

# **MATATIELE LOCAL MUNICIPALITY**



## **BUDGET 2012 / 2013**

**Prepared by:  
Matatiele Local Municipality : Municipal Budget &  
Finance**

**ANNUAL BUDGET OF**  
**MATATIELE LOCAL**  
**MUNICIPALITY**

**2012/13 TO 2014/15**  
**MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

**Copies of this document can be viewed:**

- **In the foyers of all Municipal Buildings**
- **All public libraries within the Municipality**
- **At [www.matatiele.gov.za](http://www.matatiele.gov.za)**

## Table of Contents

<b>PART 1 – ANNUAL BUDGET</b>	<b>1</b>
1.1 MAYOR’S REPORT	1
1.2 COUNCIL RESOLUTIONS	12
1.3 EXECUTIVE SUMMARY	13
1.4 OPERATING REVENUE FRAMEWORK	17
1.5 OPERATING EXPENDITURE FRAMEWORK	23
1.6 CAPITAL EXPENDITURE	27
1.7 ANNUAL BUDGET TABLES	28
<b>2 PART 2 – SUPPORTING DOCUMENTATION</b>	<b>45</b>
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	45
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	46
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	52
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	75
2.6 OVERVIEW OF BUDGET FUNDING	99
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	109
2.8 COUNCILLOR AND EMPLOYEE BENEFITS	110
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	113
2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	118
2.11 CAPITAL EXPENDITURE DETAILS	118
2.13 LEGISLATION COMPLIANCE STATUS	123
2.14 OTHER SUPPORTING DOCUMENTS	125
13.1 MUNICIPAL MANAGER’S QUALITY CERTIFICATE	134

## List of Tables

Table 1 Consolidated Overview of the 2011/12 MTREF	13
Table 2 Summary of revenue classified by main revenue source	17
Table 3 Percentage growth in revenue by main revenue source	18
Table 4 Operating Transfers and Grant Receipts	19
Table 5 Comparison of proposed rated levies for the 2012/13 financial year	21
Table 6 2012/12 Medium-term capital budget per vote	27
Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	32
Table 8 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	35
Table 9 MBRR Table A10 - Basic Service Delivery Measurement	43
Table 10 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	51
Table 11 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure	52
Table 12 MBRR Table SA8 - Performance indicators and benchmarks	60

Table 13 Breakdown of the operating revenue over the medium-term .....	99
Table 14 Proposed tariff increases over the medium-term.....	100
Table 15 MBRR SA16 – Investment particulars by maturity .....	101
Table 16 Sources of capital revenue over the MTREF .....	101
Table 17 MBRR Table SA 17 - Detail of borrowings .....	102
Table 18 MBRR SA22 - Summary of councillor and staff benefits .....	110
Table 19 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers) .....	111
Table 20 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote) .....	114
Table 21 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote) .....	115
Table 22 MBRR SA30 - Budgeted monthly cash flow.....	116
Table 23 MBRR SA36 - Detailed capital budget per municipal vote .....	120
Table 24 MBRR Table SA1 - Supporting detail to budgeted financial performance .....	125
Table 25 MBRR Table SA3 – Supporting detail to Statement of Financial Position .....	130

## List of Figures

Figure 1 Main operational expenditure categories for the 2012/13 financial year .....	26
Figure 2 Capital Infrastructure Programme .....	28
Figure 3 Expenditure by major type.....	34

## 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 FOR THE COUNCIL BUDGET YEAR 2012/2013 DELIVERED AT THE TOWN HALL ON THE 30<sup>TH</sup> OF MAY 2012

The Honourable Madam Speaker of this Council, Councillor Mshuqwana;  
The Chief Whip for the ruling party, Councillor Mohale;  
EXCO Members  
All Fellow Councillors present here today;  
The Municipal Manager and entire Management present here today;  
Council Support Staff;  
Ladies and Gentleman  
Good Morning

Today is the 30<sup>th</sup> of May 2012 and this is just a year after we were inaugurated as council for this term ending 2016 and this term marks the third era of democratic local government which this means by 2016 we will be completing 15 years of the democratically elected municipalities. Fellow councillors, with 11 years of democratic local government we will have no excuses to the communities of any failures on service delivery. We need to ensure that we provide more quality services and create more sustainable jobs for our communities.

Like Mother Teresa once said and I quote ***“Let us touch the dying, the poor, the lonely and the unwanted according to the graces we have received and let us not be ashamed or slow to do the humble work, because Loneliness and the feeling of being unwanted is the most terrible poverty”***. As this council, I have no doubt that we have to live up to the wishes of Mother Teresa.

Four months ago Madam Speaker, the oldest liberation movement in the continent, African National Congress has been completing hundred years since its formation and this year has been marked as the year of centenary celebrations and as people of Matatiele we have not been left out as we also experienced the visit of the ANC centenary torch which was here on the 6<sup>th</sup> May 2012 and we should appreciate that as it also put us in the map of the ANC celebrations. The meaning of this torch Madam Speaker is to encourage, promote the unity amongst the people of Africa, South Africa and also Matatiele. With the Unity amongst us improvements in services delivery and lives of the people will be mission possible and achieved. **In 1911, Pixley ka Isaka Seme called on Africans to forget the differences of the past and unite together in one national organisation. He said: "We are one people. These divisions, these**

**jealousies, are the cause of all our woes today."** I therefore Madam Speaker call to all of us and the community of Matatiele to leave with these words, be united and work together for the better Matatiele and improve service delivery to everyone.

Honourable Madam Speaker, today marks the first budget for this term of office, which we started in last year because the one we implemented when we came in was prepared and approved by previous council of which also us we agreed to inherit it and proceed with its implementation because was anyway prepared as per the manifesto of our ruling party. I am saying this Madam Speaker because I want to put on record our appreciation to those councillors about the way they showed dedication, commitment and support of executive committee and administration to ensure that we took over this municipality with all processes followed to approve that budget for the better lives of all the Matatiele communities and voters.

I am standing here Honourable Speaker to make the budget speech of this council as I was mandated by this council to lead recently and lead since beginning of April 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 ANC by the people on the 18<sup>th</sup> May, which is ***"working together, we can build better communities"*** is easily carried out. Madam Speaker before I table the budget to be considered by council, allow me first to made account of what this council has achieved since May 2011 to date. From the former mayor honorable Councillor Ntai budget speech it was obvious that a lot was planned for service delivery improvement. Amongst the achievements, Madam Speaker I would like to highlight the following:

**On Institutional transformation** , Madam Speaker, we have managed to hold strategic sessions and reviewed municipal policies, municipal mission and vision, prepared 5 year strategic document which is IDP to ensure that, the day to day operations to deliver services to our communities are done within the requirements of the laws and as per the needs and priorities of our communities.

**On Service delivery**, Madam Speaker, we have continued to provide un-interrupted basic municipal services to the communities with such services, we have strived to ensure that we also provide services where they are lacking and constructed roads where we agreed to do so and as at today I will give detailed on the progress of such projects.

**On Local Economic Development**, fellow Councillors, on local economic development, we approved a Jazz festival concept and targeted areas were to boost economy of Matatiele, promote tourism and market our municipality to the outside world. With all the challenges and criticisms, this was achieved; businesses in town benefited and on the day many people outside our municipality and district visited and spent the day and night here. It was for the first time and promising success was visible and I am confident that this year we will benefit 10 times more than last year on our local economy.



Madam Speaker as a strategy of growing our local economy, the municipality has managed to lobby investment of about R350 million through the award of the construction of Matatiele Shopping Mall to investors, this Madam Speaker will create job opportunities for our communities and goes according to plans this shall be fully operational by the end of next calendar year 2013.

**On Good Governance**, Madam Speaker, since we came in as there was no stage where as this council with its committees we have failed to meet as required by law and dispose what needs to be disposed. All committees, Exco and Council have met and dealt with council affairs properly. Madam Speaker we have met with communities where required to do so and where necessary to do so. Madam Speaker we have worked well with our fellow Councillors from all parties represented in this council.

**On Financial Viability**, we have remained good in our financial management madam speaker and that has been evident by the achievement of the forth unqualified audit opinion in a row. During the budget year Madam Speaker, we have not experienced any challenges of negative financial management and we have ensured that we improve our cash flows to be able to deliver services without fail. Madam Speaker we remain financial stable and healthy.

Madam Speaker, this 2012/2013 Budget, have been prepared through the guidance of the MFMA circular no 58 and 59, Labour and SALGA submission of employees' salaries increments, new IDP as priorities by communities, MFMA and Budget Regulations and we have ensured that we comply with the requirements as follows:

1. We held our IDP Budget review road shows in November last year.
2. We have tabled the Draft budget to Council in March this year.
3. We conducted Community consultative meetings on the draft budget in all Wards and further consulted the Stakeholders.

