

FINAL MTREF FOR
2013/14-15/16



MATATIELE

LOCAL MUNICIPALITY

ANNUAL BUDGET OF

MATATIELELOCAL

MUNICIPALITY

2013/14 TO 2015/16
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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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	Municipality 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

MAYORAL BUDGET SPEECH 2013

MAYORAL BUDET SPEECH FOR THE COUNCIL BUDGET YEAR 2013/2014 DELIVERED AT THE TOWN HALL ON THE 28th OF MAY 2013

The Honourable Madam Speaker of this Council, Councillor Mshuqwana;

The Chief Whip for the ruling party, Councillor Mohale;

The Executive Committee Members;

All Fellow Councillors present here today;

The Chiefs present here today;

Management team ;

Council Support Staff;

The media present;

The Community Members that are sitting on the Public Gallery;

The Community Members listening on our Local Community Radio, Alfred Nzo Community Radio;

Ladies and Gentleman;

Good Morning, Molweni, Dumelang, Goeiemore!

Today is the 28th of May 2013 and this is just two years after we were inaugurated as Council for this term ending in 2016 and this term marks the third era of democratic local government and this means next year, which is in 2014, we will be completing 15 years of this democratic elected municipalities.

Chapter 7 of the Constitution of the Republic of South Africa 1996 Section 152 (1) explains the objectives of Local Government read together with Chapter 4 of the Municipal Finance Management Act which outlines the processes to be followed when developing the Municipal Budget. It is for this reason that today I am standing here Honourable Speaker to make the budget speech of this Council as I was mandated by this Council to lead two years back and this budget will be handed over to the Council for implementation and I have no doubts that this is one of the good budgets which we have prepared and if implemented properly it will continue service delivery improvements of this municipality and it will ensure that the mandate, given to my movement the African National Congress by the people, which is “*working together, we can build better communities*” is easily carried out.

In her State of the Province Address held on the 22nd February 2013, the Honourable Premier Noxolo Kiviet mentioned the progress made by the Province of the Eastern Cape in terms of development in various sectors. She further mentioned the NDP observations that another central challenge we face as the country is the fact that the “Infrastructure is poorly located, under maintained and insufficient to foster higher growth”. Matatiele is not exception on that; however we hope that the Matatiele Local Municipality will benefit from the major infrastructural development of 23 District Municipalities which include Alfred Nzo as mentioned by the President in his 2013 January 8th statement.

Moreover, Minister Pravin Gordhan in his budget speech has emphasised the crucial role that the Municipalities should play in ensuring that allocated funds are used effectively to deliver the required services and facilities to the communities. He also mentioned that municipalities need to take steps to share information and learn about best practise methods from the experiences of the others in order to build the capacity of smaller municipalities and improve service delivery.

Madam speaker allow me to remind this council of the celebrations of 20 years of freedom and the 5th national general elections which will be in 2014. As part of this government we need to reflect back where we started from, in terms of service delivery and the challenges that we are still facing. I will look at the five priorities – education, health, the fight against crime, creating decent work as well as rural development and land reform, in terms of the State of the Municipal Address.

We acknowledge the fact that Education is not one of the Municipal focus areas, however President Jacob Zuma announced on his State of the Nation Address that education should be a societal matter. The Municipality has an initiative to work in partnership with the Department of Education to ensure good quality education and improvement on Matric results. The Municipality and the Department initiated a matric intervention programme with the aim of improving the quality of the Grade 12 results. The partnership started in 2011, where Saturday classes were attended by learners, the focus was on the following subjects; Maths, Physical Science and Accounting. The Municipality provided transport for the learners to the centres and paid tutors.

The 2012 class was motivated by the 2011 class, and the Municipality in partnership with the Department of Education again provided the Autumn, Winter, and Spring classes focusing on killer subjects i.e. Mathematics, Physical Science and Accounting. The class of 2012 has maintained the previous year's pass rate and has topped the Alfred Nzo District Cluster.

The Class of 2012 Awards Ceremony was to show gratitude to educators and prominently to give credit to learners who have exceeded anticipation. 15 learners were assisted with registration to Higher Institutions of learning, 1 BCom Accounting student was awarded a bursary and African Bank provided trophies.

Through the Special Programmes Unit we conduct awareness campaigns on HIV/AIDS, drugs abuse, domestic violence, rape and the fight against children and women abuse and on these campaigns we are working with the Department of Social Development, Health, SAPS and NGO's. We commit to the call of this government to continue protecting the vulnerable groups.

In the fight against crime Matatiele Local Municipality and Alfred Nzo District Municipality in partnership with the Department of Safety and Liaison Eastern Cape launched a Community Safety Forum which its purpose is to create an environment where by Matatiele Departments are equipped with sufficient information towards crime awareness and crime fighting, to create a sense of ownership in crime fighting, to create a safe environment for everyone and to position Matatiele as a Crime Free Area.

Madam Speaker allow me to say we have managed to create one thousand and ninety two (1092) job opportunities through Nkhoesa Mofokeng and Rea Hloekisa which are EPWP initiative programmes for 2012/2013 financial year.

On Infrastructure development Madam Speaker and fellow Councillors allow me to present the projects that are still in progress which most of them will be completed by end of financial year, if not, those will not be more than two (2) months after new financial year.

Zinguka-Madlangeni Access Road, Cross to St Johns Access Road, Mzongwana-Vimba Access Road, Lunda Access Road, Kuyasa Access Road, Nyanzela Access Road, Maluti phase 2 Streets, Lukholweni Access Road, Rantshiki Access Road, Sekhutlong Access Road, Khuthalani Sinazo Poultry Access Road & Bridge, Ntlola Access Road, Tshita-Mabua Access Road, Pamlaville Community Hall, Dalibhunga Community Hall, Siyabonga Luvuyo Novuka Community Hall, Moaneng Community Hall, Moriting Community Hall, Finance Offices, Upgrading of Matatiele Air Field, Mafube-Nkosana Bridge, Fiva Access Road, Cedarville Internal Streets-Phase 2, Sabasaba Access Road, Bethel Community Hall, Khaue Community Hall, Manzi Access Road, Mnqayi Access Road

Coming to Rural Development (Local Economic Development) the Municipality has two major projects that have added part in creating job opportunities and they are: **Mokhosi Milling Project:** which its objectives are to, develop the milling enterprise as one of the anchor project in Matatiele, to promote value addition in maize, to encourage partnerships with the farming community to ensure sustained supply to the milling enterprise is ready to start soon, machines have been purchased and **Cedarville Emerging Farmers**, fencing and demarcation of feedlot is complete. The Municipality has discovered that there is a need for conducting LED Summit with aim of leveraging local economic growth and development and to create job opportunities for the people of Matatiele and the surrounding localities. Furthermore, to mobilise resources for anchor projects that are having potential to create massive jobs.

Honourable Members

Matatiele Local Municipality has obtained another unqualified audit report as per the report that was released in November 2012. The Municipality prides itself on its achievement to obtain the

unqualified report for the fifth consecutive year since 2007/2008 financial year and now the Municipality is striving for the clean audit report.

This positive outcome is a result of a dedicated, hard and smart working team that worked tirelessly with a winning formula which was quietly enchanted with fear of regression that pumped the adrenalin for a win. The team now sets its eyes on the reduction of matters of emphasis on audited items and never to regress. The Municipal Manager Dr. DCT Nakin was awarded as the best Municipal Manager in the entire Eastern Cape Province. As this Municipality we are saying halala Mokoena you have done us proud on putting this Municipality on the map.

Madam Speaker

As much as we have managed to achieve the above mentioned successes we cannot overlook the fact that there is still a lot to be desired. The fact that we are still facing a huge challenge of electrification backlog in our rural areas, the shortage of water in some Wards, rural housing development, unemployment and bad conditions of Provincial and National Roads in our area means that this Council cannot rest until these challenges are addressed.

The initiative taken by the public to approach the media when they are not satisfied by the pace of service delivery in their various Wards is acknowledged. In particular the caller from Ward 12 on Lesedi Fm programme that was focusing on service delivery challenges in Matatiele Local Municipality, that the Municipal leadership need to go out to all Wards and conduct meetings with communities in order to get the true feelings of communities other than conducting IDP Outreach only. So the Municipality needs to embark on a programme which seeks to address what this caller was raising.

Madam Speaker, this 2013/2014 MTERF Budget, have been prepared though the guidance of the MFMA Circular no 66 and 67, MFMA and Budget Regulations, Labour and SALGA submission of employees' salaries increments, the reviewed IDP as priorities by communities, and we have ensured that we comply with the requirements as follows:

- We held our IDP Budget review road shows in September last year.

- We have tabled the Draft Budget to Council in March this year.
- We conducted Community consultative meetings on the draft budget in all Wards and further consulted the Stakeholders i.e. National Treasury, Provincial Treasury and other Departments.

Madam Speaker, during consultative meetings with the communities and stakeholders we have received amongst others the following comments:

- **On wards** – communities on all wards accepted the budget and appreciated what this Council has achieved thus far. They further emphasized that, more jobs must be created, access road, community halls must be constructed and be maintained. The need for water, sanitation, houses and Electrification on non-electrified areas has increased. The need for Free Basic Services has also increased. There is also a great need for Clinics, Pre-Schools, ID documents for the youth, Co-operatives, Street lights
- **On stakeholders** – all our stakeholders consulted appreciated the budget but greatly raised concerns over the new valuation roll to be implemented from July 2013.
- **Written submissions** – we did not receive written submissions from the stakeholders and individuals.

Madam Speaker, the following actions have been taken as a response to the comments received:

- Property Rates not to increase by the proposed 4%. As a way of providing relief of property tax due to changes on the valuation roll, property rates rebates are to increase for residential properties by 10% from 35% to 45%, for business and industrial by 5% from 10% to 15% and property rates exemptions for residential properties will increase by R25 000 from first R30 000 to R55 000 of the property value as determined in the rolls.
- Based on the needs of Mahasheng Location, we have since included the Bridge to assist them with access to the other areas.

Now Madam Speaker, allow me to present to the house the 2013/2014 Budget and 2014/2015 Medium Term Expenditure Revenue Framework to Council as follows:

On Revenue, it is estimated that this budget will raise revenue of R361 million to fund this budget from Property Rates for R27 million, from Electricity for R42 million, from Refuse Removal charges for R6.8 million, and from traffic fines and licensing fees for R3, 1 million and other municipal charges like letting of municipal facilities, graves, selling, building, zoning, subdivisions, encroachment charges, for R9, 4 million. This has resulted to the total operating revenue of R89, 4 million exclusive of conditional and unconditional grants of R85, 3 million and internal reserves of R46.8 million and a Loan of R11, 5 million to be raised. Unconditional Grants and Subsidies amount to R128, 1 million.

This therefore Madam Speaker makes me proud to present the total revenue budget of R361 million for 2013/2014 and this is inclusive of conditional and unconditional grants. This budgeted revenue fellow councillors, means that our tariff of charges for this budget year of 2013/2014 are set to increase as follows:

Electricity Charges:

From 2007 Madam Speaker it has been a National challenge that the electricity supply has become limited in its capacity and we know that, since then we have experienced load shadings as a measure to ensure that we save electricity. Even today, that challenge is still there and our communities are always encourage to save electricity to avoid a situation where one day our country will be in the dark due to limited capacity to supply the country. This unfortunately has not left Matatiele outside as we are all affected and therefore with the high increases of electricity we are unable to avoid. Our tariffs for electricity will increase up to 14% across the board and this will just passing the Eskom increases to the consumer.

Property Rates

For residential properties of all categories the rate is to be R0.015 cent per rand value,

For business, industrial and mining to be R0.018

For farmers, Agriculture, Public Benefit Organizations and Public Service Infrastructure to be R0.0037 cent per rand value which will be not more that 25% of the residential net charge.

The following rebates will apply Madam Speaker to bring tax relief to our rate payers:

Residential Properties to receive 45% discount on their charged rates and businesses with industrial properties to receive 15% discount on their charged rates. Further to these rebates, Madam Speaker, I am proud to announce that the residential properties will receive an extra Fifty Five Thousand Rands (R55 000) exemption from their values which will not be charged property rates as tax and this means Madam Speaker, all properties with a value of Fifty Five Thousand Rands and less will not be rated and charged tax and those above Fifty Five Thousand Rands (R55 000) will be charged on their values less Fifty Five Thousand Rand Value.

In the 2013/2014 financial year, there will not be an increase on Property Rates.

As a caring Council Madam Speaker, I am also proud to announce to this chamber today that, all pensioners who have registered and indigent households who have been approved will receive 100% rebates on property rates and this means they will pay nothing when it comes to rates tax.

Refuse Removal:

Refuse removal will increase by 5% in the new financial year.

Other Charges:

All other charges will remain unchanged.

On expenditure – Madam Speaker we have allocated the expenditure for 2013/2014 as follows, Salaries and wages for employees is R76, 3 million and Councillor's allowance are budgeted to be R16.7 million and this has increased from R78, 3 million for last year to R93.1 million. The budget for salaries remains within the required norm of 30-35% on the total budget as our percentage is of the operating budget and of the total budget. It is important Madam Speaker to report to this Council that, on salaries it has been ensured that all critical, strategic and important posts are budgeted for and 10% increase has been included for employees as will be required for annual increases and 10% estimated for Councillors remuneration increases as to be determined by Minister.

On operating expenditure for day-to-day running of the municipality in ensuring that the services are provided to all in the municipality an amount of R217, million including R28 million of Bulk

purchase of electricity from Eskom has been allocated and this has been increased from R210,4 million by R7 million from 2012/2013 budget year.

Madam Speaker, I must admit to this council today that, on repairs and maintenance we are still lacking in terms of improving the budget allocation. This is caused by the fact that we are operating with the ageing infrastructure or with no infrastructure at all in some parts of our municipality and it is costing more to newly construct and this leaves us with no option for now but to allocate more on new infrastructure construction than maintaining. However, Madam Speaker, my advice to the Municipal Manager is to ensure that for the next budget, this area must improve to ensure that, the entire new infrastructure we are putting will be properly maintained and this will also ensure that we meet the targets as per objective of Local Government Outcome 9 which states that increase repairs and maintenance allocations, increase capital expenditure allocations and reduce non-strategic operating allocations. This means Madam Speaker our budget allocation has been set R11, 2 million.

Capital expenditure – Madam Speaker we have allocated the total budget for Capital expenditure to improve service delivery is set to be R143 792 500 for 2013/2014 as follows,

The total for Municipal Governance & Admin amounts to R14.2 million which relates to furniture and office equipment, plant, finance office and vehicles.

The total for Community and Public Safety department amounts to R6, 6 million, which relates to construction of public toilets in town, construction of Tennis Court, indoor sports centre, swimming pool, Mountain Lake Chalets, Fire Engine, testing grounds among other projects.

The total of Economic and Environmental Services department amounts to R23 million, which relates to Area M – services, Fresh Produce Market, Hawkers Stalls EDP officer amongst other projects.

The infrastructural projects are budgeted to be R59, 9 million, for access roads and community facilities are as follows,

Matatiele Internal Roads – Surfacing	R3 000 000
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Maluti Internal Roads – Surfacing Phase 3	R9 000 000
Matatiele Internal Roads – Surfacing Phase 2(Harry Gwala)	R3 400 000
Cedarville Internal Roads – Surfacing Phase 3	R5 000 000
Khaue Community Facility	R1 500 000
Bethel Community Facility	R1 500 000
Moriting Community Facility	R320 000
Siyabonga Novuka Community Facility	R320 000
Moaneng Community Facility	R320 000
Dalibhunga Community Facility	R320 000
Pamlaville Community Facility	R320 000
Manzi Access Road	R1 500 000
Mnqayi Access Road	R1 500 000
Pabalong Access Road	R4 500 000
Masopa Access Road	R2 932 500
Mahangwe Sport Field	R1 000 000
Afsondering Sport Field	R1 000 000
Nkau Sport Field	R1 000 000
Nice Field Sport Field	R1 000 000
Majoro Sport Field	R1 000 000
Epiphany Sport Field	R1 000 000

The Electricity department amounts to R39, 9 million, which amounts to replacing town 2 cables, replace LV Distribution, pick-up Truck, rural electrification and weigh bridge amongst other things.

In conclusion Madam Speaker, allow me to table the Final Operating and Capital budget for approval for 2013/2014 financial year as follows:

Total Operating Budget of R217, 5 million and Total Capital Budget of R143, 7 million, which therefore is the Total Budget of R361 million.

In closing Madam Speaker, I would like to thank my fellow councillors, the Municipal Manager and his Management team for their continued support and togetherness during the budget preparation processes, and also I would like to thank the community members and stakeholders for their full participation on these budget processes. Without them, we would have not achieved the level we are at today and working together we will do more in building better communities.

Finally, Madam Speaker I therefore table to this council a 2013/2014 Medium Term Revenue and Expenditure Forecasts of R361 million for final approval.

I thank you all.

1.2 Council Resolutions

On 28 May 2013 the Council of Matatiele Local Municipality met in the Town Hall to consider the annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. That the IDP 2013/14 be approved;
2. That the Budget 2013/14 be approved as per section 24(1) of the MFMA.
3. That the Council approves the Annual Budget of the Municipality for the financial year 2013/14; and indicative for the two projected outer years 2014/2015 and 2015/2016 be approved as set out in the following;
 - Operating Revenue by Source 1.4
 - Operating Expenditure by Source 1.6
 - Capital Expenditure by vote 1.4
 - Capital Funding by source 1.3
4. That Council approves the property rates reflected in item number 2.5 and any other municipal taxes reflected in item number 2.5 are imposed for the budget year 2013/14.
5. Council approves that the Tariffs of Charges reflected in item number 2.5 are approved for the budget year 2013/14.
6. Council approves that the measurable performance objectives for each vote reflected in item number 2.3 are approved for the budget year 2013/14.
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 2013/14.
8. Council approves that the other amended budget related policies reflected in item number 2.4 are approved for the budget year 2013/14.
9. 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 meeting as per the attached schedule (Annexure A) and all other approved as follows: Councillors by the Mayor, Officials by the Municipal Manager.
12. That the Budget Outreach Report containing inputs from the community be noted.

Council Resolution No **CR 394/28/05/2013**

1.3 Executive Summary

METHOD OF PREPARATION

The Budget was prepared according to the Zero Based Method. In terms of the 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 2012. All departments gave input.

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 least 90 days before the start of the budget year, that is 31 March. Council must therefore 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 GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure are not included in Operating Budget.

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

Salaries and Wages, Repairs and Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel etc.

The total budget amounts to R361 490 096. Table 1 hereunder summarizes the budget per department. General Managers must manage their own budgets 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. Table 1 which is Consolidated Overview of the 2013/14 Medium Term Revenue Expenditure Forecast.

