	20	21
Total Non current liabilities - Borrowing		-	360	18	18	18	18	19	20	21
Provisions - non-current										
Retirement benefits		2 942	2 805	2 941	2 941	2 941	2 941	-	-	-
List other major provision items										
Refuse landfill site rehabilitation										
Other			4 136	4 245	4 245	4 245	4 245	4 457	4 680	4 914
Total Provisions - non-current		2 942	6 941	7 186	7 186	7 186	7 186	4 457	4 680	4 914
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance										
GRAP adjustments										
Restated balance		-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		39 690	48 888	52 844	74 534	67 996	67 996	90 846	79 006	90 118
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
Accumulated Surplus/(Deficit)	1	39 690	48 888	52 844	74 534	67 996	67 996	90 846	79 006	90 118
Reserves										
Housing Development Fund		736	758	1 497	1 497	1 497	1 497	1 497	1 497	1 497
Capital replacement		7 760								
Capitalisation		3 606								
Government grant		65 764								
Donations and public contributions										
Self-insurance										
Other reserves (list)										
Revaluation		16 799	20 396	20 396	20 396	20 396	20 396	20 396	20 396	20 396
Total Reserves	2	94 665	21 154	21 892	21 892	21 892	21 892	21 892	21 892	21 892
Total	0	134 355	70 043	74 736	96 426	89 888	89 888	112 739	100 898	112 011

Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

EC441 Matatiele - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	1996 Census							2011/12 Medium Term Revenue & Expenditure Framework			
		1996 Census	2001 Census	2007 Survey	2007/8	2008/9	2009/10	Current Year 2010/11	2011/12 Medium Term Revenue & Expenditure Framework			
Demographics												
Population	Stats SA	-	16	267	267	267	267	267	307	353	406	
Females aged 5 - 14	Stats SA	-	-	44	44	44	44	44	51	58	67	
Males aged 5 - 14	Stats SA	-	-	36	36	36	36	36	42	48	55	
Females aged 15 - 34	Stats SA	-	-	44	44	44	44	44	51	59	68	
Males aged 15 - 34	Stats SA	-	-	36	36	36	36	36	42	48	55	
Unemployment	Stats SA	-	-	12	12	12	12	12	12	12	12	
Household income (households) (1.)												
None	Indigent Policy	-	-	-	-	-	-	19 053	19 053	21 911	25 198	28 977
R1 - R4800	Indigent Policy	-	-	-	-	-	-	5 746	5 746	6 608	7 599	8 739
R4800 - R9600	Indigent Policy	-	-	-	-	-	-	12 272	12 272	14 113	16 230	18 664
Poverty profiles (2.)												
Insert description		-	-	1 200	1200.00	2020.00	2020.00	2160.00	2280.00	2280.00	2280.00	
Household/demographics (000)												
Number of people in municipal area	Stats SA	16 100	194 630	258 758	258 758	258 758	258 758	258 758	258 758	258 758	258 758	
Number of poor people in municipal area	Stats SA	-	-	87 252	87 252	87 252	87 252	87 252	87 252	87 252	87 252	
Number of households in municipal area	Stats SA	46 610	54 208	54 208	54 208	54 208	54 208	54 208	54 208	54 208	54 208	
Number of poor households in municipal area	Stats SA	-	-	45 208	45 208	45 208	45 208	45 208	45 208	45 208	45 208	
Definition of poor household (R per month)	Stats SA	-	-	1 200	1200.00	2020.00	2020.00	2160.00	2280.00	2280.00	2280.00	
Housing statistics (3.)												
Formal		-	-	-	-	-	-	-	-	-	-	
Informal		-	-	-	-	-	-	-	-	-	-	
Total number of households		-	-	-	-	-	-	-	-	-	-	
Dwellings provided by municipality (4.)		-	-	-	-	-	-	-	-	-	-	
Dwellings provided by province/s		-	-	-	-	-	-	-	-	-	-	
Dwellings provided by private sector (5.)		-	-	-	-	-	-	-	-	-	-	
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-	
Economic (6.)												
Inflation/inflation outlook (CPIX)		-	-	-	-	-	-	-	-	-	-	
Interest rate - borrowing		-	-	-	-	-	-	-	-	-	-	
Interest rate - investment		-	-	-	-	-	-	-	-	-	-	
Remuneration increases		-	-	-	-	-	-	-	-	-	-	
Consumption growth (electricity)		-	-	-	-	-	-	-	-	-	-	
Consumption growth (water)		-	-	-	-	-	-	-	-	-	-	
Collection rates (7.)												
Property tax/service charges		-	-	-	-	-	-	-	-	-	-	
Rental of facilities & equipment		-	-	-	-	-	-	-	-	-	-	
Interest - external investments		-	-	-	-	-	-	-	-	-	-	
Interest - debtors		-	-	-	-	-	-	-	-	-	-	
Revenue from agency services		-	-	-	-	-	-	-	-	-	-	

Table 68 MBRR SA32 – List of external mechanisms

Not applicable

2.15 Municipal manager's quality certificate

I, municipal manager of Matatiele Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Matatiele Local Municipality (EC441)

Signature _____

Date _____