Madam Speaker, during our 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 so far and further emphasized that, more jobs must be created, access roads, community halls and sport fields must constructed and be maintained, quality bridges must be build, electrification of non-electrified areas must be prioritized, in Maluti, Cedarville and Matatiele all internal roads must be surfaced, in Maluti properties purchased long time ago by residents must be transferred to the owners, rates must not be charged while those not transferred to owners who purchased them and outstanding debtors for rates must be written off in those properties, contractors appointed for projects must be monitored and projects must be complete within time, street lights to fight crime where there is electricity must be prioritized, mobile clinics to be provided for remote areas, rural housing, dipping tanks, assistance of cooperatives.

- **On stakeholders** – all our stakeholders consulted appreciated the budget and the tariff increases of just below 6% but they raised some concerns of the external loan budget which was about R98 million and farmers representatives made a request for the consideration of 70% rate rebates to all agricultural properties and doing away with the other rebates as per non services provided to those farm properties.
- **Written submissions** – we only received one submission from Farmers Association confirming what they had raised during consultative meetings and no other submissions received from community members or stakeholders which were contrary to what I have already reported on.

Madam Speaker, in response to the comments, suggestions and submissions received, which I have touched on above, the following actions have been taken towards preparation of this final budget,

- External loan budget has been reviewed and reduced from the draft budget of R98 million to R42 million after consideration of amounts to be repaid per annum for a period of 10 years estimated to be R16 million for both capital and interest and that has compelled us to avoid putting huge and long burden to council which might in future result to this municipality battling to honor the agreements and then Madam Speaker, budget has been reviewed as follows,
  - ✓ Internal funding of R26 million (R15 million and R11 million) has been identified to fund Offices construction and Plant acquisition respectively.
  - ✓ DBSA/DoE municipal advance funding agreement will be entered to for the funding of R30 million for electrification and substation construction and this means all our allocations from DoE for the two outer years of 2013-15 will be advanced by DBSA as loan and paid back by DoE through the municipality to DBSA.
  - ✓ This then means Madam Speaker, the only loan to be raised will be R42, 5 million for roads surfacing and Area M sites services to be disposed for R30 million and R12 million respectively.
- 70% rates rebate for farmers has been considered and the budget have been reviewed to accommodate the request of which final rebates to be provided will be 65% and no services further rebates will be not granted as 65% will cover all.
- Further to this fellow councillors, the rating policy review has been added with the further rebates of 100% to be granted to all properties which are or had been disposed by the municipality through sale and occupied by prospective owners or purchased but not yet transferred to those prospective owners or buyers. This madam Speaker is to ensure that we are able to deal with those inherited challenges of the past which have resulted to some communities disputing to pay for property rates on the basis that they don't have title ownership of those properties for example the Maluti Township case.

Now Madam Speaker, allow me to present to this house the 2012/2013 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 R249 million to fund this budget from Property Rates for R22 million, from Electricity for R37, 4 million, from Refuse Removal charges for R6, 6 million and from traffic fines and licensing fees for R3 million and other municipal charges like letting of municipal facilities, graves selling, building, zoning, subdivisions, encroachment charges, for R7.7 million. This has resulted to the total operating revenue of R76 million exclusive of conditional and unconditional grants of R173 million and rollovers of R12.7 million with revenue from internal reserves of R54.6 million.

This therefore Madam Speaker makes me proud to present the total revenue budget of R249 million for 2012/2013 and this is inclusive of conditional and unconditional grants.

Total budgeted revenue means that our tariffs of charges for this budget year of 2012/2013 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 had experienced load shadings as a measure to ensure that we save electricity. Even today, that challenge is still there and our communities are always encouraged 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 11% across the board and this will be just passing the Eskom increases to the consumer.

### **Property Rates**

For residential properties of all categories the rate is to be 0.015 cent per rand value,  
For business, industrial and mining to be 0.018 cent per rand value,  
For Farmers, Agriculture, Public Benefit Organizations and Public Service Infrastructure to be 0.0037 cent per rand value which will be not more than 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 35% discount on their charged rates and businesses with industrial properties to receive 10% discount on their charged rates. Further to these rebates Madam Speaker I am proud to announce that the residential properties will receive an extra Thirty Thousand exemption from their values which will not be charged property rates as tax and this means Madam Speaker, all properties with a value of Thirty Thousand rands and less will not be rated and charged tax and those above Thirty Thousand rands (R30, 000) will be charged on their values less Thirty Thousand rand Value.

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. It is important Madam Speaker to advise council that, all these rebates and discounts will cost this council an amount of R6, 3 million, which is included in the general expenditure budget as income foregone and this means Madam Speaker the council will pay these benefits from its coffers. Therefore my fellow councillors, the property rates increases will be 4%.

### **Other Charges**

All other charges inclusive of the refuse removal Madam Speaker will increase by 4% only.

**On expenditure** Madam Speaker we have allocated the revenue for 2012/2013 as follows, Salaries and wages for employees is R62, 9 million and councillor's allowances are budgeted to be R15, 5 million and this has increased from R66 million for last year to R78 million both combined which will be overall 20% increase. Madam Speaker, the budget for salaries remains within the required norm of 30-35% of the total budget as our percentage is 32% of the operating budget and 25% 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 post 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.

Further to salaries budget Madam Speaker, it must be noted that the increases for all municipal employees excluding Municipal Manager, section 56 managers and contracted middle managers will only be implemented once the agreement has been signed by SALGA and Trade Unions. For Municipal Manager, section 56, contracted middle managers the council on approval of the budget pronounces as per approved budget on what will be the increases implementation. Madam Speaker as per Remuneration of Political Office Bearers Act, councillor's increases will be implemented only once determined by Cogta National Minister in consultation with the provincial MEC for local government.

Councillors, on operating expenditure to run the operations of the municipality in ensuring that the services are provided to all in the municipality an amount of R196, 1 million including R28, 3 million of bulk purchase of electricity from Eskom has been allocated and this has been increased from R170, 9 million by R25, 7 million from 2011/2012 budget year.

Madam Speaker, the general budget allocations per departments will be as follows,

1. Executive and Councillors Administration will be R31, 1 million.
2. Budget and Treasury will be R34, 9 million.
3. Corporates Services will be R17, 6 million.
4. Community Services will be R29, 1 million.
5. Economic Development and Planning will be R12, 8 million.
6. Infrastructure and Housing Development will be R70, 9 million.

Further Madam Speaker, Capital budget allocations per departments will be as follows,

1. Executive and Councillors Administration will be R925 thousand.
2. Budget and Treasury will be R14, 6 million.
3. Corporates Services will be R15, 7 million.
4. Community Services will be R3, 1 million.
5. Economic Development and Planning will be R15, 7 million.
6. Infrastructure and Housing Development will be R130 million.

Madam Speaker, I must admit to this council today that, on repairs and maintenance we are still lacking in terms of improving the budget allocations. 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 objectives 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 at R12, 8 million.

Allow me therefore my fellow councillors to present to you the total budget of general expenditure of R133, 3 million for salaries, general expenditure, repairs and maintenance, contracted services and other provisions. This has been increased from R121, 0 million by R12, 3 million.

It must be noted fellow councillors that, this operating budget includes R6, 3 million of rebates and exemptions on rates as explained earlier.

For 2011/2012 we adopted budget of R261, 760 million and R123, 711 million for capitals.

This means, we have ensured that, we direct more internal financial resources to capital budgets to top up on grants allocated as follows:

Our total capital budgets have improved from last year from R123, 711 million in 2011/2012 to R179, 969 million in 2012/2013.

Honorable Speaker and Councillors allow me to present in details as per ward what we have achieved as follows,

The following are projects that have been completed in 2011/2012 financial year:

Project Name	Ward	Amount
Felleng Access Road	11	R 1, 339, 319.20
Rehabilitation of Cedarville Access Road	26	R 6, 774, 168.00
Malubaluba Access Road	02	R 3, 227, 393.00
T69 – Moqhobi Access Road	12	R 3, 910, 993.46
Thabaneng Access Road	13	R 1, 563, 372.62
Moliko Access Road	02	R 2, 065, 162.00

The following are projects that are in progress as at 30 April 2012:

Project Name	Ward	Status
Moliko Access Road	02	95% Complete
Diaho Great Place Access Road	11	80% Complete
Rehabilitation of Matatiele Streets	20	75% Complete
Ngcwengane to Esifolweni Access Road	7	90% Complete
Berdivalle – Mahlahleng Access Road	16	95% Complete
T69 – Khoapa Access Road	6	40% Complete
Rantshiki Access Road	4	75% Complete
Sehlabeng Access Road	9	95% Complete
Tshita – Mabua Access Road	8	45% Complete
Pamlaville Community Facility	7	50% Complete
Dalibhunga Community Facility	5	50% Complete
Luvuyo Siyabinga Novuka Community Facility	9	40% Complete
Moeaneng Community Facility	16	40% Complete
Moriting Community Facility	24	40% Complete
Upgrade of Matatiele Airfield	20	55% Complete
Moeketsi Access Road	14	Award Stage
Mafube – Nkosana Bridge	8	Adjudication Stage

With these projects Madam Speaker, already we have spent more than R30 million as at today to in ensuring that we provide services where they are needed.