Table 1

	Adjusted Budget 2011/12	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Total Revenue (excluding capital transfers and contributions)	253 970 597	361 490 096	306 864 202	322 207 415
Total Expenditure	210 487 555	217 538 747	228 126 385	260 314 379
Surplus/(Deficit) for the year	43 483 042	143 951 350	78 737 817	61 893 036
Total capital expenditure	157 796 535	143 792 500	104 253 500	122 421 625

Total Revenue by source

Income	Amount	Percentage
Property Rates	27 040 000	7.4%
Service Charges	49 813 718	13.78%
Rental of Facilities	570 633	0.1%
Interest earned - external	5 500 000	1.5%
Interest earned - internal	1 850 800	0.6%
Fines	450 000	0.1%
Licenses and Permits	2 704 000	0.7%
Government Grants	128 023 301	35.41%
Capital Grants	85 582 500	23.67%
Other	59 955 144	16.74%
Total	361 490 096	100%

Total Expenditure by type

Expenditure	Amount	Percentage
Employee Related Costs	76 164 570	36%
Remuneration of Councillors	16 947 335	8%
Bad Debt Provision	3 000 000	1%
Depreciation	9 831 085	6%
Repairs and Maintenance	11 250 000	5%
Interest external borrowings	2 000 000	1%
Bulk purchases	28 000 000	13%
Contracted Services	14 932 984	7%
Grants and Subsidies paid	19 850 851	8%
General Expenses	35 561 901	16%
<i>Sub-total</i>	<i>217 538 744</i>	<i>100%</i>
Capital	143 792 500	
TOTAL	361 331 244	

Budget per Department

Department	Expenditure	Income	Capital
Executive & Council	32 688 638	370 501	1 555 000
Budget & Finance	40 587 632	146 401 500	11 300 000
Corporate Services	23 922 386	200 000	1 400 000
Community Services	35 327 725	15 448 978	7 420 000
EDP	15 453 426	6 993 404	20 230 000
Infrastructure	69 558 940	133 715 713	101 887 500
Capital	143 792 500		
Surplus		143 951 352	
TOTAL	361 490 096	361 331 224	143 792 500

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 R143 792 500 has been included in this budget. Included in this amount is a current incomplete project which are rolled over amounting to R3 000 000 for which funding is available. Own sources available to fund these projects amount to R46 860 000. Our MIG allocation for 2013/2014 is R47 432 DOE will fund a sum of R35 000 000 for electricity installation. An application of a loan of R 11 500 000 to be made.

All projects presented in this report are the priorities as per the approved Integrated Development Plan which was reviewed in November 2012 during community review meetings in all 26 wards of the municipality.

Funding of Capital Budget

Grants available from previous years	3 000 000
DOE	35 000 000
MIG	47 432 500
<i>Sub Total</i>	<i>85 432 500</i>
CRR	46 860 000
External Loan (to be raised)	11 500 000
TOTAL	143 792 500

Grants and Subsidies allocations

In terms of the Revenue Bill 2013 Matatiele Local Municipality will receive an Equitable Share of R118 249 000 This amount is always not enough to meet all the community needs on service delivery as is always utilised for the day to day operations of the municipality which some are strategic programs to deal with special programs in improving community welfare like gender, youth, indigent support, sport and recreation and many more as identified and approved by council through operational plans. It is operational grants allocated to Matatiele for the 2013/2014 is indicated as follows. Kindly note that these amounts are included in the revenue table as indicated on page 3.

TARIFFS

All charges excluding electricity and property rates are calculated to increase by 5%, for the 2013/2014 financial year, starting 1 July 2013 and this is based on the Consumer Price Index as at 5.5%.

Property Rates

The new Property Valuation Roll came into effect the 1 July 2009 and this will come to expire at the end of 2012/13 financial year ending 30 June 2013. The new General Valuation Roll has been prepared and draft available of which notifications are done to Rate Payers through letters to each Ratepayer and notices on notice boards and print media circulating provincially and locally. This is to give Ratepayers aggrieved by new General Valuation Values of their Properties to lodge objections as per requirements of Local Government: Municipal Property

Rates Act. The final General Valuation Roll will be available before the implementation of the budget which will be July 2013 and final rates revenue will be calculated on the new values of the Valuation Roll. Based on the draft Valuation Roll, there will be no increase in this year's tariff.

Electricity

Electricity tariffs will increase between 5.4% and 14% in terms of the directive from NT and National Electricity Regulator of South Africa.

Refuse Removal and Other Tariff of Charges

Refuse tariffs will be increased by 5% and all other tariffs are kept to increase at same level.

EXTERNAL SERVICE DELIVERY MECHANISIMS

External service providers are used for the refuse removal and grass cutting in the towns of Matatiele, Cedarville and Maluti.

ACCUMULATED SURPLUS

This budget will result in a surplus of R158 849. This should be noted that is budget surplus to ensure that the budget is balanced.

Accumulated surplus at the year ended 30 June 2012 was R183 861 119 and a cash backed amount of R47 360 000 from this accumulated surplus is included in this budget as Capital Replacement Reserves to fund capital projects. This amount will contribute 32.9% of the total capital budget funding sources.

For the year end 30 June 2013, an amount of R47 360 000 is projected to be realised as operating surplus.

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 charges;
- 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 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source										
Property rates	13 204	12 776	13 235	22 020	25 900	25 900	-	27 040	28 392	29 812
Property rates - penalties & collection charges	962	1 681	1 588	1 640	1 951	1 951	-	1 700	1 785	1 874
Service charges - electricity revenue	22 219	26 231	32 489	37 039	37 039	37 039	-	42 966	45 114	47 370
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2 306	5 743	5 773	6 585	6 585	6 585	-	6 848	7 190	7 550
Service charges - other										
Rental of facilities and equipment	498	499	499	556	556	556	-	571	599	629
Interest earned - external investments	3 306	3 880	5 257	4 000	5 800	5 800	-	5 500	5 775	6 064
Interest earned - outstanding debtors	1 664	488	81	145	145	145	-	151	158	166
Dividends received		-								
Fines		966	624	403	483	483	-	450	473	496
Licences and permits	1 017	1 060	2 925	2 600	3 150	3 150	-	2 704	2 839	2 981
Agency services		-								
Transfers recognised - operational	101 036	134 243	125 711	173 072	170 631	170 631	-	213 606	212 847	223 489
Other revenue	1 136	1 412	783	1 389	1 731	1 731	-	59 955	1 692	1 776
Gains on disposal of PPE	11		287							
Total Revenue (excluding capital transfers and contributions)	147 360	188 978	189 251	249 449	253 971	253 971	-	361 490	306 864	322 207

Table 3 Percentage growth in revenue by main revenue source

Description	R thousand	2012/13 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget 2012/13	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Revenue By Source									
Property rates	25 900	10.20	27 040	7.48	28 392	9.25	29 812	9.25	
Property rates - penalties & collection charges	1 951	0.77	1 700	0.47	1 785	0.58	1 874	0.58	
Service charges - electricity revenue	37 039	14.58	42 966	11.89	45 114	14.70	47 370	14.70	
Service charges - water revenue	-	0.00	-	0.00	-	0.00	-	0.00	
Service charges - sanitation revenue	-	0.00	-	0.00	-	0.00	-	0.00	
Service charges - refuse revenue	6 585	2.59	6 848	1.89	7 190	2.34	7 550	2.34	
Service charges - other		0.00		0.00		0.00		0.00	
Rental of facilities and equipment	556	0.22	571	0.16	599	0.20	629	0.20	
Interest earned - external investments	5 800	2.28	5 500	1.52	5 775	1.88	6 064	1.88	
Interest earned - outstanding debtors	145	0.06	151	0.04	158	0.05	166	0.05	
Dividends received		0.00		0.00		0.00		0.00	
Fines	483	0.19	450	0.12	473	0.15	496	0.15	
Licences and permits	3 150	1.24	2 704	0.75	2 839	0.93	2 981	0.93	
Agency services		0.00		0.00		0.00		0.00	
Transfers recognised - operational	170 631	67.19	213 606	59.09	212 847	69.36	223 489	69.36	
Other revenue	1 731	0.68	59 955	16.59	1 692	0.55	1 776	0.55	
Gains on disposal of PPE		0.00	-	0.00		0.00		0.00	
Total Revenue (excluding capital transfers and contributions)	253 970 507	100	361 490 096	100	306 864 202	100	322 207 415	100	

The budget will be funded as per table 1. Kindly note that of a total budget of R361 490 096 Council generates R142 395 000(39% and Grant amount to R219 105 801(61%). Therefore the Council is 72 % dependant on grants.

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 to residential properties to be 1:025. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R40 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy i.e. the market value less R 55 000.00;

- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:
 - Income not exceeding R3 000.00

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Additional:

- Residential properties a 45% rebate
- Properties categorized commercial 15% rebate on rates.
- Farms/ Smallholdings used for agricultural purposes 65% rebates.
- The municipality may award a 100 per cent grant in aid on the assessment rates of rate-able properties of certain
Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work,
Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		35 940	48 217	74 107	81 855	94 689	94 689	124 545	141 773	179 999
Local Government Equitable Share		34 706	46 917	71 817	80 870	92 449	92 449	118 249	139 223	177 399
		500	500	1 450	145	1 450	1 450	1 550	1 600	1 650
EPWP Incentive		734	800	840	840	790	790	800	950	950
								3 946	-	-
Other transfers/grants [insert description]										
Provincial Government:		2 154	11 697	3 676	3 904	-	-	-	-	-
		2 154	1 883	1 407					-	-
Other transfers/grants [insert description]		-	9 814	2 269	3 904			-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		38 094	59 914	77 783	85 759	94 689	94 689	124 545	141 773	179 999
Capital expenditure of Transfers and Grants										
National Government:		12 160	14 063	51 315	67 734	28 791	28 791	75 457	74 503	73 953
Municipal Infrastructure Grant (MIG)		12 160	14 063	20 315	29 598	28 791	28 791	40 457	44 503	48 953
Regional Bulk Infrastructure				31 000	38 136			35 000	30 000	25 000
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		12 160	14 063	51 315	67 734	28 791	28 791	75 457	74 503	73 953
TOTAL EXPENDITURE OF TRANSFERS AND GRAN		50 254	73 977	129 098	153 493	123 480	123 480	200 002	216 276	253 952

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 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 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 tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

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 levies for the 2013/14 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	c	C
Residential properties	0.01505	0.01505
Business, Commercial and Government	0.01805	0.01805
Agricultural/Farms	0.00376	0.00376
Vacant land	0.01805	0.01805

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 14 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased between 5 and 14 per cent to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges 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	Percentage change
Basic	226.56	251.48	24.92	11%
50	.58	.61	.03	5%
51-350	.67	.76	.09	14%
351-600	.93	1.03	.1	11%

601 > over	1.09	1.21	.12	11%
------------	------	------	-----	-----

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2013. 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).

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 expenditure such as petrol and diesel and the cost of remuneration.

A 5 per cent increase in the waste tariff is proposed from 1 July 2013. Higher increases will not be violable in 2013/2014 owing to significant increases implemented in previous financial years as well as the overall impact of higher 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 2013:

Table 11 Comparison between current waste removal fees and increases

Tariff	WASTE REMOVAL	MUNICIPALITY CLEANING	WASTE REMOVAL	MUNICIPALIT Y CLEANING
	Per month (R)		Per month (R)	
	2012/2013		2013/2014	
Domestic refuse removed X2 weekly	89.03	89.03	93.48	93.48
Basic Charge each business/individual	133.53	133.53	140.20	140.20
In addition to above every owner shall pay Council a fee of per bag per month, removed X2	133.53	133.53	140.20	140.20

1.3.1 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 bills has been kept between 8 and 12 per cent.

Table 11EC 144MATATIELELOCALMUNICIPALITYTAD Table SA14 – Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
Monthly Account for Household - 'Middle Income Range'											
Rates and services charges:											
Property rates		270.77	297.85	541.67	595.84	595.84		-	595.84	595.84	595.84
Electricity : Basic levy		107.16	136.10	182.38	217.03	217.03		11.0%	240.90	267.40	296.82
Electricity : Consumption		382.00	460.00	616.00	733.04	733.04		11.0%	813.67	903.18	1 002.53
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	-	6.7%	1 703.47	1 821.59	1 952.56
VAT on Services											
Total large household bill:		796.92	934.27	1 384.41	1 596.92	1 596.92	-	6.7%	1 703.47	1 821.59	1 952.56
% increase/-decrease			17.2%	48.2%	15.4%	-	(100.0%)		-	6.9%	7.2%
Monthly Account for Household - 'Affordable Range'											
Rates and services charges:											
Property rates		80.93	87.52	38.74	42.61	42.61	42.61	-	42.61	42.61	42.61
Electricity : Basic levy								11.0%			
Electricity : Consumption		190.24	229.08	306.77	352.79	352.79	352.79	11.0%	391.60	434.67	482.49
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		36.99	40.32	44.36	51.01	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	446.41	9.2%	487.26	532.45	582.48
VAT on Services											
Total small household bill:		308.16	356.92	389.87	446.41	446.41	446.41	9.2%	487.26	532.45	582.48
% increase/-decrease			15.8%	9.2%	14.5%	-	-		9.2%	9.3%	9.4%
Monthly Account for Household - 'Indigent' 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	50.22	11.0%	55.74	61.88	68.68
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		36.99	40.32	44.36	51.01	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	101.23	7.5%	108.79	117.05	126.06
VAT on Services											
Total small household bill:		63.09	71.76	86.48	101.23	101.23	101.23	7.5%	108.79	117.05	126.06
% increase/-decrease			13.7%	20.5%	17.1%	-	-		7.5%	7.6%	7.7%

Operating Expenditure Framework

The Municipality’s expenditure framework for the 2013/14 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 adherences 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 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Employee related costs	27 139	37 771	46 429	63 009	62 738	62 738	-	76 333	80 148	84 157
Remuneration of councillors	11 155	11 346	13 276	15 344	15 344	15 344	-	16 779	15 958	16 596
Debt impairment	7 533	1 395	2 610	2 000	2 000	2 000	-	3 000	3 150	3 308
Depreciation & asset impairment	10 656	14 784	15 905	9 584	12 893	12 893	-	9 831	10 323	10 839
Finance charges	72	672	563	3 000	3 000	3 000	-	2 000	2 100	2 205
Bulk purchases	12 449	16 078	21 898	28 300	28 300	28 300	-	28 000	29 400	30 870
Other materials	8 413	8 451	9 450	13 846	13 846	13 846	-	11 250	11 812	12 403
Contracted services	7 161	5 823	9 363	10 330	11 751	11 751	-	14 933	15 680	16 464
Transfers and grants	8 222	35 504	8 468	16 454	24 860	24 860	-	19 851	22 503	23 788
Other expenditure	12 584	15 753	23 307	34 643	35 756	35 756	-	35 562	37 053	59 685
Loss on disposal of PPE			2 903		-	-	-	-		1
Total Expenditure	105 384	147 578	154 172	196 510	210 488	210 488	-	217 539	228 126	260 314

The budgeted allocation for employee related costs for the 2013/14 financial year totals R76million, which equals 35 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 10 per cent for the 2013/14 financial year. An annual increase of 6, 8 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 Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year this amount equates to R2 million and escalates to R4 million by 2015/16. 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 R12 million for the 2013/14 financial and equates to 6 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.

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 material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2013/14 the appropriation against this group of expenditure has grown by 7 per cent and continues to grow at 8 and 9 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 also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 9 per cent for 2013/14 and curbed at 6 and 6.2 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.

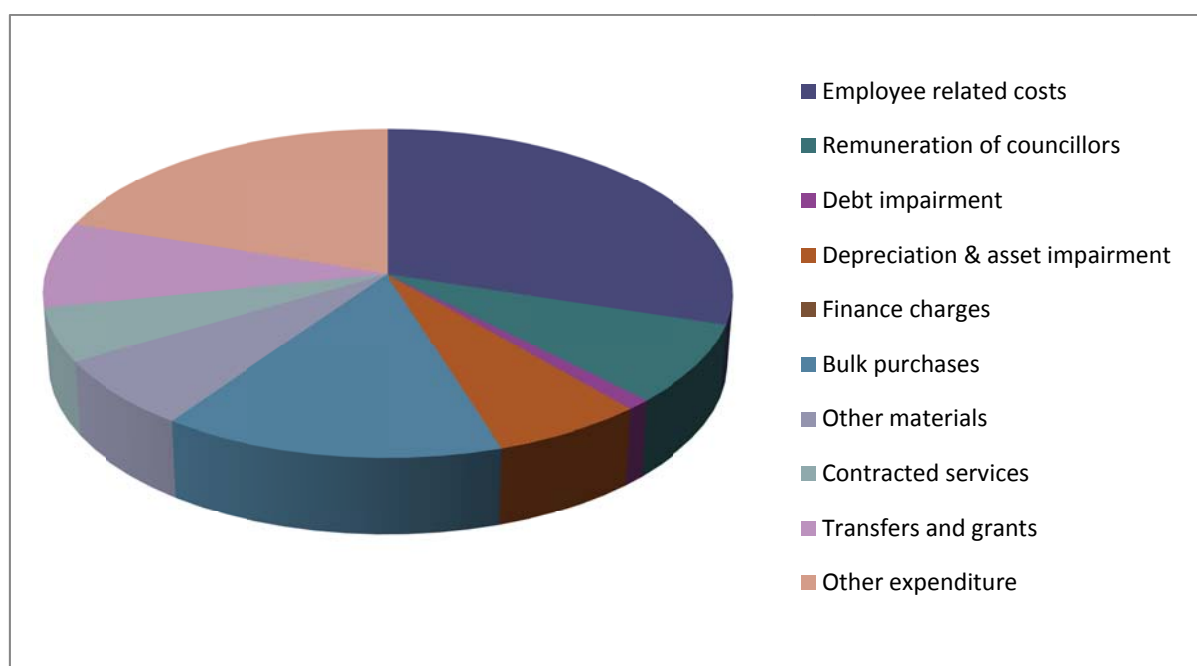


Figure 1 Main operational expenditure categories for the 2012/13 financial year

1.3.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of

the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

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

Table 14 Repairs and maintenance per asset class

Description	Audited Outcome	Audited Outcome	Audited Outcome	Current Year 2012/13			Medium Term Framework 2013/2014		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year +1 2013/14	Budget Year +2 2014/15	Budget Year +3 2015/16
R thousand									
Repairs and Maintenance by Expenditure Item									
Employee related costs	27 139	37 771	46 429	63 009	62 738	62 738	76 333	80 148	84 157
Other materials	8 413	8 451	9 450	13 846	13 846	13 846	11 250	11 812	12 403
Contracted Services	7 161	5 823	9 363	10 330	11 751	11 751	14 933	15 680	16 464
Total repairs and Maintenance Expenditure	42 713 000	52 044 828	65 242 285	87 184 529	88 334 744	88 334 744	102 516 341	107 640 306	113 023 567

During the compilation of the 2013/2014 MTREF operation repairs and maintenance was identified as a strategic imperative owing to the ageing of the Municipality's infrastructure and historic deferred maintenance. Repairs and maintenance increased by 15 percent in the 2013/2014 financial year. From 8 to 13 million. The total allocation for 2013/2014 equates to R13 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 Municipality's Indigent Policy. The target is to register 15 500 or more indigent households during the 2013/2014 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 38.

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.