Allow me therefore Madam Speaker to present the capital budget as follows,  
The total budget for capital expenditure to improve service delivery is set to be R179, 9 million allocated per ward as follows,

Ward	Project	Amount
01,19,26	Maluti, Matatiele and Cedarville	30 000 000
02	Khuthalani Sinosizo Poultry Access Road	70 000
03	Cross to St Johns Access Road	3 903 360
04	Sehlabeng Access Road	900 000
05	Dalibhunga Community Facility	700 000
05	Mzongwana to Vimba Access Road	3 700 155
06	T69 – Khoapa Access Road	1 800 000
07	Ngcwengane – Esifolweni Access Road	1 400 000
07	Pamlaville	750 000
08	Tshita Maboja Access Road	1 500 000
08	Mafube – Nkosana Bridge	2 000 000
08	Tsita-Mabua Access Road	3 750 000
09	Luvuyo Siyabonga Novuka Community Facility	700 000
10	Lunda Access Road	4 619 280
11	Diaho Access Road	600 000
14	Moiketsi Access Road	1 250 000

16	Berdiville – Mahlehleng Access Road	3 000 000
16	Moaeneng Community Facility	700 000
17	Nyanzela Access Road	4 461 960
18	Fiva Access Road	5 751 580
19	Office Building	18 300 000
19	Area M – Service of sites	12 500 000
19	Sub-station	30 000 000
19	Ring Feed Mountain View	750 000
19	Ring Feed Mountain View	850 000
19	Replace Mini-Sub North End	350 000
19	Replace Transformer	115 000
19	Matatiele Internal Roads	1 500 000
20	Mokhosi Milling Access Road	1 050 000
20	Kuyasa Poultry Access Road	399 885
21	Ntloa Access Road	2 250 000
22	Lukholweni Access Road	4 500 000
23	Sekutlong Access Road	2 932 500
24	Zingcuka Madlangeni Access Road	5 405 880
24	Moriting Community Facility	680 000
25	Sabasaba Access Road	1 575 000
26	Training Centre	1 000 000

The other projects to benefit the entire municipality jurisdiction are budgeted at R24, 2 million and these include institutional projects and other projects like council offices, Plant, Office Furniture and disaster management projects which are for the service delivery.

As I draw towards closure, I want to quote one of the scholars of the past century, a



communist, a philosopher and a visionary leader, Karl Marx. In a letter that he wrote to his father in 1837, he wrote and I quote “ ***If we have chosen the position in life in which we can most of all work for mankind, no burdens can bow us down, because they are sacrifices for the benefit of all; then we shall experience no petty, limited, selfish joy, but our happiness will belong to millions, our deeds will live on quietly but perpetually at work, and over our ashes will be shed the hot tears of noble people.*** Again Madam Speaker I call upon all of us to be united and work together to serve our communities, we must make sure that during the start of this 2<sup>nd</sup> Century of the ANC we improve people’s lives, we create more jobs and opportunities for them, we provide better improved services, we make our municipality one of the best in the country on quality of services provided and all these will only be achieved when we remain united and working together.

In conclusion Madam Speaker, allow me to table the 2012/2013 final operating and capital budget for approval as follows:

The total Operating Budget of R196, 6 million and total Capital Budget of R179, 9 million, which therefore is the Total Budget of R376 million.

In closing Madam Speaker, I would like to thank my fellow Exco councillors, 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 2012/2013 and 2013/2014 to 2014/2015 Medium Term Revenue and Expenditure Forecasts of R376 million, R269 million and R293 million for final approval and request this Council to deliberate and vote on the same

On my stepping down, let me leave you with these encouraging words from an American Clergyman, Activist, Prominent Leader in the African-American Civil Right Movement, Martin Luther King Jnr. I quote, “***Darkness cannot drive out darkness, only light can do that. Hate cannot drive out hate, only love can do that.***”

I thank you all.

**BY HIS WORSHIP, THE MAYOR**

**CLLR M MBEDLA  
30 MAY 2012**

## 1.2 Council Resolutions

On 30 May 2012 the Council of Matatiele Local Municipality met in the Council Chambers to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. That the IDP 2012/2013 be approved;
2. That the Budget 2012/2013 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 2012/2013; and indicative for the two projected outer years 2013/2014 and 2014/2015 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 2012/2013.
5. Council approves that the Tariffs of Charges reflected in item number 2.5 are approved for the budget year 2012/2013.
6. Council approves that the measurable performance objectives for each vote reflected in item number 2.3 are approved for the budget year 2012/2013.
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 2012/2013.
8. Council approves that the other amended budget related policies reflected in item number 2.4 are approved for the budget year 2012/2013.
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 259/30/05/2012

## 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 2011. 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 is not included in Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e. Salaries & Wages, Repairs & Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel etc.

The Operating Budget amounts to R249 443 574 inclusive of R52, 821,349 council funding to fund the capital budget and R196, 122, 223 exclusive of the council funding to fund capital budget. Table 1 hereunder summarizes the budget per department. General Managers must manage their own budget, consulting with the Chairpersons of the Standing Committees and the Standing Committees where necessary. Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1.

**Table 1 Consolidated Overview of the 2011/12 MTREF**

R thousand	Adjustments Budget 2011/12	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Total Operating Revenue	231,652,268	249,943,572	233,765,623	256,662,880
Total Operating Expenditure	191,368,415	196,122,223	202,248,958	216,309,316
<i>(Surplus)/Deficit for the year</i>	40,283,853	52,821,349	31,516,665	40,353,564
Total Capital Expenditure	85,388,100	179,969,283	67,656,000	77,083,000

**Total Revenue by source**

Income	Amount	Percentage
Property Rates	22 030 230	9%
Service Charges	43 624 028	17
Rental of Facilities	555 570	0%
Interest earned - external	4 000 000	2%
Interest earned - internal	1 785 000	1%
Fines	403 000	0%
Licenses and Permits	2 600 000	1%
Government Grants	120 256 666	48%
Capital Grants	52 815 783	21%
Other	1 383 296	1%
<b>Total</b>	<b>249 443 573</b>	<b>100%</b>

**Total Expenditure by type**

Expenditure	Amount	Percentage
Employee Related Costs	62 855 807	32%
Remuneration of Councillors	15 497 577	8%
Bad Debt Provision	2 000 000	1%
Depreciation	9 583 587	5%
Repairs and Maintenance	12 817 500	7%
Interest external borrowings	3 000 000	1%
Bulk purchases	28 300 000	15%
Contracted Services	10 329 782	5%
Grants and Subsidies paid	16 454 257	8%
General Expenses	34 192 789	17%
Internal Charges	1 590 500	1%
<i>Sub-total</i>	<i>196 621 799</i>	<i>100%</i>
Capital Grants	52 815 783	
Surplus	5 991	
<b>TOTAL</b>	<b>249 443 573</b>	

**Budget per Department**

Department	Expenditure	Income	Capital
Executive & Council	31,152,365	(370,501)	925,500
Budget & Finance	34,969,428	(133,401,893)	14,631,500
Corporate Services	17,594,938	(200,000)	15,794,000
Community Services	29,157,962	(13,020,983)	3,167,183
EDP	12,785,459	(3,253,273)	15,780,000
Infrastructure	70,961,648	(99,196,924)	129,671,100
Capital Grants	52,815,783		
Surplus	5,991		
<b>TOTAL</b>	<b>249,443,574</b>	<b>(249,443,574)</b>	<b>179,969,283</b>

## 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 R179 969 283 has been included in this budget. Included in this amount is current incomplete projects rolled over amounting to R12 771 183 for which funding is available. Own sources available to fund these projects amount to R54 653 500. Our MIG allocation for 2012/2013 is R37 795 000. DOE will fund a sum of R4 000 000 for electrification projects. Application of R42 500 000 is to be made for further extension of electrification as per DoRA allocations for two outer years.

All projects budgeted are as per IDP informed by communities as consulted through IDP/Budget outreaches.

## Funding of Capital Budget

Grants available from previous years	12 771 183
DOE	4 000 000
DBSA/DoE Grant Loan	30 000 000
MIG	36 044 600
<i>Sub Total</i>	<i>52 815 783</i>
CRR	54 653 500
External Loan (to be raised)	42 500 000
<b>TOTAL</b>	<b>179 969 283</b>

## Grants and Subsidies allocations

In terms of the Revenue Bill 2012 Matatiele Local Municipality will receive an Equitable Share of R105 328 000. This is not adequate to deliver services in our area. It is operational grants allocated to Matatiele for the 2012/2013 is indicated as follows. Kindly note that these amounts are included in the revenue table as indicated on page 3.

<b>Subsidies</b>		<b>241 400</b>
Museum	41 400	
Admin L.G. Seta	200 000	
<b>Equitable Share</b>		<b>109 050 000</b>
Finance	105 328 000	
Roads MIG admin fee	1 422 000	
MSIG	800 000	
FMG	1 500 000	
<b>Establishment Plan &amp; Other</b>		<b>9 214 866</b>
Election Grant	170 501	

IDP	200 000	
Audit Verification	275 683	
Capacity Building	100 000	
Office Accommodation	123 000	
Valuation Roll	185 030	
PMS	181 540	
Conference Centre	200 000	
LED Project	2 793 583	
LUMS	383 529	
EPWP	4 602 000	
<b>TOTAL</b>		<b>118 506 266</b>

## TARIFFS

The new Property Valuation Roll came into effect the 1 July 2009. Rates will increase by 4 %, for the 2012/2013 financial year, starting 1 July 2012.

Electricity tariffs will increase between 5.4% and 13% in terms of the directive from NT and NERSA.

Refuse tariffs will increase by 4% and all other tariffs are kept at same level.

## Special Programmes Unit

Included in the Operating Budget, provision has been made for special programs as requested by the Office of the Mayor. These programmes are listed in table 6. Business plans will be developed and submitted to the Municipal Manager and Chief Financial Officer for approval prior to funds being released.

DESCRIPTION	AMOUNT
HIV/Aids campaign	100 000
Disability	100 000
Youth summit	200 000
Children in school	100 000
Woman-forums	150 000
Elderly	100 000
<b>Total</b>	<b>750 000</b>

## EXTERNAL SERVICE DELIVERY MECHANISMS

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

## Accumulated Surplus

For the year ended 30 June 2011 as audited, the municipality has recorded an operating surplus of R44 763 664 which increased the accumulated surplus to R43 770 060 and the projected operating surplus of not less than R20 000 000 will be achieved at year ending 30

June 2012 and this will result to accumulated surplus of not less than R60 000 000 to be recorded at year ending 30 June 2012.

## 1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service 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 2012/13 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2011/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/4	Budget Year +2 2014/5
<b>Revenue By Source</b>										
Property rates	15,268	13,204	12,776	25,173	21,173	21,173	21,173	22,020	23,121	24,342
Property rates - penalties & collection charges	567	1,578	1,681	1,640	1,640	1,640	1,640	1,640	2,664	2,590
Service charges - electricity revenue	17,462	22,219	28,158	37,267	37,267	37,267	37,267	37,039	39,188	41,461
Service charges - water revenue	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	3,065	2,306	5,743	6,064	6,064	6,064	6,064	6,585	7,243	7,967
Service charges - other	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment	386	451	499	1,183	636	636	636	556	583	612
Interest earned - external investments	4,451	3,306	4,255	3,000	4,500	4,500	4,500	4,000	3,675	3,859

Interest earned - outstanding debtors	2,037	86	488	145	145	145	145	145	160	175
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	613	135	85	487	403	403	403	403	423	444
Licenses and permits	859	1,844	1,941	2,154	2,619	2,619	2,619	2,600	2,730	2,867
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers recognized - operational	97,028	101,036,00	135,355,298	182,614,70	155,498,472	155,498,47	155,498,472	173,072,448	152,524,114	170,814,84
Other revenue										
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>143,222</b>	<b>147,554</b>	<b>192,414</b>	<b>261,760</b>	<b>231,652</b>	<b>231,652</b>	<b>231,652</b>	<b>248,944</b>	<b>233,766</b>	<b>256,663</b>

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
<b>Revenue by Source</b>								
Property rates	21,173	9.14	22,020	8.85	23,121	9.89	24,342	9.48
Property rates - penalties & collection charges	1,640	0.71	1,640	0.66	2,664	1.14	2,590	1.01
Service charges - electricity revenue	37,267	16.09	37,039	14.88	39,188	16.76	41,461	16.15
Service charges - water revenue	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6,064	2.62	6,585	2.65	7,243	3.1	7,967	3.1
Service charges - other	-	-	-	-	-	-	-	-
Rental of facilities and equipment	636	.27	556	-	583	-	612	-
Interest earned - external investments	4,500	1.94	4,000	1.41	3,675	1.57	3,859	1.5
Interest earned - outstanding debtors	145	.06	145	0.6	160	.07	175	0
Fines	403	.17	403	.16	423	.18	444	.17
Licences and permits	2,618	1.13	5,600	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-
Transfers recognised - operational	155,498	67.13	173,072	69.52	152,524	65.25	170,814	66.55
Other revenue	1,706	.74	1,383	.56	99,959	41.70	1,524	.59
Gains on disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>231,652</b>	<b>100%</b>	<b>248,944</b>	<b>100%</b>	<b>233,766</b>	<b>100%</b>	<b>256,663</b>	<b>100%</b>
<b>Total revenue from rates and service charges</b>	<b>74,144</b>	<b>32%</b>	<b>74,683</b>	<b>30%</b>	<b>81,242</b>	<b>34%</b>	<b>85,849</b>	<b>33%</b>

### 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 R15 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 30 000.00;
- 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 35% rebate

-Properties categorized commercial 10% 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	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure
-------------	--------	---------	---------	----------------------	---

R thousand							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
<b>RECEIPTS:</b>									
-									
<b><u>Operating Transfers and Grants</u></b>									
<b>National Government:</b>	<b>35,940</b>	<b>48,217</b>	<b>73,767</b>	<b>83,160</b>	<b>94,689</b>	<b>94,689</b>	<b>107,628</b>	<b>118,311</b>	<b>129,897</b>
Local Government Equitable Share	34,706	46,917	71,817	80,870	92,449	92,449	105,328	115,861	127,447
Finance Management	500	500	1,200	1,450	1,450	1,450	1,500	1,500	1,500
Municipal Systems Improvement	734	800	750	840	790	790	800	950	950
Restructuring	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	<b>23,924</b>	<b>1,883</b>	<b>2,872</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Health	2,154	1,883	1,407	-	-	-	-	-	-
Establishment Plan	21,770	-	-	-	-	-	-	-	-
MIG Admin Fee	-	-	1,465	1,465	1,465	1,465	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>59,864</b>	<b>50,100</b>	<b>76,639</b>	<b>83,160</b>	<b>94,689</b>	<b>94,689</b>	<b>107,628</b>	<b>118,311</b>	<b>129,897</b>
<b><u>Capital Transfers and Grants</u></b>									
<b>National Government:</b>	<b>12,891</b>	<b>16,070</b>	<b>51,905</b>	<b>67,734</b>	<b>28,791</b>	<b>28,791</b>	<b>28,794</b>	<b>31,673</b>	<b>34,841</b>
Municipal Infrastructure (MIG)	12,891	16,070	20,905	29,598	28,791	28,791	28,794	31,673	34,841
NER Bulk Services	-	-	31,000	38,136	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>12,891</b>	<b>16,070</b>	<b>51,905</b>	<b>67,734</b>	<b>28,791</b>	<b>28,791</b>	<b>28,794</b>	<b>31,673</b>	<b>34,841</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>72,755</b>	<b>66,170</b>	<b>128,544</b>	<b>150,894</b>	<b>123,480</b>	<b>123,480</b>	<b>136,422</b>	<b>149,984</b>	<b>164,738</b>

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 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 2012/13 financial year**

Category	Current Tariff (1 July 2011)	Proposed tariff (from 1 July 2012)
	<b>c</b>	<b>C</b>
Residential properties	0.01447	0.01505
Business, Commercial and Government	1.01736	0.01805
Agricultural/Farms	0.00362	0.00376
Vacant land	1.01736	0.01805

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

NERSA has announced the revised bulk electricity pricing structure. A 13 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased between 5 and 13 per cent to offset the additional bulk purchase cost from 1 July 2012. 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
<b>Basic</b>	226.56	251.48	24.92	11%
<b>50</b>	.58	.61	.03	5%
<b>51-350</b>	.67	.76	.09	14%
<b>351-600</b>	.93	1.03	.1	11%
<b>601 &gt; over</b>	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 2012. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

### 1.4.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable expenditure such as petrol and diesel and the cost of remuneration.