1.4 Capital expenditure

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

Table 6 2013/14 Medium-term capital budget per vote

EC441 Matatiele - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Council	66	933	6	926	926	926	926	1 555	1 861	688
BUDGET & FINANCE	1 686	2 656	527	14 632	14 932	14 932	14 932	11 300	6 320	-
CORPORATE	529	14	36	15 794	4 052	4 052	4 052	1 400	14 500	570
COMMUNITY	1 960	6 280	4 304	3 821	5 021	5 021	5 021	7 420	1 365	7 753
DEV & PLANNING	3 426	264	498	15 126	3 280	3 280	3 280	20 255	-	10 225
CIVIL ENIGENERING	28 178	25 470	31 127	129 671	129 586	129 586	129 586	101 863	80 208	103 185
Capital multi-year expenditure	35 846	35 616	36 498	179 969	157 797	157 797	157 797	143 793	104 254	122 422
Total Capital Expenditure	35 846	35 616	36 498	179 969	157 797	157 797	157 797	143 793	104 254	122 422
Funded by:										
National Government	25 882	27 561	25 932	52 816	43 390	43 390	43 390	85 433	64 254	82 422
Provincial Government	7 288									
District Municipality										
Other transfers and grants										
Transfers recognised	33 170	27 561	25 932	52 816	43 390	43 390	43 390	85 433	64 254	82 422
Public contributions & donations										
Borrowing				98 700	60 000	60 000	60 000	11 500		
Internally generated funds	2 676	8 055	10 565	28 453	54 407	54 407	54 407	46 860	40 000	40 000
Total Capital Funding	35 846	35 616	36 498	179 969	157 797	157 797	157 797	143 793	104 254	122 422

For 2013/14 an amount of R1016million has been appropriated for the development of infrastructure. This represents 70% of the total capital budget.

Total new assets represents 100 per cent or R114 million of the total capital. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Assets Management) on page 37. In addition to the 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 project to be undertaken over the medium term includes, amongst others. Furthermore page 97 contains a detail breakdown of the capital per project over the MTRF.

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

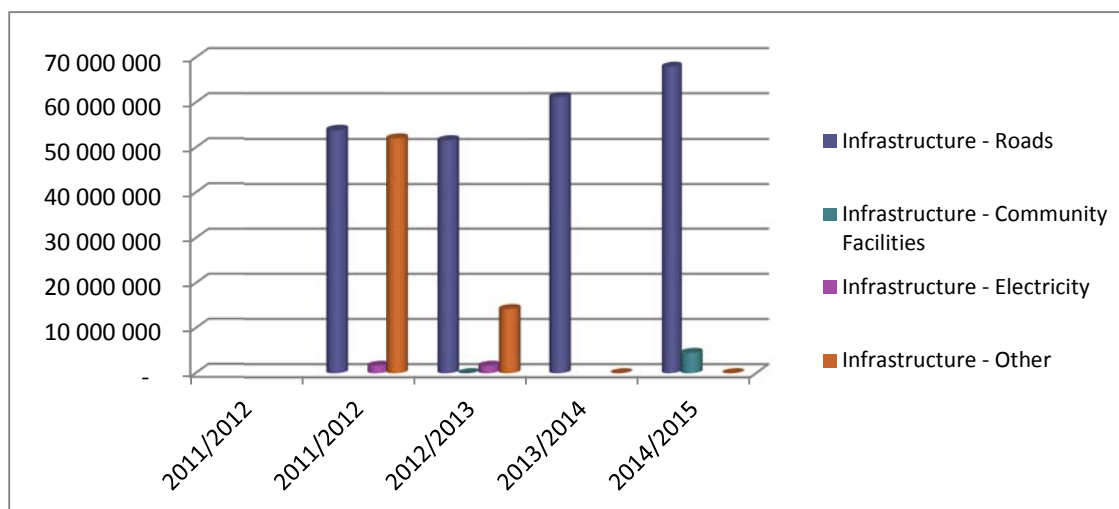


Figure 2 Capital Infrastructure Programme

1.4.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61MBRR SA35 on page 96. It needs to be noted that as part of the 2013/14 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.5 Annual Budget Tables

The following 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 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page

Table 17 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands										
Financial Performance										
Property rates	14 166	14 457	14 823	23 660	27 851	27 851	-	28 740	30 177	31 686
Service charges	24 525	31 973	38 262	43 624	43 624	43 624	-	49 814	52 304	54 920
Investment revenue	3 306	3 880	5 257	4 000	5 800	5 800	-	5 500	5 775	6 064
Transfers recognised - operational	101 036	134 243	125 711	173 072	170 631	170 631	-	213 606	212 847	223 489
Other own revenue	4 326	4 425	5 198	5 092	6 065	6 065	-	63 831	5 761	6 049
Total Revenue (excluding capital transfers and contributions)	147 360	188 978	189 251	249 449	253 971	253 971	-	361 490	306 864	322 207
Employee costs	27 139	37 771	46 429	63 009	62 738	62 738	-	76 333	80 148	84 157
Remuneration of councillors	11 155	11 346	13 276	15 044	15 044	15 044	-	16 779	15 958	16 596
Depreciation & asset impairment	10 656	14 784	15 905	9 584	12 893	12 893	-	9 831	10 323	10 839
Finance charges	72	672	563	3 000	3 000	3 000	-	2 000	2 100	2 205
Materials and bulk purchases	20 862	24 529	31 348	42 136	42 136	42 136	-	39 250	41 212	43 273
Transfers and grants	8 222	35 504	8 468	16 454	24 860	24 860	-	19 851	22 503	23 788
Other expenditure	27 278	22 971	38 183	46 973	49 817	49 817	-	53 495	55 882	79 457
Total Expenditure	105 384	147 578	154 172	196 200	210 488	210 488	-	217 539	228 126	260 314
Surplus/(Deficit)	41 976	41 400	35 079	53 249	43 483	43 483	-	143 951	78 738	61 893
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	41 976	41 400	35 079	53 249	43 483	43 483	-	143 951	78 738	61 893
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	41 976	41 400	35 079	53 249	43 483	43 483	-	143 951	78 738	61 893
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	33 170	27 561	25 932	52 816	43 390	43 390	43 390	85 433	64 254	82 422
Borrowing	-	-	-	98 700	60 000	60 000	60 000	11 500	-	-
Internally generated funds	2 676	8 055	10 565	28 453	54 407	54 407	54 407	46 860	40 000	40 000
Total sources of capital funds	35 846	35 616	36 498	179 969	157 797	157 797	157 797	143 793	104 254	122 422
Financial position										
Total current assets	73 814	103 710	118 300	118 300	118 300	118 300	118 300	118 300	118 300	118 300
Total non current assets	359 957	380 137	398 690	398 690	398 690	398 690	398 690	355 232	360 949	365 751
Total current liabilities	32 930	44 069	39 962	39 962	39 962	39 962	39 962	39 962	39 962	39 962
Total non current liabilities	7 205	8 557	11 758	11 758	11 758	11 758	11 758	11 758	11 758	11 758
Community wealth/Equity	393 637	431 221	465 271	465 271	465 271	465 271	465 271	465 271	465 271	465 271
Cash flows										
Net cash from (used) operating	50 339	45 972	66 684	66 684	66 684	66 684	66 684	66 684	66 684	66 684
Net cash from (used) investing	(36 208)	(36 301)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)
Net cash from (used) financing	-	239	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)
Cash/cash equivalents at the year end	63 227	73 137	102 500	131 863	161 227	190 590	161 227	190 590	219 953	249 316
Cash backing/surplus reconciliation										
Cash and investments available	67 837	73 137	102 500	102 500	102 500	102 500	102 500	102 500	102 500	102 500
Application of cash and investments	20 286	17 024	20 251	(14 068)	(13 131)	(13 131)	-	(7 151)	(11 538)	(10 989)
Balance - surplus (shortfall)	47 551	56 113	82 249	116 568	115 631	115 631	102 500	109 651	114 038	113 489
Asset management										
Asset register summary (WDV)	355 346	374 774	392 538	392 538	392 538	392 538	546 519	546 519	651 272	629 401
Depreciation & asset impairment	10 656	14 784	15 905	9 584	12 893	12 893	9 831	9 831	10 323	10 839
Renewal of Existing Assets	35 846	35 616	36 498	179 969	157 797	157 797	157 797	392 538	536 830	496 791
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										
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	4	4	5	5	5	5	5	5	5	5

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 are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
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. These 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 recently adopted Funding and 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.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		82 416	94 767	112 032	133 978	141 980	141 980	161 227	154 321	162 037
Executive and council		133	1 811	474	371	767	767	1 926	389	408
Budget and treasury office		81 816	92 520	111 240	133 407	140 755	140 755	157 702	153 722	161 408
Corporate services		467	436	318	200	458	458	1 600	210	221
<i>Community and public safety</i>		12 483	6 937	5 284	13 021	16 303	16 303	20 869	16 221	17 033
Community and social services		5 336	3 395	1 738	1 515	2 169	2 169	6 867	1 519	1 595
Sport and recreation		126	2 023	3 546	3 000	3 630	3 630	3 154	3 312	3 477
Public safety		-	-	-	-	-	-	-	-	-
Housing		3	112	-	7	7	7	-	-	-
Health		7 018	1 407	-	8 499	10 497	10 497	10 848	11 390	11 960
<i>Economic and environmental services</i>		29 112	21 974	27 393	59 792	47 646	47 646	79 378	47 738	50 125
Planning and development		2 495	1 658	1 447	3 253	3 388	3 388	10 748	7 360	7 728
Road transport		26 617	20 316	25 946	56 539	44 259	44 259	68 630	40 378	42 397
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		23 349	65 301	44 542	42 658	48 041	48 041	100 016	88 584	93 014
Electricity		23 349	56 634	33 963	42 658	48 041	48 041	100 016	88 584	93 014
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	8 667	10 579	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	147 360	188 978	189 251	249 449	253 971	253 971	361 490	306 864	322 207
Expenditure - Standard										
<i>Governance and administration</i>		46 890	47 722	66 828	83 717	87 374	87 373	97 199	101 980	127 860
Executive and council		15 699	20 140	26 366	31 152	32 598	32 598	32 689	34 376	56 819
Budget and treasury office		23 242	17 672	29 213	34 969	35 834	35 834	40 588	42 487	44 611
Corporate services		7 949	9 911	11 249	17 595	18 941	18 941	23 922	25 118	26 430
<i>Community and public safety</i>		10 571	14 376	13 360	29 158	30 796	30 796	35 328	36 883	38 728
Community and social services		2 249	9 148	8 004	10 775	10 090	10 090	12 259	12 871	13 515
Sport and recreation		829	3 723	5 356	7 773	8 183	8 183	7 628	8 009	8 409
Public safety		-	-	-	-	-	-	-	-	-
Housing		1 854	111	-	7	7	7	-	-	-
Health		5 639	1 394	-	10 603	12 515	12 515	15 441	16 003	16 803
<i>Economic and environmental services</i>		31 881	26 677	38 251	49 169	52 210	52 210	46 086	48 390	50 809
Planning and development		5 208	4 200	5 781	12 028	12 801	12 801	15 453	16 226	17 037
Road transport		26 673	22 477	32 470	37 141	39 409	39 409	30 633	32 164	33 772
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		16 042	58 803	35 733	34 156	40 108	40 108	38 926	40 873	42 917
Electricity		16 042	52 747	27 781	34 156	40 108	40 108	38 926	40 873	42 917
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6 056	7 952	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	105 384	147 578	154 172	196 200	210 488	210 488	217 539	228 126	260 314
Surplus/(Deficit) for the year		41 976	41 400	35 079	53 249	43 483	43 483	143 951	78 738	61 893

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, Water and Waste

water 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.

- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue.

Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Council		1 644	1 811	473	371	767	767	1 926	389	408
Finance		83 818	92 520	111 240	133 407	140 755	140 755	157 702	153 722	161 408
Corporate		467	436	318	200	458	458	1 600	210	221
Community		9 976	6 937	5 285	13 021	16 303	16 303	20 869	16 221	17 033
Economic & Development		3 858	1 659	1 447	3 253	3 388	3 388	10 748	7 360	7 728
Infrastructure		47 597	85 615	70 488	99 197	92 300	92 300	168 646	128 962	135 410
Total Revenue by Vote	2	147 360	188 978	189 251	249 449	253 971	253 971	361 490	306 864	322 207
Expenditure by Vote to be appropriated	1									
Council		14 239	20 140	26 366	31 152	32 598	32 598	32 689	34 376	56 819
Finance		24 127	17 672	29 213	34 969	35 834	35 834	40 588	42 487	44 611
Corporate		6 367	9 911	11 249	17 595	18 381	18 381	23 922	25 118	26 430
Community		5 616	14 376	13 360	29 158	31 356	31 356	35 328	36 883	38 728
Economic & Development		4 073	4 200	5 780	12 138	12 801	12 801	15 453	16 226	17 038
Infrastructure		50 962	81 280	68 204	71 497	79 518	79 517	69 559	73 037	76 689
Total Expenditure by Vote	2	105 384	147 578	154 172	196 510	210 488	210 488	217 539	228 126	260 314
Surplus/(Deficit) for the year	2	41 976	41 400	35 079	52 939	43 483	43 483	143 951	78 738	61 893

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

- 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.

Table 20 Surplus/Deficit calculations for the trading services

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Electricity	22 219	26 231	32 489	37 039	37 039	37 039	42 966	45 114	47 370
Total revenue	147 360	188 978	189 251	249 449	253 971	253 971	303 130	306 864	322 207
Operating expenditure	105 384	147 578	154 172	196 510	210 488	210 488	217 539	228 126	260 314
Surplus/(Deficit) for the year	41 976		41 400	52 939	43 483	43 483	85 591	78 738	61 893
Percentage Surplus	28.49%	21.91%	27.97%	21.22%	17.12%	17.12%	28.24%	25.66%	19.21%

2. The electricity trading surplus is decreasing over the 2013/14MTREF from 28 per cent to 19 per cent by 2015/16.
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.*

Table 21MBRRTable A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	13 204	12 776	13 235	22 020	25 900	25 900	-	27 040	28 392	29 812
Property rates - penalties & collection charges	3280	962	1 681	1 588	1 640	1 951	1 951	-	1 700	1 785	1 874
Service charges - electricity revenue	2	22 219	26 231	32 489	37 039	37 039	37 039	-	42 966	45 114	47 370
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 306	5 743	5 773	6 585	6 585	6 585	-	6 848	7 190	7 550
Service charges - other											
Rental of facilities and equipment	3070	498	499	499	556	556	556	-	571	599	629
Interest earned - external investments	3210	3 306	3 880	5 257	4 000	5 800	5 800	-	5 500	5 775	6 064
Interest earned - outstanding debtors	3270	1 664	488	81	145	145	145	-	151	158	166
Dividends received											
Fines	3310		966	624	403	483	483	-	450	473	496
Licences and permits	3370	1 017	1 060	2 925	2 600	3 150	3 150	-	2 704	2 839	2 981
Agency services											
Transfers recognised - operational	3410	101 036	134 243	125 711	173 072	170 631	170 631	-	213 606	212 847	223 489
Other revenue	2	1 136	1 412	783	1 389	1 731	1 731	-	59 955	1 692	1 776
Gains on disposal of PPE	3700	11		287				-			
Total Revenue (excluding capital transfers and contributions)		147 360	188 978	189 251	249 449	253 971	253 971	-	361 490	306 864	322 207
Expenditure By Type											
Employee related costs	2	27 139	37 771	46 429	63 009	62 738	62 738	-	76 333	80 148	84 157
Remuneration of councillors	4340	11 155	11 346	13 276	15 044	15 044	15 044	-	16 779	15 958	16 596
Debt impairment	4560	7 533	1 395	2 610	2 000	2 000	2 000	-	3 000	3 150	3 308
Depreciation & asset impairment	2	10 656	14 784	15 905	9 584	12 893	12 893	-	9 831	10 323	10 839
Finance charges	4810	72	672	563	3 000	3 000	3 000	-	2 000	2 100	2 205
Bulk purchases	2	12 449	16 078	21 898	28 300	28 300	28 300	-	28 000	29 400	30 870
Other materials	4610	8 413	8 451	9 450	13 836	13 836	13 836	-	11 250	11 812	12 403
Contracted services		7 161	5 823	9 363	10 330	11 751	11 751	-	14 933	15 680	16 464
Transfers and grants	4970	8 222	35 504	8 468	16 454	24 860	24 860	-	19 851	22 503	23 788
Other expenditure	4, 5	12 584	15 753	23 307	34 643	36 066	36 066	-	35 562	37 053	39 685
Loss on disposal of PPE	3511			2 903				-			1
Total Expenditure		105 384	147 578	154 172	196 200	210 488	210 488	-	217 539	228 126	260 314
Surplus/(Deficit)		41 976	41 400	35 079	53 249	43 483	43 483	-	143 951	78 738	61 893
Transfers recognised - capital											
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		41 976	41 400	35 079	53 249	43 483	43 483	-	143 951	78 738	61 893
Taxation											
Surplus/(Deficit) after taxation		41 976	41 400	35 079	53 249	43 483	43 483	-	143 951	78 738	61 893
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		41 976	41 400	35 079	53 249	43 483	43 483	-	143 951	78 738	61 893
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		41 976	41 400	35 079	53 249	43 483	43 483	-	143 951	78 738	61 893

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

- Total revenue is R303million in 2013/14 and escalates to R322million by 2015/16.
- Revenue to be generated from property rates is R27million in the 2013/14financial year and increases to R30millionby 2015/16 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, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.
- Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R49million for the 2013/14financial year and increasing to R56million by 2015/16. For the 2013/14 financial year services charges amount to 19 per cent of the total revenue base .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. The percentage share of this revenue source increases.
5. The following graph illustrates the major expenditure items per type.

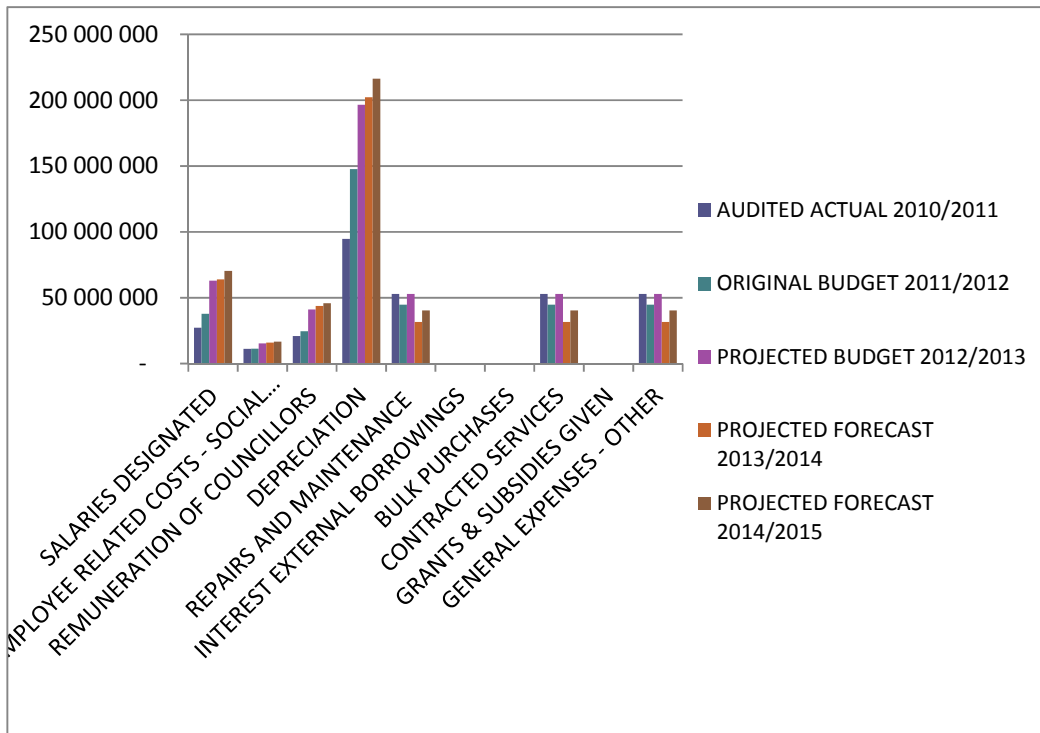


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2009/10 to 2013/14 period escalating from R8million to R28million. 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.

Table 8 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC441 Matatiele - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Council	66	933	6	926	926	926	926	1 555	1 861	688
BUDGET & FINANCE	1 686	2 656	527	14 632	14 932	14 932	14 932	11 300	6 320	-
CORPORATE	529	14	36	15 794	4 052	4 052	4 052	1 400	14 500	570
COMMUNITY	1 960	6 280	4 304	3 821	5 021	5 021	5 021	7 420	1 365	7 753
DEV & PLANNING	3 426	264	498	15 126	3 280	3 280	3 280	20 255	-	10 225
CIVIL ENIGENERING	28 178	25 470	31 127	129 671	129 586	129 586	129 586	101 863	80 208	103 185
Capital multi-year expenditure	35 846	35 616	36 498	179 969	157 797	157 797	157 797	143 793	104 254	122 422
Total Capital Expenditure	35 846	35 616	36 498	179 969	157 797	157 797	157 797	143 793	104 254	122 422
Funded by:										
National Government	25 882	27 561	25 932	52 816	43 390	43 390	43 390	85 433	64 254	82 422
Provincial Government	7 288									
District Municipality										
Other transfers and grants										
Transfers recognised	33 170	27 561	25 932	52 816	43 390	43 390	43 390	85 433	64 254	82 422
Public contributions & donations										
Borrowing				98 700	60 000	60 000	60 000	11 500		
Internally generated funds	2 676	8 055	10 565	28 453	54 407	54 407	54 407	46 860	40 000	40 000
Total Capital Funding	35 846	35 616	36 498	179 969	157 797	157 797	157 797	143 793	104 254	122 422

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..
3. 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.

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

Table 23 MBRR Table A6 -Budgeted Financial Position
Explanatory notes to Table A6 - Budgeted Financial Position

Description	R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
ASSETS											
Current assets											
Cash		64 636									
Call investment deposits	1	–	79 061	102 500	102 500	102 500	102 500	102 500	102 500	102 500	102 500
Consumer debtors	1	4 636	6 749	5 507	5 507	5 507	5 507	5 507	5 507	5 507	5 507
Other debtors		3 917	17 347	9 761	9 761	9 761	9 761	9 761	9 761	9 761	9 761
Current portion of long-term debt		67			–	–	–	–	–	–	–
Inventory	2	558	553	532	532	532	532	532	532	532	532
Total current assets		73 814	103 710	118 300	118 300	118 300	118 300	118 300	118 300	118 300	118 300
Non current assets											
Long-term receivables											
Investments		4 611									
Investment property		9 758	9 758	9 758	9 758	9 758	9 758	9 758	9 758	9 758	9 758
Investment in Associate											
Property, plant and equipment	3	345 303	364 581	382 349	382 349	382 349	382 349	382 349	382 349	382 349	382 349
Agricultural											
Biological											
Intangible		285	435	430	430	430	430	430	430	430	430
Other non-current assets			5 363	6 152	6 152	6 152	6 152	6 152	6 152	6 152	6 152
Total non current assets		359 957	380 137	398 690	398 690	398 690	398 690	398 690	398 690	398 690	398 690
TOTAL ASSETS		433 771	483 847	516 990	516 990	516 990	516 990	516 990	516 990	516 990	516 990
LIABILITIES											
Current liabilities											
Bank overdraft	1	1 410	5 924	–	–	–	–	–	–	–	–
Borrowing	4	173	18	–	–	–	–	–	–	–	–
Consumer deposits		310	321	242	242	242	242	242	242	242	242
Trade and other payables	4	29 295	36 134	37 807	37 807	37 807	37 807	37 807	37 807	37 807	37 807
Provisions		1 743	1 672	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912
Total current liabilities		32 930	44 069	39 962	39 962	39 962	39 962	39 962	39 962	39 962	39 962
Non current liabilities											
Borrowing		18	–	–	–	–	–	–	–	–	–
Provisions		7 186	8 557	11 758	11 758	11 758	11 758	11 758	11 758	11 758	11 758
Total non current liabilities		7 205	8 557	11 758	11 758	11 758	11 758	11 758	11 758	11 758	11 758
TOTAL LIABILITIES		40 135	52 626	51 719	51 719	51 719	51 719	51 719	51 719	51 719	51 719
NET ASSETS	5	393 637	431 221	465 271	465 271	465 271	465 271	465 271	465 271	465 271	465 271
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		86 978	137 918	183 861	183 861	183 861	183 861	183 861	183 861	183 861	183 861
Reserves	4	306 658	293 303	281 410	281 410	281 410	281 410	281 410	281 410	281 410	281 410
Minorities' interests											
TOTAL COMMUNITY	5	393 637	431 221	465 271	465 271	465 271	465 271	465 271	465 271	465 271	465 271
TOTAL COMMUNITY	5	210 585	263 992	440 043	746 680	422 198	422 198	422 198	463 311	486 476	510 800

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors 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 102) 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.

Table 24MBRRTable A7 - Budgeted Cash Flow Statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1	45 297	40 333	66 684	66 684	66 684	66 684	66 684	66 684	66 684	66 684
Government - operating					-	-	-	-	-	-	-
Government - capital	1				-	-	-	-	-	-	-
Interest		4 970	6 424		-	-	-	-	-	-	-
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees		72	(785)		-	-	-	-	-	-	-
Finance charges					-	-	-	-	-	-	-
Transfers and Grants	1				-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		50 339	45 972	66 684	66 684	66 684	66 684	66 684	66 684	66 684	66 684
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE					-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors					-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			(685)		-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(596)			-	-	-	-	-	-	-
Payments											
Capital assets		(35 612)	(35 616)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(36 208)	(36 301)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-	-	-	-	-	-	-
Borrowing long term/refinancing				(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)
Increase (decrease) in consumer deposits			239		-	-	-	-	-	-	-
Payments											
Repayment of borrowing					-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	239	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)
NET INCREASE/ (DECREASE) IN CASH HELD		14 131	9 910	29 363	29 363	29 363	29 363	29 363	29 363	29 363	29 363
Cash/cash equivalents at the year begin:	2	49 096	63 227	73 137	102 500	131 863	161 227	131 863	161 227	190 590	219 953
Cash/cash equivalents at the year end:	2	63 227	73 137	102 500	131 863	161 227	190 590	161 227	190 590	219 953	249 316

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 2009/2010 to 2013/2014 period owing directly to a well-oiled finance department.
4. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R80 million as at the end of the 2013/14.

Table 25MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

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

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	63 227	73 137	102 500	131 863	161 227	190 590	161 227	190 590	219 953	249 316
Other current investments > 90 days		(0)	0	0	(29 363)	(58 726)	(88 090)	(58 726)	(88 090)	(117 453)	(146 816)
Non current assets - Investments	1	4 611	-	-	-	-	-	-	-	-	-
Cash and investments available:		67 837	73 137	102 500	102 500	102 500	102 500	102 500	102 500	102 500	102 500
Application of cash and investments											
Unspent conditional transfers		18 960	20 731	23 779	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	1 326	(3 707)	(3 528)	(14 068)	(13 131)	(13 131)	-	(12 118)	(11 538)	(10 989)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		20 286	17 024	20 251	(14 068)	(13 131)	(13 131)	-	(12 118)	(11 538)	(10 989)
Surplus(shortfall)		47 551	56 113	82 249	116 568	115 631	115 631	102 500	114 618	114 038	113 489

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 2008/09 the surplus increased from R12 million to R13million. 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 2013/14 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 surplus of R12 million in 2008/09to R13 million by 2013/14.

Table 26 MBRR Table A9 - Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	309 457	328 964	345 852	202 380	224 553	224 553	143 793	104 253	122 422
Infrastructure - Road transport		309 457	328 964	345 852	202 380	224 553	224 553	47 713	39 100	59 853
Infrastructure - Electricity		-	-	-	-	-	-	39 150	41 108	43 163
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		309 457	328 964	345 852	202 380	224 553	224 553	86 863	80 208	103 015
Community		-	-	-	-	-	-	5 645	1 365	7 818
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	51 285	22 681	11 588
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	35 846	35 616	36 498	179 969	157 797	157 797	392 538	536 830	496 791
Infrastructure - Road transport		35 846	35 616	36 498	179 969	157 797	157 797	392 538	536 830	496 791
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		35 846	35 616	36 498	179 969	157 797	157 797	392 538	536 830	496 791
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	345 303	364 581	382 349	382 349	382 349	382 349	440 250	575 930	556 644
Infrastructure - Road transport		345 303	364 581	382 349	382 349	382 349	382 349	440 250	575 930	556 644
Infrastructure - Electricity		-	-	-	-	-	-	39 150	41 108	43 163
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		345 303	364 581	382 349	382 349	382 349	382 349	479 400	617 038	599 807
Community		-	-	-	-	-	-	5 645	1 365	7 818
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	51 285	22 681	11 588
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	345 303	364 581	382 349	382 349	382 349	382 349	536 330	641 084	619 213
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	345 303	364 581	382 349	382 349	382 349	382 349	536 330	641 084	619 213
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		345 303	364 581	382 349	382 349	382 349	382 349	536 330	641 084	619 213
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		9 758	9 758	9 758	9 758	9 758	9 758	9 758	9 758	9 758
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		285	435	430	430	430	430	430	430	430
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	355 346	374 774	392 538	392 538	392 538	392 538	546 519	651 272	629 401
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	10 656	14 784	15 905	9 584	12 893	12 893	9 831	10 323	10 839
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	6, 7	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		10 656	14 784	15 905	9 584	12 893	12 893	9 831	10 323	10 839
<i>Renewal of Existing Assets as % of total capex</i>		10.4%	9.8%	9.5%	47.1%	41.3%	41.3%	73.2%	83.7%	80.2%
<i>Renewal of Existing Assets as % of deprecn"</i>		336.4%	240.9%	229.5%	1877.9%	1223.9%	1223.9%	3992.8%	5200.5%	4583.5%
<i>R&M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and R&M as a % of PPE</i>		10.0%	10.0%	9.0%	46.0%	40.0%	40.0%	72.0%	82.0%	79.0%

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 meets both these recommendations.
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.

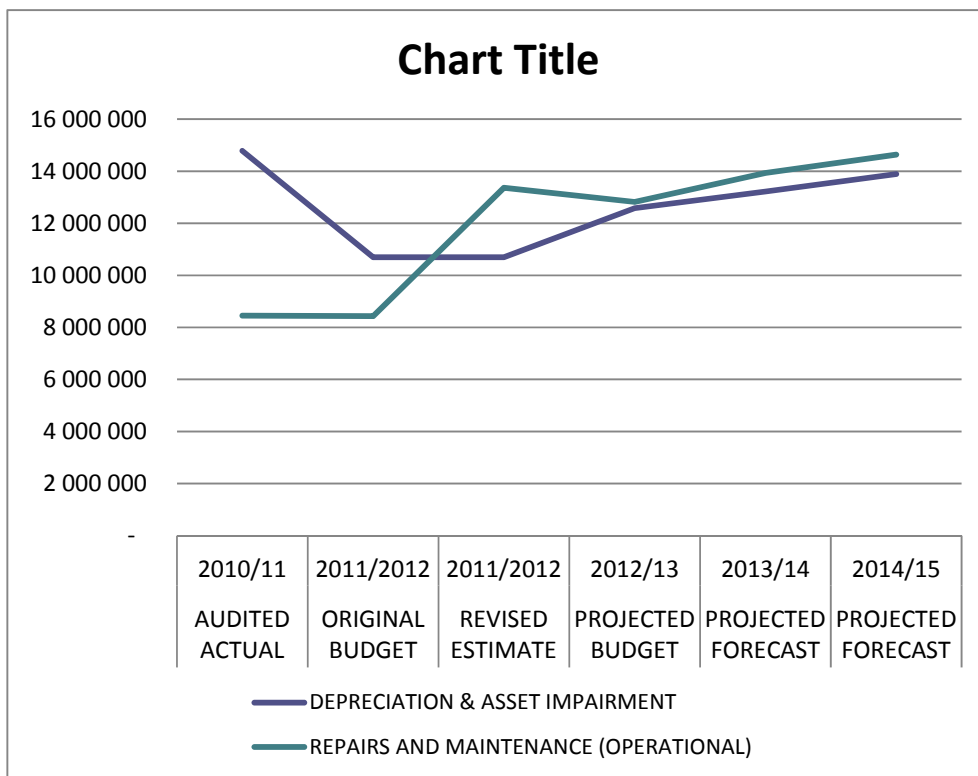


Figure 4 Deprecation in relation to repair and maintenance over the MTREF

Table 9 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	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>		3 900	3 800	3 900	4 300	4 300	4 300	4 600	4 900	5 300
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	3 900	3 800	3 900	4 300	4 300	4 300	4 600	4 900	5 300
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>		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Removed less frequently than once a week		4	4	5	5	5	5	5	5	5
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Total number of households	5	8 800	8 800	9 000	9 100	9 100	9 114	9 200	9 300	10 000
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	6	-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)		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 13500 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services. The number is set to increase to 175 00 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R10 million in 2013/14, increasing to R15 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the 2013/14 Budget can be summarised as follows:
 - a) Council Adopted a Budget Timetable on 31 August 2012.
 - 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 Guideline to the General Manager in October 2012;
 - d) IDP / Budget Outreaches were held in April 2013. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.
 - e) In February 2013 a Strategic Planning Workshop was held in Durban during which Standing Committees in their various commissions developed their respective KPA's and objectives for 2013/2014;
 - f) The Budget Office compiled a Draft Budget which was present to Management, the Budget & Finance Standing Committee and EXCO during February 2013;
 - g) The Draft Budget for 2013/2014 was table at Council by the Mayor on 26 March 2013;
 - h) The Draft Budget was submitted to Provincial Treasury and to National Treasury during 28 March 2013;
 - i) On the 26 March 2013 Council will consider and adopt 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 year's figures and current year's figures must be verified; and
- iii. The Budget Document must comply with the new format, e.g. Mayors Report, Municipal Manager 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 alignment of annual budget with IDP

The development of the IDP of 2013-2018 and the 2013/2014 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 2013/2014 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 KRA'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 performances 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:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- 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 Africa society can only be realised 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 other, 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 Nation 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 the revision cycle was 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 provision 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 (NKPI's);
- 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 2013/2014 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2012/2013 Financial Year		2013/2014 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	Fighting of Poverty, building 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 with that of national and provincial government. All spheres of government place a high priority on infrastructure 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 service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water
 - Provide Public Transport
 - Provide City Planning Service; and
 - Maintaining the Infrastructure of the City
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the city;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.1 Integrated Social Services for empowered and sustained communities
 - 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 service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - 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
- Review of the organizational structure to optimize the use of personal;

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

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 scrotal 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 planning cycles as well as changing environments were taken into consideration in the compilation for the fourth revised IDP, including;

- Strengthening the analysis and strategic planning processes of the City;

- Initiating zoned 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 and deliverables are achieved.

Table 10MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Good Governance and Public Participation	Executive & Council	1 644	1 811	400	931	931	371	112 546	73 099	65 544
Municipal Financial Viability and Management	Budget & Finance	83 818	92 520	112 893	122 450	122 450	132 902	144 357	156 951	-
Transformation and Institutional Development	Corporate Services	467	436	200	593	593	200	-	-	-
Basic Service Delivery and Infrastructure Investment	Community Services	16 678	6 937	8 760	6 236	6 236	13 021	13 927	14 965	-
Local Economic Development	Economic & Development Planning	3 858	1 659	9 965	13 536	13 536	3 253	80	84	-
Basic Service Delivery and Infrastructure Investment	Technical Services	36 757	44 191	60 197	118 015	87 907	81 906	90 580	61 766	256 663
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributi		143 222	147 554	192 414	261 760	231 652	231 653	361 490	306 865	322 207

Table 30MBRR 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	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Good Governance and Public Participation	Executive & Council			14 239	20 140	25 532	28 142	28 142	37 485	60 514	67 659	44 005
Municipal Financial Viability and Management	Budget & Finance			24 127	17 672	32 788	36 152	36 152	35 502	37 939	41 074	-
Transformation and Institutional Development	Corporate Services			6 367	9 911	12 257	12 732	12 732	11 989	12 939	14 064	-
Basic Service Delivery and Infrastructure Investment	Community Services			5 616	14 376	15 182	15 273	15 273	29 797	31 537	33 826	-
Local Economic Development	Economic & Development Planning			4 073	4 200	8 728	11 356	11 356	11 875	12 251	13 069	-
Basic Service Delivery and Infrastructure Investment	Technical Services			39 911	28 413	53 164	67 259	87 714	65 671	62 358	58 434	216 309
Allocations to other priorities												
Total Expenditure			1	94 333	94 712	147 651	170 913	191 368	192 318	217 538	228 126	260 314

Table 11MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Good Governance and Public Participation	Executive & Council	A		200	66	933	10	10	10	37 103	2 000	3 200
Municipal Financial Viability and Management	Budget & Finance	B		4 014	1 686	2 656	1 378	884	884	14 632	1 500	1 000
Transformation and Institutional Development	Corporate Services	C		192	529	14	35	428	428	15 794	1 000	2 000
Basic Service Delivery and Infrastructure Investment	Community Services	D		11 223	1 960	6 280	3 730	7 839	7 839	3 167	1 000	2 000
Local Economic Development	Economic & Development Planning	E		12 182	3 426	264	10 883	8 660	8 660	15 780	1 000	1 000
Basic Service Delivery and Infrastructure Investment	Technical Services	F		24 593	28 178	25 470	107 676	67 568	67 568	57 317	97 754	113 222
Allocations to other priorities			3									
Total Capital Expenditure			1	52 404	35 846	35 616	123 711	85 388	85 388	143 792	104 254	122 422

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, assess 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 monitor 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.