A 4 per cent increase in the waste tariff is proposed from 1 July 2012. Higher increases will not be violable in 2012/2013 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 2012:

**Table 11 Comparison between current waste removal fees and increases**

	WASTE REMOVAL	MUNICIPALITY CLEANING	WASTE REMOVAL	MUNICIPALIT Y CLEANING
Tariff	Per month (R)		Per month (R)	
	2011/2012		2012/2013	
Domestic refuse removed X2 weekly	85.6	85.6	89.03	89.03
Basic Charge each business/individual	128.39	128.39	133.53	133.53
In addition to above every owner shall pay Council a fee of per bag per month, removed X2	128.39	128.39	133.53	133.53

### 1.4.4 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household bills has been kept between 8 and 12 per cent.

**Table 11 EC 144 MATATIELE LOCAL MUNICIPALITY TAD Table SA14 – Household bills**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent										
<u>Monthly Account for Household - 'Large' Household</u>										
<b>Rates and services charges:</b>										
Property rates	270.77	297.85	541.67	595.84	595.84		4.0%	619.67	644.46	670.24
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	1002.53
Refuse removal	36.99									

Other		40.32	44.36	51.01	51.01		4.0%	53.05	55.17	57.38
<b>sub-total</b>					-			-	-	-
VAT on Services	796.92	934.27	1 384.41	1 596.92	1 596.92	-	8.2%	1 727.30	1 870.21	2 026.96
<b>Total large household bill:</b>	796.92		1	1	1	-	8.2%	1	1	2
<b>% increase/-decrease</b>		934.27	384.41	596.92	596.92	-	8.2%	727.30	870.21	026.96
<b>Monthly Account for Household - 'Small' Household</b>										
<b>Rates and services charges:</b>										
Property rates	80.93	87.52	38.74	42.61	42.61	42.61	4.0%	44.31	46.09	47.93
Electricity: Basic levy	190.24	229.08	306.77	352.79	352.79	352.79	11.0%	391.60	434.67	482.49
Electricity: Consumption										
Refuse removal	36.99	40.32	44.36	51.01	51.01	51.01	4.0%	53.05	55.17	57.38
Other										
<b>sub-total</b>	308.16	356.92	389.87	446.41	446.41	446.41	9.5%	488.96	535.93	587.80
VAT on Services										
<b>Total small household bill:</b>	308.16	356.92	389.87	446.41	446.41	446.41	9.5%	488.96	535.93	587.80
<b>% increase/-decrease</b>		15.8%	9.2%	14.5%	-	-		9.5%	9.6%	9.7%
<b>Monthly Account for Household - 'Small' Household receiving free basic services</b>										
<b>Rates and services charges:</b>										
Property rates					-	-		-	-	-
Electricity: Basic levy										
Electricity: Consumption	26.10	31.44	42.12	50.22	50.22	50.22	11%	55.74	61.8	68.68
Refuse removal	36.99	40.32	44.36	51.01	51.01	51.01	4.0%	53.05	55.17	57.38
<b>sub-total</b>	63.09	71.76	86.48	101.23	101.23	101.23	7.5%	108.79	117.05	126.06
<b>Total small household bill:</b>	63.09	71.76	86.48	101.23	101.23	101.23	7.5%	108.79	117.05	126.06
<b>% increase/-decrease</b>		13.7%	20.5%	17.1%	-	-		7.5%	7.6%	7.7%

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

**Table 13 Summary of operating expenditure by standard classification item**

Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/4	Budget Year +2 2014/5
<b>Expenditure By Type</b>										
Employee related costs	24 067	27 139	37 771	52 549	53 014	53 014	53 014	63 009	63 947	70 428
Remuneration of councillors	9 763	11 155	11 346	12 522	12 572	12 522	12 522	15 344	15 958	16 596
Debt impairment	6 992	7 533	1 395	2 000	2 000	2 000	2 000	2 000	4 000	6 000
Depreciation & asset impairment	7 192	–	14 784	10 698	10 698	10 698	10 698	9 584	10 222	11 393
Finance charges	165	72	672	1 432	432	1 432	1 432	3 000	3 000	2 500
Bulk purchases	8 900	12 449	16 078	23 616	32 300	32 300	32 300	28 300	29 715	31 201
Other materials	9 874	8 413	8 451	15 643	15 690	15 690	15 690	12 818	13 931	14 640
Contracted services	6 035	7 161	5 823	9 540	9 470	9 470	9 470	10 330	10 790	11 392
Transfers and grants	12 259	8 224	35 641	12 283	21 482	21 482	21 482	16 454	10 345	10 898
Other expenditure	9 054	12 565	15 690	30 631	33 712	33 712	33 712	35 783	40 341	41 261
Loss on disposal of PPE	32	–	–	0	–	–	–	(0)	–	1
<b>Total Expenditure</b>	<b>94 333</b>	<b>94 711</b>	<b>147 651</b>	<b>170 913</b>	<b>191 368</b>	<b>192 318</b>	<b>192 318</b>	<b>196 621</b>	<b>202 249</b>	<b>216 309</b>

The budgeted allocation for employee related costs for the 2012/13 financial year totals R63million, which equals 32 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 2012/13 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 2012/13 financial year this amount equates to R2 million and escalates to R4 million by 2014/15. 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.

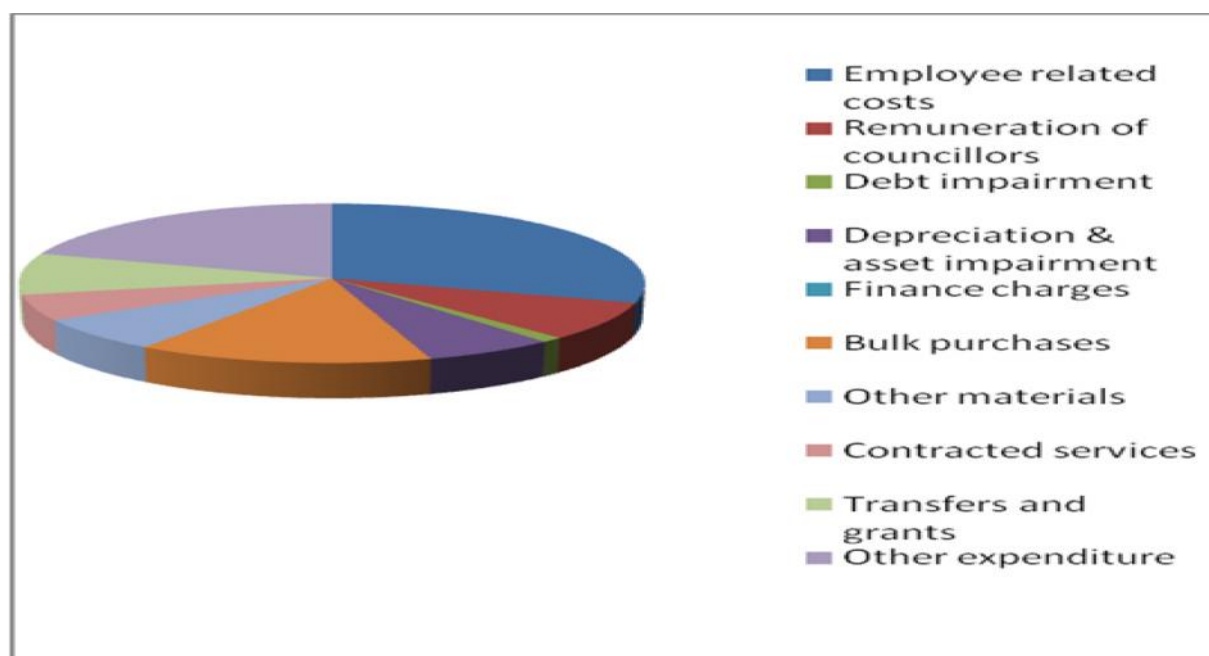
Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R9.5 million for the 2012/13 financial and equates to 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 2012/13 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 2012/13 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 2012/13 financial year.