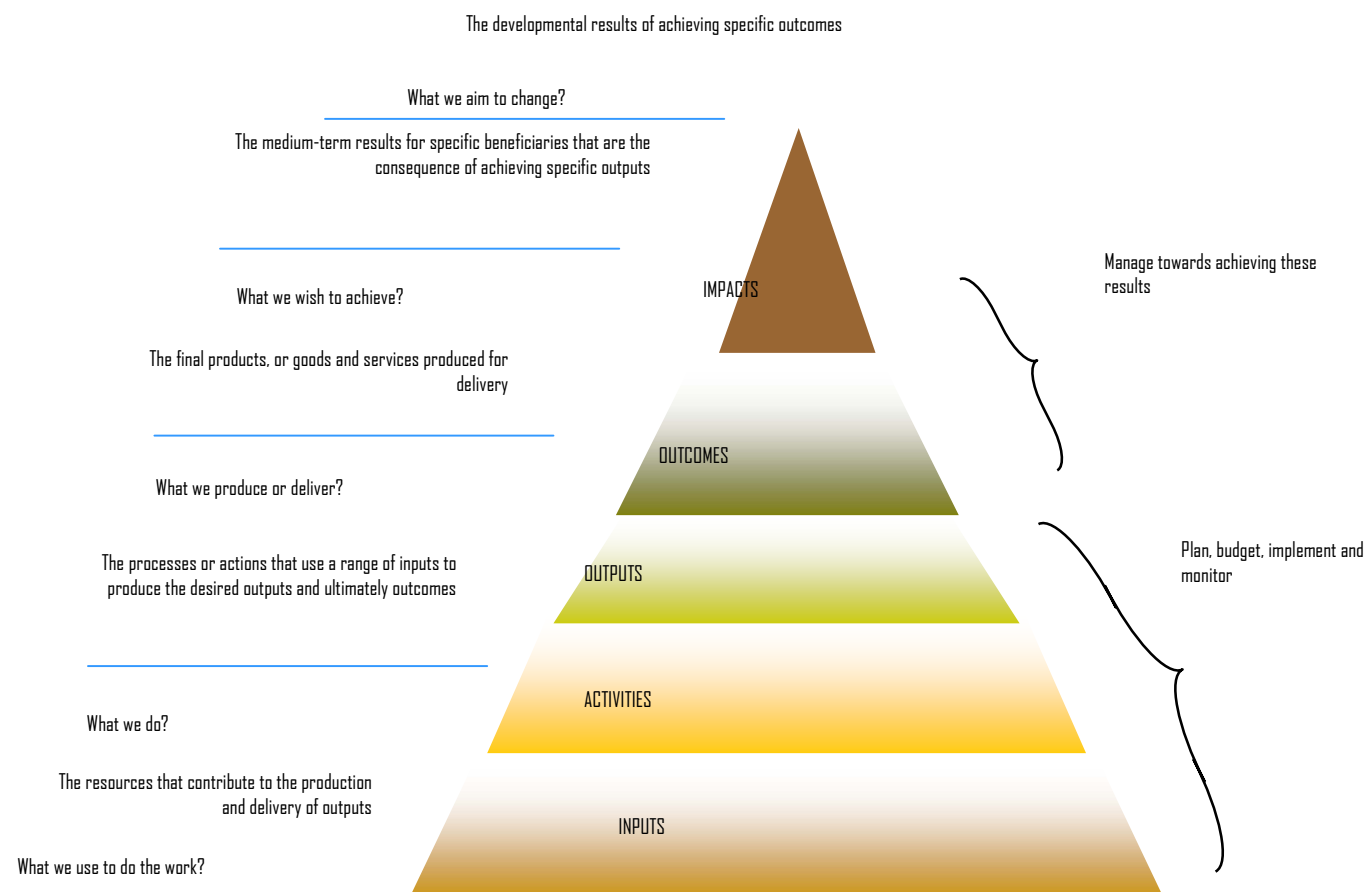


Figure 6 Definition of performance information concepts

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

Table 32MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget
Vote 1 - MUNICIPAL FINANCIAL VIABILITY AND										

MANAGEMENT									
Function 1 - BUDGET & FINANCE									
Sub-function 1 - Good Governance									
No of staff trained in finance management	Training schedule						No of people formally trained.		
No of staff meetings	Minutes						12		
To launch a program aimed at accrediting Financial/ non- technical officials/councillors with IMFO	Registration Certificates						30/06/2012		
Launch a program aimed at accrediting Financial officials as CA/CPA's	CA/CPA's Training						30/06/2012		
Computer Training	No. of staff trained						No of people formally trained.		
Undertake a study aimed at identifying and address critical gaps in line with JIPSA and Competency levels of Financial Officers/ SCM	Competency levels						Annually		
Issue of staff with PC's	No. of staff issued						20		
Installation of antivirus software	Update Reports						Monthly		
Updating of Abacus 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						Annually		

Strategy for Department	Document									
Table for consideration and approval of draft	Risk Management Plan							1		
Risk Management & Fraud Prevention Plan	Fraud Prevention Workshop							1		
Develop a comprehensive office requirement plan informed through needs analysis	Plan							Annually		
Communicate needs through applicable department	Plan							Annually		
Identify economic opportunities and liaise with internal structures	Plan							Annually		
Appointment of Department Safety Liaison Officer	Letter of Appointment							31/09/2010		
Review written delegations in line with delegations policy. Review powers and functions, roles and responsibilities	Delegation Framework Policy							Annually		
To comply with the MFMA	% compliance with the requirements of the MFMA							Monthly		
To enhance financial management practices within Matatiele to sustain the institution as a going concern	Debt coverage (Asset Test Ratio)							Monthly		
To enhance financial management practices within Matatiele to sustain the institution as a going concern	Cost Coverage Ratio							Monthly		
To enhance financial management practices within Matatiele to sustain the institution as a going concern	Outstanding debtors days (Debt Coverage Ratio)							Monthly		
Sub-function 2 - Budget Planning										

&Financial Reporting									
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 Control and Debt Collection, Tariff, Procurement, Indigent Management, Budget, Risk Management, Rates, Fixed Assets and Accounting, Banking and Investment							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 preparation process								Annually		
Align Budget with IDP								Annually		
Monthly reports to Managers I & E	No. of budget reports							Monthly		
Age Creditors Analysis	12 Monthly Budget Reports							10 working days after end of month		
Age Debtors Analysis	12 Monthly Budget Reports							10 working days after end of month		
Capital Acquisition Actual	12 Monthly Budget Reports							10 working days after end of month		
Statement of Financial Performance (actual)	12 Monthly Budget Reports							10 working days after end of month		
Cash Flow actual	12 Monthly Budget Reports							10 working days after end of month		
Finance Management Grant	12 Monthly Budget Reports							10 working days after end of month		
Restructuring Grant	12 Monthly Budget Reports							10 working days after end of month		
Municipal Systems Implementation Grant	12 Monthly Budget Reports							10 working days after end of month		
Municipal Infrastructure Grant	12 Monthly Budget							10 working days after end of		

	Reports							month		
List of Municipal Entities	4 Quarterly Reports							24 Working days after end of quarter		
Long Term Contracts	4 Quarterly Reports							24 Working days after end of quarter		
Implementation Priorities	4 Quarterly Reports							24 Working days after end of quarter		
Borrowing Monitoring	4 Quarterly Reports							24 Working days after end of quarter		
Competency Levels	2 Half yearly Reports							24 working days after end of six months		
MFMA Evaluation by MM S72	1 Yearly Reports							25-Jan		
Standard Budget return form to analyst	1 Yearly Reports							24-Jan		

Table 12MBRR Table SA8 - Performance indicators and benchmarks

EC441 Matatiele - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	0.5%	0.4%	1.5%	1.4%	1.4%	0.0%	0.9%	0.9%	0.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.2%	1.2%	0.9%	3.9%	3.6%	3.6%	0.0%	2.2%	2.2%	2.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	-0.3%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%
Safety of Capital											
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	2.2	2.4	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.2	2.4	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Liquidity Ratio	Monetary Assets/Current Liabilities	2.0	1.8	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		105.3%	78.0%	115.0%	92.1%	86.0%	86.0%	0.0%	79.4%	75.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			105.3%	79.3%	115.0%	92.1%	86.0%	86.0%	0.0%	79.4%	75.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	5.8%	12.8%	8.1%	6.1%	6.0%	6.0%	0.0%	5.0%	5.0%	4.7%
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))										
Creditors to Cash and Investments		16.3%	21.1%	13.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	18.4%	20.0%	24.5%	25.3%	24.7%	24.7%	0.0%	25.2%	26.1%	26.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	20.1%	20.1%	22.1%	26.4%	25.9%	25.9%		7.3%	24.1%	24.2%
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%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.3%	8.2%	8.7%	5.0%	6.3%	6.3%	0.0%	3.9%	4.0%	4.0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.2	-	-	-	-	-	-	-	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.0%	51.3%	28.5%	22.5%	21.2%	21.2%	0.0%	19.3%	18.4%	17.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.2	7.4	10.6	10.0	11.5	13.6	-	12.7	14.0	14.5

Vote Indicator	Unit of Measurement
Municipal Finance Management Act,	
Monthly reporting to Mayor (Section 71)	No. of monthly reports
Quarterly reporting to council	No. of quarterly reports
Annual details of bank account (Sec.9b)	Before 30 June each year
Quarterly reporting on withdrawals	No. of quarterly reports
Mid-year budget (Sec.72)	Before 25 January each year
Bank reconciliation's	No. of reconciliations
Investments	No. of bank certificates
Investment policy (annual review)	Date approved
Review of policies	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
Multi-year budget	
Time schedule	Date approved
Tabling of annual budget	Date tabled
Approval of annual budget	Date approved
Public meetings	No. of meetings
Financial Statements	
Trial balance preparation	Date completed
Reconciliation with general ledger	Date completed
Working papers for year-end transactions	Date completed
Accounting policies i.r.o statements	Date completed
CFO report on statements	Date completed
Completed financial statements	Date completed
Submission to A-G & Province	Date completed
GAMAP/GRAP conversion	Ledger and trial balance and I & E statement in GRAP format - date finalised
Budget Control	
Monthly reports to Managers i.e. I & E	No. of budget reports
Age Creditors Analysis	12 Monthly Budget Reports
Age Debtors Analysis	12 Monthly Budget Reports
Capital Acquisition Actual	12 Monthly Budget Reports
Statement of Financial Performance (actual)	12 Monthly Budget Reports
Cash Flow actual	12 Monthly Budget Reports
Finance Management Grant	12 Monthly Budget Reports
Restructuring Grant	12 Monthly Budget Reports
Municipal Systems Implementation Grant	12 Monthly Budget Reports
Municipal Infrastructure Grant	12 Monthly Budget Reports
List of Municipal Entities	4 Quarterly Reports

Long Term Contracts	4 Quarterly Reports
Implementation Priorities	4 Quarterly Reports
Borrowing Monitoring	4 Quarterly Reports
Competency Levels	2 Half yearly Reports
MFMA Evaluation by MM S72	1 Yearly Reports
Standard Budget return form to analyst	1 Yearly Reports
Raised Capital Budget	1 Yearly Reports
Revised Operating Budget	1 Yearly Reports
Revised Balance Sheet	1 Yearly Reports
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

<p>Installation of antivirus software</p> <p>Updating of Web page</p> <p>Updating of Abacus Financial System</p> <p>Updating of Payday Payroll System</p> <p>Maintenance of hardware</p> <p>Valuation Roll Maintenance</p> <p>GIS System Maintenance</p> <p>Review powers and functions, roles and responsibilities</p> <p>Draft revised organizational structure to address key recommendations</p> <p>Table for consideration and approval a draft establishment plan</p> <p>Undertake a study aimed at identifying g and address critical gaps in line with JIPSA and Competency levels of Financial Officers/ SCM</p> <p>To launch a program aimed at accrediting Financial/ non-technical officials/councillors with IMFO</p> <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>Updates</p> <p>Contents</p> <p>Reports</p> <p>Reports</p> <p>As Required</p> <p>Amended Valuation Roll</p> <p>As Required</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 modelled 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</p> <p>Executive Committee meetings</p> <p>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</p> <p>Strategically manage the use of Council resources so that an economic, effective and efficient service is delivered</p> <p>Maintain overall responsibility as Chief Accounting Officer for all income and expenditure of Council, all assets and discharge of liabilities</p> <p>Lead direct and manage staff so that they are</p>	<p>Minutes</p> <p>Minutes</p> <p>Review budget</p> <p>IDP Review</p> <p>Proof of IDP review meetings</p> <p>Internal submissions</p> <p>Budget inputs to Mayor</p> <p>Develop and monitor SDBIP</p> <p>Link IDP to budget</p> <p>Budget approval by 31 May 2013</p> <p>Adoption of multi-year budget</p> <p>Monthly Mancos meetings</p>

<p>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</p> <p>Monitor and control the budget for the office of the Municipal Manager and Mayor</p> <p>Ensure good governance within the municipality so that transparency, public accountability, access to information, administrative justice and responsiveness to complaints are dealt with</p> <p>Develop and maintain relations with all other spheres of Government and to apply the spirit of co operative governance</p>	<p>Bi annual review of performance</p> <p>Agreements</p> <p>Quarterly reports</p> <p>Monthly budget reports</p> <p>Exco meetings</p> <p>Council meetings</p> <p>Publication of budget</p> <p>Availability of web site</p> <p>No of meetings with COGTA</p> <p>Provincial Treasury</p> <p>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</p> <p>Indigent policy</p> <p>Tariff policy</p> <p>Subsistence and travel policy</p> <p>Asset management policy</p> <p>Investment and cash management policy</p> <p>Debt management policy</p> <p>Investment regulations</p> <p>Public private partnership regulations</p> <p>Department: Corporate Services</p> <p>Vote: Administration</p> <p>Monthly reporting to Mayor (Section 71)</p> <p>Quarterly reporting to council</p> <p>Budget Control for departmental expenditure.</p> <p>Vote: Human Resources</p> <p>Recruitment and selection of staff</p> <p>Training and development</p> <p>Management training - senior management</p> <p>Labour relations. Disciplinary hearings and</p>	<p>Tabling of audit report and financial statements</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Policy</p> <p>Regulations</p> <p>Regulations</p> <p>No. of monthly reports</p> <p>No. of quarterly reports</p> <p>Review budget</p> <p>Number</p> <p>Number</p> <p>Number</p>

grievances	Number
Occupational health and safety	Number
Change management, via 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
Learner ships 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: Cemetery	
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 Occasion	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 function per day	No.of Games
Vote: Museum	
Visitors	Number of visitors
Vote: Nature Reserve	
various Farm rentals	
Chalet:6 bedded	Accommodation per room
Chalet:4 bedded	Accommodation per room
Angling: Annual	Accommodation per year
Angling: Daily	Accommodation per day
Camping p/p	Accommodation per day
Wood Sales	wood per ton

Vote: Pound	
Donkeys ,Horses, cattle, pigs, ostriches per head	No of
Sheep, goat per head	No of
Trespass 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) Quarterly reporting to council Budget Control for departmental expenditure. Vote: Local economic development 1. No of learner ship/interns appointed 2. No of projects initiated 3. Appointment of LED co-ordinator Vote: Land Use Management 1. LUMS: initiated and in place 2. IDP development 3. Subdivisions approved 4. Planning applications processed	No. of monthly reports No. of quarterly reports Review budget Number Number Number Number Number Number 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 <u>Road Marking</u> Paint marking 10m ² per day <u>Erect Street Name Signs</u> SMME's <u>Traffic Signs</u> Erect traffic signs <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>	m ² m ² Number Number KM KM m ² Number
Vote: Storm water Management <u>Operating and maintenance</u> <u>Catch pits</u> Clear catch pits and manholes of silt and soil <u>Kerbs and channels</u> Desalt and clear kerbs and channels SMME's <u>Capex</u>	No. of catch pits cleared

New Kerbing and channelling	Meters of kerbing and channelling constructed
<u>Training</u>	
Kerbing	No. of staff trained
Vote: Landfill Site	
<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	m ²
2. Domestic Refuse	m ²
<u>Processing</u>	
Process domestic refuse on site by spreading, covering and compacting in 1.5m high benches	Daily
<u>Earthworks</u>	
Annually carry out earth works clear with dozer	Number
<u>Audit</u>	
Carry out external audit	Number
Carry out internal audit	Number
<u>Capital</u>	
New Dump	Number
<u>Training</u>	
Environmental Control	Number
Vote: Refuse Removal	
<u>Operating and maintenance</u>	
Collect refuse from all urban properties	Percentage
Maintain staff compliment for essential services at 100%	Percentage
<u>Capital</u>	
<u>Training</u>	
Vote: Street Cleaning	
<u>Operating and maintenance</u>	
Maintain suburbs every two weeks	Percentage
Vote: Technical Services	
Prepare monthly reports to portfolio committee	Number
Departmental MANCO meetings	Number
Prepare O&M and Capital items for MANCO	Number
Prepare O&M and Capital 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
DavisParkHarryGwalaPark	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 repayment. 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 2013/2014MTREF:

- *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 2009/10 to 8.2 per cent in 2013/14. 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 2013/14 and will then decrease to 8.8 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financial 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's has raised main 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 debts service costs between 2013 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 2013/14 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 gearing ratio* is a measure of the total long term borrowings over funds and reserves.

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 2013/14 MTREF the current ratio is 1.2 in the 2013/14 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.

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, and credit control and debt collection.

2.3.1.5 Creditors Management

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

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 8 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 increase over the MTREF.
- 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 2013/14 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 50 kWh of electricity and free waste removal 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 RALATED POLICIES

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

Matatiele Local Municipality. All these policies can be viewed on the official municipal website www.matatiele.co.za

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, 12 Supply Chain Management Policy & Code of Conduct
- 13 Indigent Policy
- 14 GRAP Framework Policy
- 15 Risk Management Policy
- 16 Data Backup Policy
- 17 Cash Management Policy
- 18 Special Service Tariff Policy
- 19 Grant & Donation Policy
- 20 Donor Finance Policy
- 21 Procurement Policy
- 22 Payment Policy
- 23 Virement Policy
- 24 Cash-Up Policy
- 25 Cash Shortage Policy
- 26 Electricity Policy
- 27 Credit Card Policy
- 28 Entertainment / Refreshment Policy
- 29 Customer Incentive Scheme Policy
- 30 Strategy to Improve Debtor Payment Policy
- 31 Customer Care Policy
- 32 Fraud Prevention & Response Plan Policy
- 33 Debt Capacity Policy
- 34 All Promulgated By-Laws
- 35 Borrowing Policy
- 36 Funding & Reserves Policy

r2.5 Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2013/14 budget:

- ✚ Estimate Salary Increases
 - 2013/14 – 5,5% +4,5% = 10%
 - 2014/15 – 6% + 2% = 8%
 - 2016/17 – 6% + 2% = 8%
- ✚ Debt Impairment: the overall collection levels are estimate around 90% overall for the MLM.
Payment levels for the following revenue streams have been estimated as follows:
 - Property Rates 95% (89% in 2013 / 2014)
 - Electricity 90% (66% in 2013 / 2014)
 - Refuse 90% (65% in 2013 / 2014)
- ✚ Indigent Support to increase from 1% to 30% of all registered indigents;
- ✚ Bulk Electricity purchases: MLM has assumed a tariff increase of 14% from Eskom and will increase its tariffs with 14% as determined by NERSA;
- ✚ 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 2013/2014to 2014/2015 are as per the Division of Revenue Act, assuming that all allocations will be received;
- ✚ The inflation rate has been estimated at 5,5% 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 4% 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

	Currency	Rating	Annual rating	Previous Rating
Security class			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

WITHOUT VAT		New Tariff Vat Excluded	Increase	New Tariff Vat Excluded	Increase
1	REFUSE REMOVAL CHARGES	2012/2013		2013/2014	
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 89.03	4%	R 93.48	5%
1.2	<i>Commercial Removals</i>				
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 133.53	4%	R 140.20	5%
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 133.53	4%	R 140.20	5%
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	<i>Removal from Separate Consumers on same Premises</i>				
	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	<i>Availability Charge</i>				
	A availability fee , is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti.	R 200.00	0%	R 200.00	0%
	A availability fee , is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti.	R 100.00	0%	R 100.00	0%

2

BUILDING PLAN FEES

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 201.75	R 0.00	R 201.75	R 0.00
2.1.2	Building less than 100m².	R 543.86	R 0.00	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	R 207.02	R 0.00	R 207.02	R 0.00
(b)	Extensions more than 100m ² but less than 200m ² or part thereof	R 942.11	R 0.00	R 942.11	R 0.00
(c)	Extensions more than 200m ² but less than 500m ²	R 3 923.68	R 0.00	R 3 923.68	R 0.00
(d)	Extensions more than 500m ² or part thereof	R 5 492.11	R 0.00	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	0%	R 100.00	0%
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3 POUND FEES

3.1	Schedule B: Rate of Compensation for all animals delivered to the pound, per head.	R 16.67	0%	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	R 13.16	0%	R 13.16	0%
	Sheep and goats per head per day	R 8.77	0%	R 8.77	0%
3.3	Schedule E: Pound Fees Description of animal				
	Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day	R 13.16	0%	R 13.16	0%
	Sheep and Goats, per head per day	R 8.77	0%	R 8.77	0%
3.4	Schedule F: Sustenance fees Description of animal				
	Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day	R 21.93	0%	R 21.93	0%
	Sheep and Goats, per head per day	R 13.16	0%	R 13.16	0%

4 SWIMMING BATH

4.1	<i>Single Tickets</i> Entrance, per occasion				
(a)	Adults	R 8.77	0%	R 10.53	20%
(b)	Scholars and Children	R 4.39	0%	R 5.26	20%
4.2	<i>Season Tickets</i> Bath only, not transferable				
(a)	Adult (Full Season)	R 131.58	0%	R 157.89	20%

(b)	Adult (Part Season - valid for one month from day issue)	R 65.79	0%	R 78.95	20%
(c)	Scholars and children (Full Season)	R 65.79	0%	R 78.95	20%
(d)	Scholars and children (Part Season valid for one month from day of issue)	R 26.32	0%	R 31.58	20%
<p>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.</p>					
<p>School Swimming Classes</p>					
<p>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.</p>					

5 FIRE SERVICES

The charges payable for services rendered or materials supplied by the Council's Fire Department and for the use of the Department's Equipment, appliances and water, in connection with the preservation of life and property against fire, accident or other mishap, whether on private property or otherwise shall be as follows:

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 359.65	0%	R 359.65	0%
(b)	Travelling costs: Fire tenders per km or part thereof	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%	

6 ELECTRICITY CHARGES

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

Subject to the approval by the National Electricity Regulator.

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 254.40	11%	R 272.21	7%
	0-50	0.61	5.40%	0.64	5.40%
	51-350	0.76	13.56%	0.83	9.00%
	351-600	1.03	11.00%	1.09	6.00%
	600 over	1.21	11%	1.28	6%
(b)	Scale 2: <i>Commercial & Other Consumers</i>				
	Basic charge of consumers with the following kVA installed per month				
	0 - 25 KVA	287.81	11%	307.96	7%
	26 - 64 KVA	1053.57	11%	1127.32	7%
	65 KVA and more	6313.67	11%	6755.63	7%
	plus the following kWh charge per month:				
	0 - 2000 kWh	1.12		1.20	7%
	2000 - and more	1.12	11%	1.20	7%
(c)	Scale 3: <i>Pre-Paid Metre Units</i>				
	Domestic:				
	0-50	0.61	5.40%	0.64	5.40%
	51-350	0.76	13.56%	0.83	9.00%
	351-600	1.03	11.00%	1.09	6.00%
	600 over	1.21	11%	1.28	6%
	Commercial:				
	0 - 2000 kWh	1.12	11%	1.20	7%

	2000 - and more	1.12	19%	1.20	7%
(d)	<p><i>Scale 4: Schools/School Hostels</i></p> <p>"Schools defined as the majority of its Teachers paid for by the Government or State Education Department."</p> <p>Basic Charges per month,</p> <p>0 - 2000 kWh</p> <p>2000 - and more</p> <p><i>Special Agreements</i></p> <p>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.</p>	202.96	11%	217.17	7%
6.2		0.77	11%	0.82	7%
		0.77	11%	0.82	7%
6.3	<p><i>Change of Scale</i></p> <p>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.</p>				
6.4	<p><i>Supply to Separate Consumers on same Premises</i></p> <p>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.</p>				
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 54.00	16%	R 63.18	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 2 789.86	17%	R 3 070.00	10%
(b)	Small power consumers with installation not exceeding 25 KVA	R 6 975.97	17%	R 7 675.00	10%
(c)	Medium power consumers with a demand exceeding 25kVA but not exceeding 64 Kva	R 12 205.90	17%	R 13 430.00	10%
(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 261.94	17%	R 306.47	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 3 274.27	17%	R 3 830.90	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	
	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.	R 4 186.12	17%	R 4 897.76	17%
(j)	NOTE: In addition to the amounts contained in item (i), reconnection shall only occur once any arrears consumption charges; estimated charges for unmetered consumption and/or additional deposits owed by the consumer have been paid.				
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.				
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7 CEMETERY CHARGES

The following fees shall be payable to the Council in respect of burials and other services in the public cemetery.

7.1	<i>Burial Plots - Charge per Burial Plot</i>				
	A non-refundable charge of:	R 127.20	0%	R 132.29	4%
7.2	<i>Burial Fees</i>				
(a)	Adult	R 210.53	0%	R 218.95	4%
(b)	Child	R 210.53	0%	R 218.95	4%
7.3	<i>Miscellaneous Charges</i>				
(a)	Exhumation of body	R 1 592.11	0%	R 1 655.79	4%
(b)	Widening or deepening of grave	R 214.91	0%	R 223.51	4%
(c)	Permit to erect a memorial	R 87.72	0%	R 91.23	4%
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 394.74	0%	R 394.74	0%
7.8	Internment of ashes in excising graves	R 30.70	0%	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 2 412.28	0%	R 2 653.51	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 2 807.02	0%	R 3 087.72	10%

8.2	<i>Town Hall (Maluti Civic Centre)</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 2 412.28	0%	R 2 653.51	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 2 807.02	0%	R 3 087.72	10%
	<i>Town Hall (Cedarville)</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 912.28	0%	R 1 003.51	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 1 315.79	0%	R 1 447.37	10%
(c)	Old Cedarville Boardroom	R 87.72	0%	R 96.49	10%
8.3	<i>Harry Gwala Park Community Hall</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 394.74	0%	R 434.21	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 394.74	0%	R 434.21	10%
8.4	<i>Nokhwezi&Msingizi Community Hall</i>				
(a)	Hall per 12 hour period per day	R 394.74	0%	R 434.21	10%
(b)	Hall per kitchen per function exceeding 12 hours	R 394.74	0%	R 434.21	10%
8.5	<i>Library Hall (Matatiele)</i>				
(a)	Hall per 12 hour period per day	131.58	0%	R 144.74	10%
8.6	<i>Library Hall (Cedarville)</i>				
(a)	Hall per 12 hour period per day	114.04	0%	R 125.44	10%
8.7	Community Halls (Rural Area)				
(a)	Hall per 12 hour period per day	R 87.72	0%	R 96.49	10%
8.8	<i>Equipment</i>				
	The public address system per day or part thereof	R 302.63	0%	R 314.74	4%

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 2 400.00	0%	R 2 640.00	10%
	Town Hall (Cedarville)	R 950.00	0%	R 1 045.00	10%
	Harry Gwala Park Community Hall	R 385.00	0%	R 423.50	10%
	Nokhwezi&Msingizi Community Hall	R 385.00	0%	R 423.50	10%
	Library Hall (Matatiele)	R 130.00	0%	R 143.00	10%
	Library Hall (Cedarville)	R 100.00	0%	R 110.00	10%
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 43.86	0%	R 48.25	10%

CONDITIONS OF HIRE

- 1 The Council reserves the right to refuse any booking or cancel any engagement if the function be not approved.
- 2 No booking will be made and no date reserved unit the full charges for the hire accommodation required has been paid. In the event of the hirer cancelling 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 has 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 purpose is prohibited.
- 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 or 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 65.79	0%	R 65.79	0%
(c)	24 Months or more but not more than 48 months.	R 122.81	0%	R 122.81	0%
(d)	48 months or more	R 245.61	0%	R 245.61	0%
9.2	Copy of valuation roll	R 614.04	0%	R 614.04	0%
9.3	Copy of voters roll (per ward)	R 614.04	0%	R 614.04	0%
9.4	Rates clearance certificates as laid down in Section 175(2) of Ordinance No. 25 of 1974	R 8.50	0%	R 8.50	0%
9.5	Appeals to property valuations in terms of Section 160(3) of Ordinance No. 25 of 1974	R 57.02	0%	R 57.02	0%
9.6	Services rendered by Council but not covered in tariffs of charges.	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 70.18	0%	R 70.18	0%
9.8	Copy of estimates	R 263.16	0%	R 263.16	0%

9.9	Special consent applications in terms of the Town Planning Scheme, which amount is not refundable.	R 2 105.26	0%	R 2 315.79	10%
	Consent/Conditional use or temporary land use				
	House Shop			R 170.00	NEW
	Place of instruction/Worship			R 170.00	NEW
	Second Dwelling			R 400.00	NEW
9.10	Application for relaxation of building line and/or side space requirements.	R 495.61	0%	R 495.61	0%
(a)	Other temporal land use departures			R 500.00	New
(b)	Other/conditional use			R 1 200.00	New
9.11	<i>Rezoning applications</i>				
	Fees payable shall not exceed the following maximum amounts:				
	Areas of land being rezoned				
(a)	Areas of land being rezoned less than 2000sq/m			R 700.00	NEW
(b)	Area of land to be rezoned less than 1ha	R 710.53	0%	R 1 278.95	80%
(c)	1ha but less than 5ha	R 3 070.18	0%	R 4 298.25	40%
(d)	5ha and over R30.00 for every hectare or part thereof in excess of 5ha	R 4 035.09	0%	R 5 649.12	40%
9.12	Subdivision				
(a)	Up to 3 erven created			R 740.00	New
(b)	4-10 erven Per erf above 10 (This fee must be added to the basic fee for subdivision up to 10 erven.)			R 1 368.00	New
(c)	Amendment / Cancellation of approved Subdivision			R 1 200.00	New
9.13	Site Development Plan				
(a)	erf with one dwelling House			R 285.00	New
(b)	Any other residential use or development			R 399.00	New
(c)	Any other business/ commercial/ Industrial use			R 1 300.00	New
(d)	Amendment of Approved site development plan and approval of HOA constitutions and design manual			R 239.00	New
9.14	Amendments of conditions of approval (per condition)			R 220.00	New

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 35.09	0%	R 59.65	70%
9.14	Chemical toilet hire per toilet per day: Fee Deposit per toilet	R 614.04 R 307.02	0% 0%	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 35.09 R 175.44 R 263.16 R 438.60	0% 0% 0% New	R 43.86 R 219.30 R 328.95 R 438.60	25% 25% 25% 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 96.49	0%	R 110.96	15%
9.17	Damage to any Council property	R 1 754.39	0%	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 2 192.98	0%	R 2 631.58	20%
9.19	<i>Dog Licenses</i> Dogs	R 17.54	0%	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.	26.32 R 2.63 R 2.63 R 2.63 R 2.63 R 26.32 R 30.70	0% 0% 0% 0% 0% 0% 0%	26.32 R 2.63 R 2.63 R 2.63 R 2.63 R 26.32 R 30.70	0% 0% 0% 0% 0% 0% 0%
9.21	<i>Transport & Plant Hire</i> Bomag NCX 2721 Bobcat NCX 2661 JCB Bush Cutter	 R 43.86 R 175.44 R 307.02 R 263.16	 0% 0% 0% 0%	 R 43.86 R 175.44 R 307.02 R 263.16	 0% 0% 0% 0%

	Petrol Saw	R 394.74	0%	R 394.74	0%
	Wacked	R 175.44	0%	R 175.44	0%
	Lawn Mower	R 175.44	0%	R 175.44	0%
	Generator (without petrol)	R 219.30	0%	R 219.30	0%
	Water Pump	R 219.30	0%	R 219.30	0%
	Angle Grinder (230mm)	R 87.72	0%	R 87.72	0%
	Drill	R 131.58	0%	R 131.58	0%
	Welding Machine (220 amp)	R 219.30	0%	R 219.30	0%
	Welding Machine (250 amp)	R 219.30	0%	R 219.30	0%
	Compressor (380 Volt)	R 219.30	0%	R 219.30	0%
	High Pressure Washer	R 131.58	0%	R 131.58	0%
	Extension Lead	R 13.16	0%	R 13.16	0%
	Tar Spray	R 394.74	0%	R 394.74	0%
9.22	Tender Documents A fee of not less than R100 will be charged for a tender document. The fee will increase according to the size of the tender document.				

10 RANKS/STANDS FOR PUBLIC BUSES

The following fees shall be payable to the Council in respect of ANNUAL RANK/STAND permits for Public buses making use of the MATATIELE BUS RANK.

10.1	<i>Long Distance Bus Operators</i> 1 -5 Bus Permits per Bus per Permit per Annum 6 and more Bus permits per Bus per Permit per Annum			
10.2	<i>Local Bus Operators</i> Bus Permit per Bus per Permit per Annum			
10.3	Local bus operators, "local", shall mean operators operating routes within a one (1) hundred kilometer radius of Matatiele. All other operators shall deemed to be "long distance" by operation.			
10.4	Applicants are to be made by no later than December of such year in order for permits to be issued.			

11 BUSINESS LICENSES

11.1	Food Vendors in caravans & carts or similar vessel	R 150.00	New	R 150.00	New
------	--	----------	-----	----------	-----

11.2	General Dealers	R 500.00	New	R 500.00	New
11.3	Supermarkets, Wholesalers & Butcheries	R 500.00	New	R 500.00	New
11.4	Restaurants, B&B's, Hotels, Guest Houses, Lodges	R 500.00	New	R 500.00	New
11.5	Spaza Shops	R 300.00	New	R 300.00	New
11.6	Funeral Parlours	R 500.00	New	R 500.00	New
11.7	Hawker License: Trucks & Vans	R 150.00	New	R 150.00	New
11.8	Hawker License: Street Vendors	R 150.00	New	R 150.00	New
11.9	Hawker License: (Special Application – Events)	R 300.00	New	R 300.00	New
11.10	Clothing Shops	R 500.00	New	R 500.00	New
11.11	Hardware	R 500.00	New	R 500.00	New
11.12	Garages	R 500.00	New	R 500.00	New
11.13	Livestock Sales	R 200.00	New	R 200.00	New
11.14	Car wash	R 200.00	New	R 200.00	New
11.15	Laundromat/Dry Cleaning	R 500.00	New	R 500.00	New
11.16	Financial Institution	R 500.00	New	R 500.00	New
11.17	Beauty Parlour: Hair Salons, Barber Shops etc	R 200.00	New	R 200.00	New
11.18	Furniture Shops	R 500.00	New	R 500.00	New
11.19	Legal Practice	R 500.00	New	R 500.00	New
11.20	Surgeries	R 500.00	New	R 500.00	New
11.21	Transport Industry	R 500.00	New	R 500.00	New
11.22	Liquor: Bottle Stores, Taverns	R 500.00	New	R 500.00	New
11.23	Book Shops	R 500.00	New	R 500.00	New
11.24	Brokers: Insurance, Estate agents etc	R 500.00	New	R 500.00	New

12 ASSESMENT RATES

12.1	<i>Residential</i> First R55 000 discount 35% Rebate	0.015045056	4%	0.015045056	0%
12.2	<i>Vacant Land</i>	0.018054067	4%	0.018054067	0%
12.3	<i>Commercial</i> 10% Rebate	0.018054067	4%	0.018054067	0%
12.4	<i>Farms</i> 65 % Rebate	0.003761264	4%	0.003761264	0%

13 NATURE RESERVE

13.1	Accommodation				
	4 bed chalet per day	R 241.23	0%	R 241.23	0%
	6 bed chalet per day	R 337.72	0%	R 337.72	0%
	Camping p p p d	R 43.86	0%	R 43.86	0%
13.2	Fishing				
	per annum per member	R 372.81	0%	R 372.81	0%
	per day	R 87.72	0%	R 87.72	0%
13.3	Wood Sales				
	Per one ton van load	R 87.72	0%	R 157.89	80%

14 TAXATION

The amounts referred to in these tariffs do not include any tax which may be payable in accordance with the provisions of any other Acts of Ordinances.

15 ADVERTISING & SIGNAGE

15.1	Billboards				
	non-refundable application fee per board/sign (annually)	R 1 315.78	0%	R 1 578.94	20%
	+ Approval fee per applicant	R 35.08	0%	R 42.10	20%
15.2	Ground Signs				
	non-refundable application fee per board/sign (annually)	R 219.29	0%	R 219.29	0%
	+ Approval fee per applicant	R 35.08	0%	R 35.08	0%
15.3	Wall Sign - Flat				
	non-refundable application fee per board/sign (annually)	R 394.73	0%	R 394.73	0%
	+ Approval fee per applicant	R 35.08	0%	R 35.08	0%
15.4	Roof, Veranda, Balcony, Canopy and Under awning Sign				
	non-refundable application fee per board/sign (annually)	R 394.73	0%	R 394.73	0%
15.5	Estate Agent Boards				
	non-refundable application fee (annually)	R 526.31	0%	R 526.31	0%
	+ per board/sign (annually)	R 43.85	0%	R 43.85	0%
15.6	Portable Boards / Collapsible Structures / Signs				
	non-refundable application fee per board/sign (annually)	R 219.29	0%	R 219.29	0%
15.7	Aerial Advertisement				
	non-refundable application fee per board/sign (annually)	R 438.59	0%	R 438.59	0%
15.8	Advertising Vehicles				
	non-refundable application fee per board/sign (annually)	R 1 052.63	0%	R 1 052.63	0%

15.9	Temporary Signs (Posters, Flags & Others)					
	non-refundable application fee per board/sign	R 43.85	0%	R 43.85	0%	
	+ non-commercial fee per signs, posters, flags & others	R 2.19	0%	R 2.19	0%	
	+ commercial fee per signs, posters, flags & others	R 4.38	0%	R 4.38	0%	
15.10	Banners					
	non-refundable application fee per board/sign	R 131.57	0%	R 131.57	0%	

EC441 Matatiele - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
							Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Exemptions, reductions and rebates (Rands)									
Domestic Removals		Every owner or occupier of	39	78	86	89	93	98	103
Commercial Removals		Each individual/separate	58	117	128	134	140	147	155
		Every owner or occupier of	58	117	128	134	140	147	155
		Availability charge to any	200	200	200	200	200	210	221
		Availability fee is charged to	100	100	100	100	100	105	110
Assesment Rates		Residential First R30 000	0	0	0	0	0	0	0
		Vacant Land	0	0	0	0	0	0	0
		Commercial 10% Rebate	0	0	0	0	0	0	0
		Farms Apply for R30 000	0	0	0	0	0	0	0
Electricity tariffs									
Scale 1:Domestic Consumers		Basic charge,single or three	160	190	229	254	272	291	312
		0-25 KVA	180	215	259	288	308	330	353
		26-64 KVA	663	788	949	1 054	1 127	1 206	1 291
		65 KVA and more	3 971	4 725	5 688	6 314	6 756	7 229	7 735
Scale 4:Schools/School Hotels		Basic charge per moth	128	152	183	203	217	232	249
		Supply to separate	34	40	47	54	63	68	72
		Domestic consumers	1 713	2 038	2 384	2 790	3 070	3 285	3 515
		Small power consumers	4 282	5 096	5 962	6 976	7 675	8 212	8 787
		Medium power consumers	7 493	8 917	10 432	12 206	13 430	14 370	15 376
Connection Fees and other Charges		For a connection after a	161	191	224	262	306	328	351
		Conversion on application	2 010	2 392	2 799	3 274	3 831	4 099	4 386
		Where supply has been	2 570	3 058	3 578	4 186	4 898	5 241	5 607
		(fill in thresholds)							
		(fill in thresholds)							

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 13 Breakdown of the operating revenue over the medium-term

Vote Description	2013/2014 Medium Term Revenue & Expenditure Framework				
	R thousand	Budget Yr 2013/2014	Budget Yr 2014/2015	Budget Yr 2015/2016	%
Funded by:					
National Government	85 433	64 254	82 422	100%	
Provincial Government	-	-	-		
District Municipality	-	-	-		
Other transfers and grants	-	-	-		
Transfers recognised - capital	85 433	64 254	82 422		
Public contributions & donations	-	-	-		
Borrowing	11 500	-	-		
Internally generated funds	46 860	40 000	40 000		
Total Capital Funding	143 793	104 254	122 422	100%	

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year

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 municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
 - Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- 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 of 2004) (MPRA), and
- 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 2012/13 MTREF on the different revenue categories are:

Table 14 Proposed tariff increases over the medium-term

Revenue Category	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Property Rates	4	4	4	4	4	4	0	0	0
Solid Waste	4	4	4	4	4	4	5	4	4
Electricity	11.3	11.3	11.3	11.3	11.3	11.3	7	7	7

Revenue to be generated from property rates is R22 million in the 2012/13 financial year and increases to R24 million by 2014/15 which represents 9 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.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R43 million for the 2012/13 financial year.