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

### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 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	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>R thousand</b>									
<u>Repairs and maintenance expenditure item</u>									
Employee Related Costs	842,345	949,873	1,321,970	1,839,229	1,855,480	1,855,480	2,205,324	2,238,146	2,464,996
Other Materials	345,990	294,455	295,788	547,505	549,150	549,150	448,613	487,577	512,384
Contracted Services	211,225	250,648	203,811	333,897	331,433	331,433	361,542	377,656	398,711
<b>Total Repairs and Maintenance Expenditure</b>	<b>1,399,160</b>	<b>1,494,976</b>	<b>1,821,569</b>	<b>2,720,631</b>	<b>2,736,063</b>	<b>2,736,063</b>	<b>3,015,479</b>	<b>3,103,379</b>	<b>3,376,091</b>

During the compilation of the 2012/2013 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 2012/13 financial year. From 8 to 13 million. The total allocation for 2012/13 equates to R13 million.

**Table 15 Repairs and maintenance per asset class**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>R thousand</b>									
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>	7 192		14 784	10 698	10 698	10 698	12 584	13 222	13 893
<u>Infrastructure</u>									
Infrastructure - Road transport	6 503	19 748	16 827	13 268	13 268	13 268	11 336	11 902	12 497
Infrastructure – Electricity	1 352	7 875	6 309	11 053	11 053	11 053	10 720	11 256	11 819
Infrastructure – Other	1 252	1 318	1 387	1 460	1 460	1 460	0	0	0
Infrastructure	2 035	7 214	5 613	10 320	10 320	10 320	11 336	11 902	12 497
Community	724	2 142	2 254	2 373	2 373	2 373	1 143	1 200	1 260



Total Repairs and Maintenance Expenditure	13 695	19 748	31 611	23 966	23 966	23 966	23 919	25 124	26 391
---	--------	--------	--------	--------	--------	--------	--------	--------	--------

For the 2012/13 financial year, R13 million of total repairs and maintenance will be spent on infrastructure assets. .

### 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 2012/13 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.

## 1.6 Capital expenditure

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

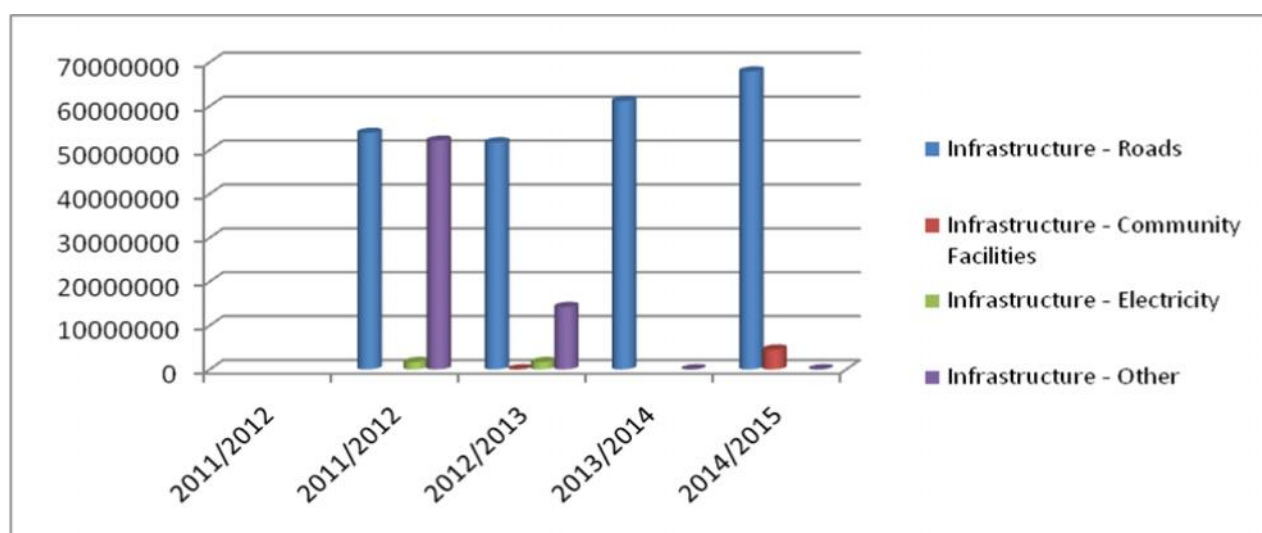
**Table 6 2012/12 Medium-term capital budget per vote**

Vote Description  R thousand	Ref	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>	2							
EXECUTIVE & COUNCIL		10	10	10	10	926	2 000	3 200
BUDGET & FINANCE		1 378	884	884	884	14 632	1 500	1 000
CORPORATE		35	428	428	428	15 794	1 000	2 000
COMMUNITY		3 730	7 839	7 839	7 839	3 167	1 000	2 000
DEV & PLANNING		10 883	8 660	8 660	3 280	15 780	1 000	1 000
CIVIL ENIGENERING		107 676	67 568	67 568	67 568	129 671	61 156	67 883
<b>Capital multi-year expenditure sub-total</b>	7	<b>123 711</b>	<b>85 388</b>	<b>85 388</b>	<b>80 008</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>

For 2012/13 an amount of R127 million has been appropriated for the development of infrastructure. This represents 72% of the total capital budget.

Total new assets represents 100 per cent or R179 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**

### 1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 96. This table shows that future operational costs associated with the capital programme totals R179million in 2012/13. It needs to be noted that as part of the 2012/13 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## 1.7 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 2012/13 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	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	15 835	14 782	14 457	26 813	22 813	22 813	–	23 660	25 785	26 932
Service charges	20 527	24 525	33 900	43 331	43 331	43 331	–	43 624	46 431	49 428
Investment revenue	4 451	3 306	4 255	3 000	4 500	4 500	–	4 000	3 675	3 859
		101								
Transfers recognized - operational	97 028	036	135 377	182 615	155 498	155 498	–	173 072	152 524	170 815
Other own revenue	5 381	3 905	4 425	6 001	5 509	5 509	–	5 087	5 350	5 629
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>143 222</b>	<b>147 554</b>	<b>192 414</b>	<b>261 760</b>	<b>231 652</b>	<b>231 652</b>	<b>–</b>	<b>249 444</b>	<b>233 766</b>	<b>256 663</b>
Employee costs	24 067	27 139	37 771	52 549	53 014	53 014	–	63 009	63 947	70 428
Remuneration of councilors	9 763	11 155	11 346	12 522	12 572	12 522	–	15 344	15 958	16 596
Depreciation & asset impairment	7 192	–	14 784	10 698	10 698	10 698	–	9 584	10 222	11 393
Finance charges	165	72	672	1 432	432	1 432	–	3 000	3 000	2 500
Materials and bulk purchases	18 774	20 862	24 529	39 259	47 990	47 990	–	41 118	43 646	45 840
Transfers and grants	12 259	8 224	35 641	12 283	21 482	21 482	–	16 454	10 345	10 898
Other expenditure	22 113	27 259	22 908	42 171	45 181	45 181	–	48 113	55 131	58 653
<b>Total Expenditure</b>	<b>94 333</b>	<b>94 711</b>	<b>147 651</b>	<b>170 913</b>	<b>191 368</b>	<b>192 318</b>	<b>–</b>	<b>196 621</b>	<b>202 249</b>	<b>216 309</b>
<b>Surplus/(Deficit)</b>	<b>48 890</b>	<b>52 843</b>	<b>44 763</b>	<b>90 847</b>	<b>40 284</b>	<b>39 334</b>	<b>–</b>	<b>52 822</b>	<b>31 517</b>	<b>40 354</b>
Transfers recognized - capital	–	–	–	–	–	–	–	–	–	–
Contributions recognized - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>48 890</b>	<b>52 843</b>	<b>44 763</b>	<b>90 847</b>	<b>40 284</b>	<b>39 334</b>	<b>–</b>	<b>52 822</b>	<b>31 517</b>	<b>40 354</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>48 890</b>	<b>52 843</b>	<b>44 763</b>	<b>90 847</b>	<b>40 284</b>	<b>39 334</b>	<b>–</b>	<b>52 822</b>	<b>31 517</b>	<b>40 354</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	–	–	–	–	–	–	–	–	–	–
Transfers recognized - capital	44 583	33 170	27 561	90 849	43 076	43 076	–	82 816	67 656	77 083
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	13 000	13 000	13 000	–	42 500	–	–
Internally generated funds	7 821	2 676	8 055	19 862	29 312	29 312	–	54 653	–	–
<b>Total sources of capital funds</b>	<b>52 404</b>	<b>35 846</b>	<b>35 616</b>	<b>123 711</b>	<b>85 388</b>	<b>85 388</b>	<b>–</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>
<b>Financial position</b>										
Total current assets	70 653	73 923	103 231	103 231	103 231	103 231	–	104 439	105 708	107 040
Total non-current assets	193 572	230 245	381 446	381 446	381 446	381 446	–	399 748	418 965	439 143
Total current liabilities	46 339	32 971	37 079	32 565	32 565	32 565	–	33 004	33 466	33 950
Total non-current liabilities	7 301	7 205	7 554	7 557	7 557	7 557	–	7 797	8 050	8 315
Community wealth/Equity	210 585	263 992	440 043	436 623	422 198	422 198	–	463 311	486 476	510 800
<b>Cash flows</b>										
Net cash from (used) operating	34 785	50 045	45 972	45 972	45 972	45 972	–	50 569	55 626	55 626
Net cash from (used) investing	(21 998)	(36 442)	(36 301)	(35 926)	(35 926)	(35 926)	–	(39 519)	(43 925)	(47 863)
Net cash from (used) financing	(438)	527	375	(135)	(135)	(135)	–	(149)	(164)	(164)
<b>Cash/cash equivalents at the year end</b>	<b>49 096</b>	<b>63 226</b>	<b>73 272</b>	<b>73 137</b>	<b>73 137</b>	<b>73 137</b>	<b>–</b>	<b>80 450</b>	<b>91 988</b>	<b>99 587</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	49 095	63 226	78 433	82 947	82 947	82 947	–	82 947	82 947	82 947
Application of cash and investments	36 769	51 327	62 943	71 480	70 696	70 696	–	69 225	68 505	69 097
<b>Balance - surplus (shortfall)</b>	<b>12 327</b>	<b>11 899</b>	<b>15 490</b>	<b>11 467</b>	<b>12 251</b>	<b>12 251</b>	<b>–</b>	<b>13 721</b>	<b>14 442</b>	<b>13 849</b>
<b>Asset management</b>										
Asset register summary (WDV)	189 557	225 634	376 083	376 083	376 083	376 083	–	394 385	413 602	433 779
Depreciation & asset impairment	7 192	–	14 784	10 698	10 698	10 698	–	9 584	10 222	11 393
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	–	–	–	–
<b>Free services</b>										
Cost of Free Basic Services provided	566	1 551	3 456	4 154	4 154	4 154	–	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	12 340	13 574

Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	4	4	5	5	5	5	5	5	5	5

### Explanatory notes to MBRR Table A1 - Budget Summary

- 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).
- 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.
- 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:
  - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - Capital expenditure is balanced by capital funding sources, of which
    - Transfers recognised is reflected on the Financial Performance Budget;
    - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - 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.
- 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.
- 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	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework
-------------------------------------	--------	---------	---------	----------------------	---

R thousand	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
<b>Revenue - Standard</b>									
<b>Governance and administration</b>	77 126	82 611	94 767	113 493	123 973	123 973	133 972	144 357	156 951
Executive and council	1 528	133	1 811	400	931	931	371	–	–
Budget and treasury office	71 621	82 011	92 520	112 893	122 450	122 450	133 402	144 357	156 951
Corporate services	3 977	467	436	200	593	593	200	–	–
<b>Community and public safety</b>	17 802	7 439	6 937	8 760	6 236	6 236	13 021	13 927	14 965
Community and social services	4 023	5 336	3 395	1 614	3 217	3 217	1 515	1 535	1 612
Sport and recreation	495	126	2 023	2 638	3 019	3 019	3 000	3 150	3 308
Public safety	2,948	4,420	5,673	4,952	8,481	8,481	13,600	14,416	15,281
Housing	11 401	3	112	4 507	–	–	7	7	8
Health	1 883	1 974	1 407	–	–	–	8 499	9 234	10 038
<b>Economic and environmental services</b>	17 294	29 111	21 974	52 012	51 662	51	59 792	34 588	41 487
Planning and development	2 070	2 495	1 658	9 965	13 536	662	3 253	80	84
Road transport	15 224	26 616	20 316	42 047	38 126	13	56 539	34 508	41 403
Environmental Services	–	–	–	–	–	38	–	–	–
<b>Trading services</b>	31 000	28 393	68 737	87 495	49 781	56	42 658	40 894	43 261
Electricity	23 393	23 349	60 070	77 050	38 914	341	42 658	40 894	43 261
Waste management	7 607	5 044	8 667	10 444	10 866	38	–	–	–
						17			
						426			
<b>Total Revenue - Standard</b>	143 222	147 554	192 414	261 759	231 652	238 212	249 444	233 766	256 663
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	43 897	46 889	47 722	70 577	77 026	77 026	83 709	89 921	96 919
Executive and council	14 105	15 699	20 140	25 532	28 142	28 142	31 152	39 044	41 782
Budget and treasury office	23 607	23 242	17 672	32 788	36 152	36 152	34 969	37 939	41 074
Corporate services	6 185	7 949	9 911	12 257	12 732	12 732	17 587	12 939	14 064
<b>Community and public safety</b>	4 006	4 931	14 376	15 182	15 273	15 273	29 158	31 537	33 826
Community and social services	2 047	2 249	9 148	8 566	9 371	9 371	10 775	12 170	13 052
Sport and recreation	134	828	3 723	5 823	5 902	5 902	7 773	8 144	8 896
Public safety									
Health	1 825	1 854	1 394	–	–	–	10 603	11 216	11 870
<b>Economic and environmental services</b>	28 163	21 209	26 750	38 436	43 772	43 772	47 531	43 425	46 240
Planning and development	4 051	5 208	4 200	8 696	11 356	11 356	12 785	12 251	13 069
Road transport	24 112	16 001	22 550	29 741	32 417	32 417	34 746	31 174	33 171
<b>Trading services</b>	18 267	21 681	58 803	46 728	55 297	55 297	36 216	37 365	39 323
Electricity	12 933	16 042	52 747	31 521	41 490	41 490	36 216	37 365	39 323
Waste management	5 334	5 639	6 056	15 206	13 807	13 807	–	–	–
<b>Total Expenditure - Standard</b>	94 333	94 711	147 651	170 923	191 368	191 368	196 614	202 249	216 308
<b>Surplus/(Deficit) for the year</b>	48 890	52 844	44 764	90 837	40 284	46 844	52 830	31 517	40 354

**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.
4. 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  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>Revenue by Vote</b>									
EXECUTIVE AND COUNCIL	2	1 644	1 811	400	931	931	371	–	–
				112	122			144	
BUDGET AND TREASURY	51 270	83 818	92 520	893	450	122 450	133 402	357	156 951
CORPORATE SERVICES	–	467	436	200	593	593	200	–	–
COMMUNITY	8 889	16 678	6 937	8 760	6 236	6 236	13 021	13 927	14 965
DEV & PLANNING	3 819	3 858	1 659	9 965	13 536	13 536	3 253	80	84
				129					
CIVIL	33 141	47 791	89 051	548	87 912	87 912	99 197	75 402	84 663
<b>Total Revenue by Vote</b>	<b>97,121</b>	<b>154,256</b>	<b>192,424</b>	<b>261,765</b>	<b>231,657</b>	<b>231,657</b>	<b>249,444</b>	<b>233,766</b>	<b>256,663</b>
<b>Expenditure by Vote to be appropriated</b>									
EXECUTIVE AND COUNCIL	13 436	14 239	20 140	25 532	28 142	28 142	31 152	39 044	41 782
BUDGET AND TREASURY	10 613	24 127	17 672	32 788	36 152	36 152	34 969	37 939	41 074
CORPORATE SERVICES	4 241	6 367	9 911	12 257	12 732	12 732	17 587	12 939	14 064
COMMUNITY	5 519	5 616	14 376	15 182	15 273	15 273	29 158	31 537	33 826
DEV & PLANNING	1 931	4 073	4 200	8 728	11 356	11 356	12 785	12 251	13 069
CIVIL	23 404	39 911	81 352	76 468	87 714	87 714	70 961	68 539	72 494
<b>Total Expenditure by Vote</b>	<b>59 144</b>	<b>94 333</b>	<b>147 651</b>	<b>170 955</b>	<b>191 368</b>	<b>191 368</b>	<b>196 614</b>	<b>202 249</b>	<b>216 308</b>
<b>Surplus/(Deficit) for the year</b>	<b>37 977</b>	<b>59 923</b>	<b>44 764</b>	<b>90 811</b>	<b>40 289</b>	<b>40 289</b>	<b>52 830</b>	<b>31 517</b>	<b>40 354</b>