Operational grants and subsidies amount to R173million, R152 million and R170 million for each of the respective financial years. It needs to be noted that Matatiele Local Municipality is dependent on government grants.

Investment revenue contributed marginally to the revenue base of the Municipality with a budget allocation of R3.5, R3,6 and R3.8 million for the respective three financial years of the 2012/13 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 adjustment budget.

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

Table 37MBRR SA15 – Detail Investment Information

Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		68 245	50 452	64 636	64 636	64 636	64 636	67 868	71 262	74 825
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	68 245	50 452	64 636	64 636	64 636	64 636	67 868	71 262	74 825
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		68 245	50 452	64 636	64 636	64 636	64 636	67 868	71 262	74 825

Table 15MBRR SA16 – Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realized
	Yrs/Months			Rand thousand	
Parent municipality					
Standard Bank Call Account		Call		8,300	
Standard Bank Call Account		Call		783	
Ned bank		60 days		20,293	
Ned bank		60 days		25,215	
FNB Call Account		Call		28,000	
FNB Grants		Call		11	
		Money Market		290	
FNE Establishment		Money Market		42	
FNB Housing Development Fund		Money Market		253	
Investec		60 Days		21,354	
Investec		Fixed		10,247	
Investec		Money Market		4	
FNB DEDEA		Money Market		62	
FNB		32 day call		11,455	
FNB					
Municipality sub-total				126,825	-
TOTAL INVESTMENTS AND INTEREST				126,825	-

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 16 Sources of capital revenue over the MTREF

Vote Description	R thousand	2014/2014 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Yr 2013/2014	%	Budget Yr 2014/2015	%	Budget Yr 2015/2016	%
Funded by:									
National Government	43 390	27%	85 433	59%	64 254	62%	82 422	67%	
Provincial Government	–	0%	–	0%	–	–	–	–	
District Municipality	–	0%	–	0%	–	–	–	–	
Other transfers and grants	–	0%	–	0%	–	–	–	–	
Transfers recognised - capital	43 390		85 433		64 254		82 422		
Public contributions & donations	–	0%	–	0%	–	–	–	–	
Borrowing	60 000	38%	11 500	8%	–	–	–	–	
Internally generated funds	54 407	34%	46 860	33%	40 000	38%	40 000	33%	
Total Capital Funding	157 797	100%	143 793	100%	104 254	100%	122 422	100%	

Figure 8 Sources of capital revenue for the 2013/14 financial year

FUNDING OF CAPITAL BUDGET	R'000
DOE	35 000
Grants Available, carried forward from previous years.	3 000
Municipal Infrastructure Grant (MIG)	46 860
Capital Replacement Reserve (CRR)	47 432
External Loan (To be raised)	11 500
TOTAL	143 792

The above table is graphically represented as follows for the 2013/14 financial year.

The following table is of the Municipality's borrowing liability, which is not applicable as we have no long term debt

Table 17 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

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

EC441 Matatiele - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		35 940	48 217	73 767	83 160	94 689	94 689	124 545	141 773	179 999
Local Government Equitable Share		34 706	46 917	71 817	80 870	92 449	92 449	118 249	139 223	177 399
		500	500	1 200	1 450	1 450	1 450	1 550	1 600	1 650
EPWP Incentive		734	800	750	840	790	790	800	950	950
								3 946	-	-
Other transfers/grants [insert description]										
Provincial Government:		23 924	1 883	2 872	-	-	-	-	-	-
		2 154	1 883	1 407	-	-	-			
Other transfers/grants [insert description]		21 770	-	1 465						
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5					-	-			
Capital Transfers and Grants										
National Government:		59 864	50 100	76 639	83 160	94 689	94 689	124 545	141 773	179 999
		12 891	16 070	51 905	67 734	28 791	28 791	75 457	74 503	73 953
Municipal Infrastructure Grant (MIG)		12 891	16 070	20 905	29 598	28 791	28 791	40 457	44 503	48 953
Regional Bulk Infrastructure				31 000	38 136	-	-	35 000	30 000	25 000
Other capital transfers/grants [insert desc]						-	-	-		
Provincial Government: Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS										
<i>References</i>										

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 understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
 - Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide 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

Description	Re	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		45 297	40 333	66 684	66 684	66 684	66 684	66 684	66 684	66 684	66 684
Government - operating	1				-	-	-	-	-	-	-
Government - capital	1				-	-	-	-	-	-	-
Interest		4 970	6 424		-	-	-	-	-	-	-
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees		72	(785)		-	-	-	-	-	-	-
Finance charges											
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		50 339	45 972	66 684	66 684	66 684	66 684	66 684	66 684	66 684	66 684
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE					-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors					-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			(685)		-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(596)			-	-	-	-	-	-	-
Payments											
Capital assets		(35 612)	(35 616)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(36 208)	(36 301)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-	-	-	-	-	-	-
Borrowing long term/refinancing				(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)
Increase (decrease) in consumer deposits			239		-	-	-	-	-	-	-
Payments											
Repayment of borrowing					-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	239	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)
NET INCREASE/ (DECREASE) IN CASH HELD		14 131	9 910	29 363	29 363	29 363	29 363	29 363	29 363	29 363	29 363
Cash/cash equivalents at the year begin:	2	49 096	63 227	73 137	102 500	131 863	161 227	131 863	161 227	190 590	219 953
Cash/cash equivalents at the year end:	2	63 227	73 137	102 500	131 863	161 227	190 590	161 227	190 590	219 953	249 316

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

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	63 227	73 137	102 500	131 863	161 227	190 590	161 227	190 590	219 953	249 316
Other current investments > 90 days		(0)	0	0	(29 363)	(58 726)	(88 090)	(58 726)	(88 090)	(117 453)	(146 816)
Non current assets - Investments	1	4 611	-	-	-	-	-	-	-	-	-
Cash and investments available:		67 837	73 137	102 500	102 500	102 500	102 500	102 500	102 500	102 500	102 500
Application of cash and investments											
Unspent conditional transfers		18 960	20 731	23 779	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	1 326	(3 707)	(3 528)	(14 068)	(13 131)	(13 131)	-	(12 118)	(11 538)	(10 989)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/invest	5										
Total Application of cash and investments:		20 286	17 024	20 251	(14 068)	(13 131)	(13 131)	-	(12 118)	(11 538)	(10 989)
Surplus(shortfall)		47 551	56 113	82 249	116 568	115 631	115 631	102 500	114 618	114 038	113 489

From the above table it can be seen that the cash and investments available total R67million in the 2011/12 financial year and progressively increase to R74million 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 2011/12 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.

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 2011/12 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.

Long term investments consist primarily of the sinking funds for the repayment of 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 surplus against the cash backed and accumulated surpluses reconciliation. The level of cash-backing progressively increasing over the period 2009/10 to 2010/11 escalating from R15million to R71million 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.

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 44MBRR SA10 – Funding compliance measurement

Choose name from list - Table A10 Basic service delivery measurement										
Description	Re	2009/2010	2010/2011	2011/2012	Current Year 2012/13			2013/14 Medium Term Revenue & Exp		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		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>		3 900	3 800	3 900	4 300	4 300	4 300	4 600	4 900	5 300
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	3 900	3 800	3 900	4 300	4 300	4 300	4 600	4 900	5 300
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>		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Removed less frequently than once a week		4	4	5	5	5	5	5	5	5
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Total number of households	5	8 800	8 800	9 000	9 100	9 100	9 114	9 200	9 300	10 000
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	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)		566	1 551	9 045	9 966	10 198	4 154	11 218	12 340	13 574

2.6.5.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 201/13 MTREF shows R68million, R79million and R99.8million 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. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2013/2014 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive 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.

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 present). 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 .080 per cent for the respective financial year of the 2012/13 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 11 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. 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 2 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. Further details relating to the borrowing strategy of the Municipality can be found on 66.

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 is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's 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. A detail of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

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 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		35 940	48 217	74 107	81 855	94 689	94 689	124 545	141 773	179 999
Local Government Equitable Share		34 706	46 917	71 817	80 870	92 449	92 449	118 249	139 223	177 399
		500	500	1 450	145	1 450	1 450	1 550	1 600	1 650
EPWP Incentive		734	800	840	840	790	790	3 946	-	-
Other transfers/grants [insert description]										
Provincial Government:		2 154	11 697	3 676	3 904	-	-	-	-	-
		2 154	1 883	1 407						
Other transfers/grants [insert description]		-	9 814	2 269	3 904			-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		38 094	59 914	77 783	85 759	94 689	94 689	124 545	141 773	179 999
Capital expenditure of Transfers and Grants										
National Government:		12 160	14 063	51 315	67 734	28 791	28 791	75 457	74 503	73 953
Municipal Infrastructure Grant (MIG)		12 160	14 063	20 315	29 598	28 791	28 791	40 457	44 503	48 953
Regional Bulk Infrastructure				31 000	38 136			35 000	30 000	25 000
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		12 160	14 063	51 315	67 734	28 791	28 791	75 457	74 503	73 953
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		50 254	73 977	129 098	153 493	123 480	123 480	200 002	216 276	253 952

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

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	97 028	101 036	135 377	182 615	155 498	155 498	173 072	152 524	170 815
Current year receipts	97 028	101 036	135 377	182 615	155 498	155 498	173 072	152 524	170 815
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities									
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities	97 028	101 036	135 377	182 615	155 498	155 498	173 072	152 524	170 815
Total operating transfers and grants revenue	-	-	-	-	-	-	-	-	-
Total operating transfers and grants - CTBM									
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	44 583	33 170	27 561	90 849	43 076	43 076	52 816	67 656	77 083
Current year receipts	44 583	33 170	27 561	90 849	43 076	43 076	52 816	67 656	77 083
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities									
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities	44 583	33 170	27 561	90 849	43 076	43 076	52 816	67 656	77 083
Total capital transfers and grants revenue	-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM									
	141 611	134 206	162 938	273 464	198 574	198 574	225 888	220 180	247 898
TOTAL TRANSFERS AND GRANTS REVENUE	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS - CTBM	-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 18MBRR SA22 - Summary of councillor and staff benefits

EC441 Matatiele - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages	350	8 946	9 793	11 155	11 973	11 973	11 973	10 095	10 600	11 130
Pension and UIF Contributions	510							500	525	551
Medical Aid Contributions	530							500	525	551
Motor Vehicle Allowance	390							2 577	2 706	2 841
Cellphone Allowance	340							845	887	931
Housing Allowances	370							2 262	-	-
Other benefits and allowances										
Sub Total - Councillors		8 946	9 793	11 155	11 973	11 973	11 973	16 779	15 242	16 005
% increase	4		9.5%	13.9%	7.3%	-	-	40.1%	(9.2%)	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3 308	4 135	3 436	5 427	5 427	5 427	5 659	6 225	6 848
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		3 308	4 135	3 436	5 427	5 427	5 427	5 659	6 225	6 848
% increase	4		25.0%	(16.9%)	57.9%	-	-	4.3%	10.0%	10.0%
Other Municipal Staff										
Basic Salaries and Wages	4010	17 407	24 067	27 139	48 371	48 371	48 371	70 674	73 923	77 309
Pension and UIF Contributions	4210							-		
Medical Aid Contributions	4230							-		
Overtime	4030							-		
Performance Bonus	4020							-		
Motor Vehicle Allowance	4070							-		
Cellphone Allowance	3							-		
Housing Allowances	4050							-		
Other benefits and allowances	4040							-		
Payments in lieu of leave	4060							-		
Long service awards	4061							-		
Post-retirement benefit obligations	4065							-		
Sub Total - Other Municipal Staff		17 407	24 067	27 139	48 371	48 371	48 371	70 674	73 923	77 309
% increase	4		38.3%	12.8%	78.2%	-	-	46.1%	4.6%	4.6%
Total Parent Municipality		29 662	37 995	41 730	65 771	65 771	65 771	93 112	95 391	100 161
			28.1%	9.8%	57.6%	-	-	41.6%	2.4%	5.0%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
135 SALARY ALLOWANCES & BENEFITS		29 662	37 995	41 730	65 771	65 771	65 771	93 112	95 391	100 161
% increase	4		28.1%	9.8%	57.6%	-	-	41.6%	2.4%	5.0%
TOTAL MANAGERS AND STAFF	5,7	20 716	28 202	30 575	53 798	53 798	53 798	76 333	80 148	84 157

Table 19MBRR 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.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		559 004	-	-			559 004
Chief Whip								-
Executive Mayor			693 760	-	-			693 760
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors								-
Total Councillors	8	-	1 252 764	-	-			1 252 764
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 165 405					1 165 405
Chief Finance Officer			1 047 369					1 047 369
								-
								-
								-
<i>List of each official with packages >= senior manager</i>								
General Manager Community Services			1 000 491					1 000 491
General Manager Infrastructure			718 224					718 224
General Manager Corporate Services			720 399					720 399
General Manager EDP			1 007 368					1 007 368
								-
								-
Total Senior Managers of the Municipality	8,10	-	5 659 256	-	-	-		5 659 256
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	6 912 020	-	-	-		6 912 020

Table 49 MBRR SA24–Summary of personnel numbers

Summary of Personnel Numbers	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		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	-	48	52	-	52	52	-	52
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Municipal employees	5									
Municipal Manager and Senior Managers	3	6	-	6	6	-	6	6	-	6
Other Managers	7	6	-	6	10	-	10	10	-	10
Professionals		307	260	47	307	260	47	307	260	47
<i>Finance</i>		42	30	12	42	30	12	42	30	12
<i>Spatial/town planning</i>		41	32	9	41	32	9	41	32	9
<i>Information Technology</i>		1	1	-	1	1	-	1	1	-
<i>Roads</i>		90	90	-	90	90	-	90	90	-
<i>Electricity</i>		14	14	-	14	14	-	14	14	-
<i>Water</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Refuse</i>		38	38	-	38	38	-	38	38	-
<i>Other</i>		81	55	26	81	55	26	81	55	26
Technicians		7	7	-	7	7	-	7	7	-
<i>Finance</i>										
<i>Spatial/town planning</i>		3	3	-	3	3	-	3	3	-
<i>Information Technology</i>										
<i>Roads</i>		2	2	-	2	2	-	2	2	-
<i>Electricity</i>		2	2	-	2	2	-	2	2	-
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	374	267	107	382	267	115	382	267	115
% increase					2.1%	-	7.5%	-	-	-
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

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 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source																
Property rates		2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	27 040	28 392	29 812
Property rates - penalties & collection charges		142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 785	1 874
Service charges - electricity revenue		3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	42 966	45 114	47 370
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		571	571	571	571	571	571	571	571	571	571	571	571	6 848	7 190	7 550
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		48	48	48	48	48	48	48	48	48	48	48	48	571	599	629
Interest earned - external investments		458	458	458	458	458	458	458	458	458	458	458	458	5 500	5 775	6 064
Interest earned - outstanding debtors		13	13	13	13	13	13	13	13	13	13	13	13	151	158	166
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		38	38	38	38	38	38	38	38	38	38	38	38	450	473	496
Licences and permits		225	225	225	225	225	225	225	225	225	225	225	225	2 704	2 839	2 981
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		17 800	17 800	17 800	17 800	17 800	17 800	17 800	17 800	17 800	17 800	17 800	17 800	213 606	212 847	223 489
Other revenue		4 996	4 996	4 996	4 996	4 996	4 996	4 996	4 996	4 996	4 996	4 996	4 996	59 955	1 692	1 776
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	361 490	306 864	322 207
Expenditure By Type																
Employee related costs		6 361	6 361	6 361	6 361	6 361	6 361	6 361	6 361	6 361	6 361	6 361	6 361	76 333	80 148	84 157
Remuneration of councillors		1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	1 398	16 779	15 958	16 596
Debt impairment		250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 150	3 308
Depreciation & asset impairment		819	819	819	819	819	819	819	819	819	819	819	819	9 831	10 323	10 839
Finance charges		167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 100	2 205
Bulk purchases		2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	28 000	29 400	30 870
Other materials		938	938	938	938	938	938	938	938	938	938	938	938	11 250	11 812	12 403
Contracted services		1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	14 933	15 680	16 464
Transfers and grants		1 654	1 654	1 654	1 654	1 654	1 654	1 654	1 654	1 654	1 654	1 654	1 654	19 851	22 503	23 788
Other expenditure		2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	2 963	35 562	37 053	59 685
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Total Expenditure		18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	217 539	228 126	260 314
Surplus/(Deficit)																
Transfers recognised - capital		11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	143 951	78 738	61 893
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	143 951	78 738	61 893
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	143 951	78 738	61 893

Table 20MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Revenue by Vote																	
Council		160	160	160	160	160	160	160	160	160	160	160	160	1 926	389	408	
Finance		13 142	13 142	13 142	13 142	13 142	13 142	13 142	13 142	13 142	13 142	13 142	13 142	157 702	153 722	161 408	
Corporate		133	133	133	133	133	133	133	133	133	133	133	133	1 600	210	221	
Community		1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	1 739	20 869	16 221	17 033	
Economic & Development		896	896	896	896	896	896	896	896	896	896	896	896	10 748	7 360	7 728	
Infrastructure		14 054	14 054	14 054	14 054	14 054	14 054	14 054	14 054	14 054	14 054	14 054	14 054	168 646	128 962	135 410	
Total Revenue by Vote		30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	30 124	361 490	306 864	322 207	
Expenditure by Vote to be appropriated																	
Council		2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	32 689	34 376	56 819	
Finance		3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	3 382	40 588	42 487	44 611	
Corporate		1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	23 922	25 118	26 430	
Community		2 944	2 944	2 944	2 944	2 944	2 944	2 944	2 944	2 944	2 944	2 944	2 944	35 328	36 883	38 728	
Economic & Development		1 288	1 288	1 288	1 288	1 288	1 288	1 288	1 288	1 288	1 288	1 288	1 288	15 453	16 226	17 038	
Infrastructure		5 797	5 797	5 797	5 797	5 797	5 797	5 797	5 797	5 797	5 797	5 797	5 797	69 559	73 037	76 689	
Total Expenditure by Vote		18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	18 128	217 539	228 126	260 314	
Surplus/(Deficit) before assoc.		11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	143 951	78 738	61 893	
Taxation														-	-	-	
Attributable to minorities														-	-	-	
Share of surplus/ (deficit) of associate														-	-	-	
Surplus/(Deficit)	1	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	11 996	143 951	78 738	61 893	

Table 21MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

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

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<i>Multi-year expenditure to be appropriated</i>	1																
Council		130	130	130	130	130	130	130	130	130	130	130	130	130	1 555	1 861	688
BUDGET & FINANCE		942	942	942	942	942	942	942	942	942	942	942	942	942	11 300	6 320	-
CORPORATE		117	117	117	117	117	117	117	117	117	117	117	117	117	1 400	14 500	570
COMMUNITY		618	618	618	618	618	618	618	618	618	618	618	618	618	7 420	1 365	7 753
DEV & PLANNING		1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	20 255	-	10 225
CIVIL ENIGENERING		8 489	8 489	8 489	8 489	8 489	8 489	8 489	8 489	8 489	8 489	8 489	8 489	8 489	101 863	80 208	103 185
Capital multi-year expenditure sub-total	2	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	143 793	104 254	122 422
<i>Single-year expenditure to be appropriated</i>																	
Council															-	-	-
BUDGET & FINANCE															-	-	-
CORPORATE															-	-	-
COMMUNITY															-	-	-
DEV & PLANNING															-	-	-
CIVIL ENIGENERING															-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	11 983	143 793	104 254	122 422

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

EC441 Matatiele - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)																
Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		2 613	2 613	2 613	2 613	2 613	2 613	2 613	2 613	2 613	2 613	2 613	(14 483)	14 255	22 681	1 258
Executive and council		77	77	77	77	77	77	77	77	77	77	77	77	1 555	1 861	688
Budget and treasury office		1 219	1 219	1 219	1 219	1 219	1 219	1 219	1 219	1 219	1 219	1 219	(2 112)	11 300	6 320	-
Corporate services		1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	(13 078)	1 400	14 500	570
<i>Community and public safety</i>		264	264	264	264	264	264	264	264	264	264	264	4 517	7 420	1 365	7 753
Community and social services		264	264	264	264	264	264	264	264	264	264	264	4 517	7 420	1 365	7 753
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		12 121	12 121	12 121	12 121	12 121	12 121	12 121	12 121	12 121	12 121	12 121	(11 213)	122 118	80 208	113 410
Planning and development		1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	5 790	20 255	-	10 225
Road transport		10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	(17 003)	101 863	80 208	103 185
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	14 997	14 997	14 997	14 997	14 997	14 997	14 997	14 997	14 997	14 997	14 997	(21 179)	143 793	104 254	122 422

Table 22MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source																
Property rates	1 835	1 835	1 835	1 835	1 835	1 835	1 835	1 835	1 835	1 835	1 835	6 855	27 040	28 392	29 812	
Property rates - penalties & collection charges	137	137	137	137	137	137	137	137	137	137	137	197	1 700	1 785	1 874	
Service charges - electricity revenue	3 087	3 087	3 087	3 087	3 087	3 087	3 087	3 087	3 087	3 087	3 087	9 013	42 966	45 114	47 370	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	549	549	549	549	549	549	549	549	549	549	549	812	6 848	7 190	7 550	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	46	46	46	46	46	46	46	46	46	46	46	61	571	599	629	
Interest earned - external investments	292	292	292	292	292	292	292	292	292	292	292	2 292	5 500	5 775	6 064	
Interest earned - outstanding debtors	12	12	12	12	12	12	12	12	12	12	12	18	151	158	166	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	34	34	34	34	34	34	34	34	34	34	34	81	450	473	496	
Licences and permits	217	217	217	217	217	217	217	217	217	217	217	321	2 704	2 839	2 981	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer receipts - operational	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	54 956	213 606	212 847	223 489	
Other revenue	115	115	115	115	115	115	115	115	115	115	115	58 687	59 955	1 692	1 776	
Cash Receipts by Source	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	133 292	361 490	306 864	322 207	
Total Cash Receipts by Source	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	133 292	361 490	306 864	322 207	
Cash Payments by Type																
Employee related costs	4 889	4 889	4 889	4 889	4 889	4 889	4 889	4 889	4 889	4 889	4 889	22 552	76 333	80 148	84 157	
Remuneration of councillors	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	2 713	16 779	15 958	16 596	
Finance charges	167	167	167	167	167	167	167	167	167	167	167	1 167	3 000	3 150	3 308	
Bulk purchases - Electricity	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	(1 704)	9 831	10 323	10 839	
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	2 000	2 000	2 100	2 205	
Other materials	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 058	28 000	29 400	30 870	
Contracted services	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	(998)	11 250	11 812	12 403	
Transfers and grants - other municipalities	861	861	861	861	861	861	861	861	861	861	861	5 464	14 933	15 680	16 464	
Transfers and grants - other	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	4 768	19 851	22 503	23 788	
Other expenditure	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	(210)	35 562	37 053	59 685	
Cash Payments by Type	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	37 810	217 539	228 126	260 314	
Total Cash Payments by Type	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	37 810	217 539	228 126	260 314	
NET INCREASE/(DECREASE) IN CASH HELD	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	95 482	143 951	78 738	61 894	
Cash/cash equivalents at the month/year begin:		20 745	41 491	62 236	82 981	103 727	124 472	145 217	165 963	186 708	207 453	228 198	-	143 951	222 689	
Cash/cash equivalents at the month/year end:	20 745	41 491	62 236	82 981	103 727	124 472	145 217	165 963	186 708	207 453	228 198	323 680	143 951	222 689	284 583	

2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, there were contracts awarded beyond the medium-term revenue and expenditure framework (three years). List attached:-

Table 57

Description	Ref	Preceding	Current Year	2013/14 Medium Term Revenue & Expenditure Framework			Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		Years	2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
R thousand	1,3	Total	Original Budget			Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:												
Revenue Obligation By Contract	2											
<i>Contract 3 etc</i>												
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2											
<i>Aphenidulwe Trading</i>			907	980	82	-						
<i>Balebank Bataung</i>			1 509	1 630	136							
<i>Bathokozeleni Trading</i>			1 079	1 166	1 166	-						
<i>Dumisa Nosapho Trading</i>			1 019	1 258	1 258	-						
<i>Modola Security Services</i>			3 000	3 600	4 800	-						
<i>Phakamisa Trading</i>			573	619	52	-						
<i>Contract 1</i>	2	-	8 087	9 253	7 493	-	-	-	-	-	-	-
<i>Contract 2</i>												
<i>Contract 3 etc</i>												
Total Capital Expenditure Implication												
Total Parent Expenditure Implication												
Entities:												
Revenue Obligation By Contract	2	-	8 087	9 253	7 493	-	-	-	-	-	-	-
<i>Contract 1</i>												
<i>Contract 2</i>												
<i>Contract 3 etc</i>												
Total Operating Revenue Implication												
Expenditure Obligation By Contract	2											
<i>Contract 1</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Contract 2</i>												
<i>Contract 3 etc</i>												
Total Operating Expenditure Implication												
Capital Expenditure Obligation By Contract	2											
<i>Contract 1</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Contract 2</i>												
<i>Contract 3 etc</i>												
Total Capital Expenditure Implication												
Total Entity Expenditure Implication												

2.11 Capital expenditure details

The following two 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 58MBRR SA 34a - Capital expenditure on new assets by asset class

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

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		309 457	328 964	345 852	202 380	224 553	224 553	86 863	80 208	103 015
Infrastructure - Road transport		309 457	328 964	345 852	202 380	224 553	224 553	47 713	39 100	59 853
<i>Roads, Pavements & Bridges</i>		309 457	328 964	345 852	202 380	224 553	224 553	44 933	37 650	59 853
<i>Storm water</i>								2 780	1 450	
Infrastructure - Electricity		-	-	-	-	-	-	39 150	41 108	43 163
<i>Generation</i>								39 150	41 108	43 163
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Community		-	-	-	-	-	-	5 645	1 365	7 818
Parks & gardens										750
Sportsfields & stadia								3 750		4 250
Swimming pools										
Community halls										
Libraries										
Recreational facilities								270		
Fire, safety & emergency								1 600		
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8							25	1 365	2 818
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	51 285	22 681	11 588
General vehicles								7 200	1 350	200
Specialised vehicles	10							1 000	-	-
Plant & equipment								494	5 110	488
Computers - hardware/equipment								1 400	600	
Furniture and other office equipment								961	320	
Abattoirs										
Markets										
Civic Land and Buildings								20 000	14 500	570
Other Buildings										
Other Land								11 500	801	710
Surplus Assets - (Investment or Inventory)										
Other								8 730		9 620
Total Capital Expenditure on new assets	1	309 457	328 964	345 852	202 380	224 553	224 553	143 793	104 253	122 422
Specialised vehicles		-	-	-	-	-	-	1 000	-	-
Refuse										
Fire								1 000		
Conservancy										
Ambulances										

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

Vote Description R thousand	Ref	2013/14 Medium Term Revenue & Expenditure Framework		
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure	1			
Council		1 555	1 861	688
BUDGET & FINANCE		11 300	6 320	-
CORPORATE		1 400	14 500	570
COMMUNITY		7 420	1 365	7 753
DEV & PLANNING		20 255	-	10 225
CIVIL ENIGENERING		101 863	80 208	103 185
<i>List entity summary if applicable</i>				
Total Capital Expenditure		143 793	104 254	122 422
Future operational costs by vote	2			
Council				
BUDGET & FINANCE				
CORPORATE				
COMMUNITY				
DEV & PLANNING				
CIVIL ENIGENERING				
Vote 15 - [NAME OF VOTE 15]				
<i>List entity summary if applicable</i>				
Total future operational costs		-	-	-
Future revenue by source	3			
Total future revenue		-	-	-
Net Financial Implications		143 793	104 254	122 422

Table 61MBRR SA36–Detailed capital programme

EC441 Matatiele - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework					
										Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16			
Parent municipality:																	
<i>List all capital projects grouped by Municipal Vote</i>																	
Municipal Governance and Administration																	
		Mayors Vehicle			Yes	Other	General vehicles					600					
		Speakers Vehicle			Yes	Other Assets	General vehicles					600					
		Office Equipment & Furniture			Yes	Other	Furniture and other office equipment					50					
		Desktop			Yes	Other						20					
		Printer			Yes	Other						10					
		Office Chairs			Yes	Other						2					
		Projector			Yes	Other						10					
		Office Furniture & Branding			Yes	Other						200					
		Office Chairs			Yes	Other						10					
		Camera			Y	Other						15					
		Office Chairs			Y	Other						5					
		Heaters			Y	Other						3					
		Tables & Chairs			Y	Other						10					
		Office Furniture			Y	Other						20					
		Electronic Documentation System			Y	Other						350					
		Purchase Security Services Equipment			Y	Other						200					
		Upgrade the Telephone System			Y	Other						150					
		IT Infrastructure Equipment			Y	Other						600					
		Furniture-incl ward clerks			Y	Other						100					
		Plant & Equipment			Y	Other						6 000					
		Finance Offices			Y	Other						5 000					
		Renovation in Malut & Ciderville			Y	Other						250					
		Office Furniture			Y	Other						50					
		Office Furniture			Y	Other						50					
Community and Public Safety																	
		Public Toilets			Y	Community						600					
		Tennis Court			Y	Community						150					
		Indoor Sport Centre			Y	Community						1 000					
		Swimming Pool-Malut			Y	Community						1 000					
		Swimming Pool-Ciderville			Y	Community						1 000					
		Mountain Lake Chalets			Y	Community						200					
		Water connection at Wilfred Baur Ablution			Y	Community						20					
		Trees for schools and Halls in Ward 15 to 26			Y	Community						50					
		Trest ground Surface			Y	Other Assets						1 500					
		Fire Engine			Y	Other Assets						1 000					
		Rescue Equipment			Y	Community						100					
		Laptops-Officials			Y	Other Assets						25					
		Laptops-Officials			Y	Other Assets						25					
Economic and Environmental Services																	
		Area M			Y							11 500					
		Hawkers Stalls			Y							400					
		Fresh Produce Market			Y							2 000					
		Co operative Training Centre			Y							3 000					
		LED Support Centre & EDP Offices			Y							3 000					
		MIS Project			Y							50					
		Computer Aided Drafting			Y							80					
		Development Application System			Y							200					
		Marketing & branding			Y							1 600					
		Storm water pipe installation			Y							600					
		Portal breaker for concrete works			Y							65					
		Portal culverts installation CBD			Y							400					
		Concrete Pipecutter			Y							55					
		Tar cutter			Y							60					
		Matatiele CBD internal street			Y							6 000					
		Malut internal street			Y							5 000					
		Matatiele internal streets			Y							6 000					
		Ciderville internal street			Y							5 000					
		Khase Community Facility			Y							1 500					
		Bethal Community Facility			Y							1 500					
		Mantzi Access Road			Y							1 500					
		Mqanj Access Road			Y							1 500					
		Pabalong Access Road			Y							4 500					
		Masopha Access Road			Y							2 933					
		CIP			Y							2 000					
		Mahasheng bridge			Y							1 500					
		Mew office Complex			Y							15 000					
Trading Services																	
		Replace low n cables			Y							1 000					
		Replace LV distribution			Y							500					
		Tools and Equipment			Y							200					
		Cherry picker truck			Y							600					
		Replace RMU Green Street			Y							250					
		Rural Electrification			Y							35 000					
		Mountain View Ringfeed			Y							750					
		Isokolele Ringfeed			Y							850					
		Weighbridge			Y							800					
Parent Capital expenditure																	
<i>List all capital projects grouped by Entity</i>																	
Entity A																	
		Water project A															
Entity B																	
		Electricity project B															
Entity Capital expenditure																	
Total Capital expenditure																	
												143 793					

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 three 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 2013/2014 MTREF in May 2013 directly aligned and informed by the 2012/13 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 on-going.

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 23MBRR Table SA1 - Supporting detail to budgeted financial performance

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

Description	Council	Finance	Corporate	Community	Economic & Development	Infrastructure	Total
R thousand							
Revenue By Source							
Property rates		27 040					27 040
Property rates - penalties & collection charges		1 700					1 700
Service charges - electricity revenue						42 966	42 966
Service charges - water revenue							-
Service charges - sanitation revenue							-
Service charges - refuse revenue				6 848			6 848
Service charges - other							-
Rental of facilities and equipment				571			571
Interest earned - external investments		5 500					5 500
Interest earned - outstanding debtors						151	151
Dividends received							-
Fines				450			450
Licences and permits				2 704			2 704
Agency services							-
Other revenue		401		876	47	270	1 595
Transfers recognised - operational	371	111 761	200	4 000	6 946	90 329	213 606
Gains on disposal of PPE	1 555	11 300	1 400	5 420	3 755	34 930	58 360
Total Revenue (excluding capital transfers and	1 926	157 702	1 600	20 869	10 748	168 646	361 490
Expenditure By Type							
Employee related costs	6 929	12 782	17 422	14 784	8 567	14 886	75 369
Remuneration of councillors	16 779						16 779
Debt impairment		3 000					3 000
Depreciation & asset impairment	11	1 717	828	3 698	91	5 127	11 471
Finance charges						2 000	2 000
Bulk purchases						28 000	28 000
Other materials		300	1 300	890		9 460	11 950
Contracted services		2 890	160	10 713		500	14 263
Transfers and grants	371	3 588		4 000	3 946	8 248	20 153
Other expenditure	8 599	16 310	4 212	1 244	2 850	1 338	34 553
Loss on disposal of PPE							-
Total Expenditure	32 689	40 587	23 922	35 328	15 453	69 559	217 538
Surplus/(Deficit)	(30 763)	117 114	(22 322)	(14 459)	(4 705)	99 087	143 952
Transfers recognised - capital							-
Contributions recognised - capital							-
Contributed assets							-
Surplus/(Deficit) after capital transfers & contributions	(30 763)	117 114	(22 322)	(14 459)	(4 705)	99 087	143 952

Table 24MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days			79 061	102 500							
Other current investments > 90 days											
Total Call investment deposits	2	-	79 061	102 500	-	-	-	-	-	-	-
Consumer debtors											
Consumer debtors		18 965	24 392	26 134	26 134	26 134	26 134	26 134	26 134	26 134	26 134
Less: Provision for debt impairment		(14 329)	(17 643)	(20 627)	(20 627)	(20 627)	(20 627)	(20 627)	(20 627)	(20 627)	(20 627)
Total Consumer debtors	2	4 636	6 749	5 507	5 507	5 507	5 507	5 507	5 507	5 507	5 507
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)		345 303	364 581	382 349							
Leases recognised as PPE											
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	345 303	364 581	382 349	-	-	-	-	-	-	-
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		173	18	-							
Total Current liabilities - Borrowing		173	18	-	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors		10 335	15 403	14 028							
Unspent conditional transfers		18 960	20 731	23 779							
VAT											
Total Trade and other payables	2	29 295	36 134	37 807	-	-	-	-	-	-	-
Non current liabilities - Borrowing											
Borrowing	4	-	-								
Finance leases (including PPP asset element)		18									
Total Non current liabilities - Borrowing		18	-	-	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits		2 941	2 750	5 107							
<i>List other major provision items</i>											
Refuse landfill site rehabilitation											
Other		4 245	5 807	6 651							
Total Provisions - non-current		7 186	8 557	11 758	-	-	-	-	-	-	-
CHANGES IN NET ASSETS											

Table 65MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
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
Monthly household income (no. of households)												
Indigent Policy	1, 12		-	-	-	-	-	19 053	19 053	21 911	25 198	28 977
No income		Indigent Policy	-	-	-	-	-	5 746	5 746	6 608	7 599	8 739
R1 - R1 600		Indigent Policy	-	-	-	-	-	12 272	12 272	14 113	16 230	18 664
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area			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				46 610	54 208	54 208	54 208	54 208	54 208	54 208	54 208	54 208
Number of households in municipal area					45 208							
Number of poor households in municipal area					1 200	1200.00	2020.00	2020.00	2160.00	2280.00	2280.00	2280.00
Definition of poor household (R per month)												
Housing statistics												
Formal	3											
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												
Inflation/inflation outlook (CPIX)	6											
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates												
Property tax/service charges	7											
Interest on facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

2.9 Municipal Manager's quality certificate

I, Damian Nakin, 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 (EC 441)

Signature _____

Date _____