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 20 Surplus/Deficit calculations for the trading services**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	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
Electricity									
Total revenue	23 393	23 349	60 070	77 050	38 914	38 914	42 658	40 894	43 261
Operating expenditure	12 933	16 042	52 747	31 521	41 490	41 490	36 216	37 365	39 323
Surplus/(Deficit) for the year	10 460	7 307	7 307	45 529	(2 575)	(2 575)	6 442	3 529	3 937
Percentage Surplus	44.71%	31.29%	75.79%	59.09%	-6.62%	-6.62%	15.10%	8.63%	9.10%

- The electricity trading surplus is decreasing over the 2012/13 MTREF from 15 per cent or R6 million to 9 per cent by 2014/15.
- 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 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 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 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>										
Property rates	15 268	13 204	12 776	25 173	21 173	21 173	–	22 020	23 121	24 342
Property rates - penalties & collection charges	567	1 578	1 681	1 640	1 640	1 640		1 640	2 664	2 590
Service charges - electricity revenue	17 462	22 219	28 158	37 267	37 267	37 267	–	37 039	39 188	41 461
Service charges - refuse revenue	3 065	2 306	5 743	6 064	6 064	6 064	–	6 585	7 243	7 967
Rental of facilities and equipment	386	451	499	1 183	636	636		556	583	612
Interest earned - external investments	4 451	3 306	4 255	3 000	4 500	4 500		4 000	3 675	3 859
Interest earned - outstanding debtors	2 037	86	488	145	145	145		145	160	175
Fines	613	135	85	487	403	403		403	423	444
Licenses and permits	859	1 844	1 941	2 154	2 619	2 619		2 600	2 730	2 867
Transfers recognized - operational	97 028	101	135 377	182 615	155 498	155 498		173 072	152	815
Other revenue	1 450	1 378	1 412	2 031	1 706	1 706	–	1 383	1 450	1 525
Gains on disposal of PPE	36	11	–					–	5	6
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>143 222</b>	<b>147 554</b>	<b>192 414</b>	<b>261 760</b>	<b>231 652</b>	<b>231 652</b>	<b>–</b>	<b>249 444</b>	<b>233 766</b>	<b>256 663</b>
<b>Expenditure By Type</b>										
Employee related costs	24 067	27 139	37 771	52 549	53 014	53 014	–	63 009	63 947	70 428
Remuneration of councillors	9 763	11 155	11 346	12 522	12 572	12 522		15 344	15 958	16 596
Debt impairment	6 992	7 533	1 395	2 000	2 000	2 000		2 000	4 000	6 000
Depreciation & asset impairment	7 192	–	14 784	10 698	10 698	10 698	–	9 584	10 222	11 393
Finance charges	165	72	672	1 432	432	1 432		3 000	3 000	2 500
Bulk purchases	8 900	12 449	16 078	23 616	32 300	32 300	–	28 300	29 715	31 201

Other Materials	9 874	8 413	8 451	15 643	15 690	15 690		12 818	13 931	14 640
Transfers and grants	4 970	39 028	101 036	135 377	182 615	155 498		173 073	152 524	170 815
<b>Total Expenditure</b>	<b>94 333</b>	<b>94 711</b>	<b>147 651</b>	<b>170 913</b>	<b>191 368</b>	<b>192 318</b>	<b>-</b>	<b>196 621</b>	<b>202 249</b>	<b>216 309</b>
<b>Surplus/(Deficit)</b>	<b>48 890</b>	<b>52 843</b>	<b>44 763</b>	<b>90 847</b>	<b>40 284</b>	<b>39 334</b>	<b>-</b>	<b>52 822</b>	<b>31 517</b>	<b>40 354</b>

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

1. Total revenue is R249million in 2012/13 and escalates to R256million by 2014/15.
2. Revenue to be generated from property rates is R22 million in the 2012/13 financial year and increases to R25 million by 2014/15 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.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R43 million for the 2012/13 financial year and increasing to R50 million by 2014/15. For the 2012/13 financial year services charges amount to 7 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.

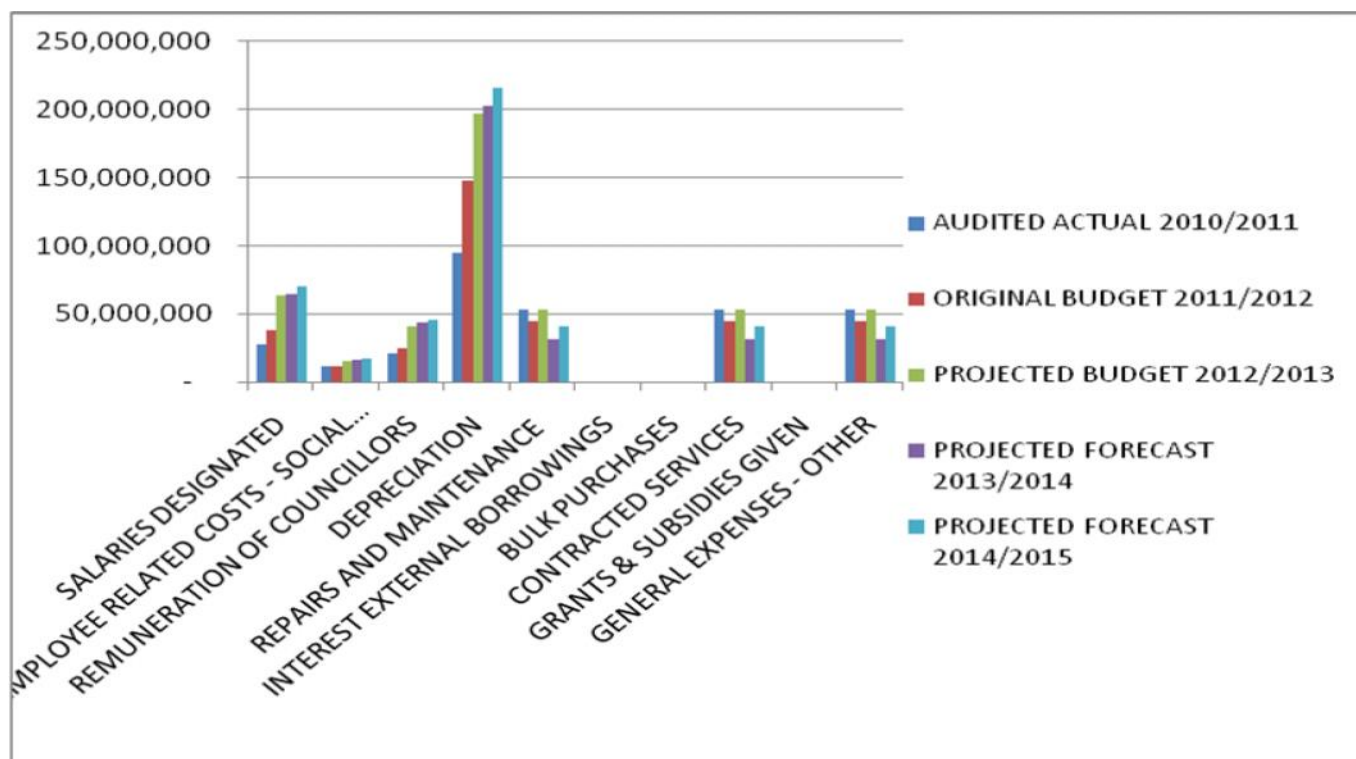


Figure 3 Expenditure by major type



6. Bulk purchases have significantly increased over the 2008/09 to 2014/15 period escalating from R8 million to R31 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

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

Vote Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
EXECUTIVE AND COUNCIL	200	66	933	10	10	10	10	926	2 000	3 200
BUDGET AND TREASURY	4 014	1 686	2 656	1 378	884	884	884	14 632	1 500	1 000
CORPORATE SERVICES	192	529	14	35	428	428	428	15 794	1 000	2 000
COMMUNITY	11 223	1 960	6 280	3 730	7 839	7 839	7 839	3 167	1 000	2 000
DEVELOPMENT & PLANNING	12 182	3 426	264	10 883	8 660	8 660	8 660	15 780	1 000	1 000
CIVIL ENGINEERING	9,477	10,245	11,227	3,830	9,748	9,748	9,748	14,300	29,600	19,000
<b>Capital multi-year expenditure sub-total</b>	<b>52 404</b>	<b>35 846</b>	<b>35 616</b>	<b>123 711</b>	<b>85 388</b>	<b>85 388</b>	<b>85 388</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>
<b>Total Capital Expenditure - Vote</b>	<b>52 404</b>	<b>35 846</b>	<b>35 616</b>	<b>123 711</b>	<b>85 388</b>	<b>85 388</b>	<b>85 388</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>
<b>Funded by:</b>										
National Government	12 425	25 882	561	78 625	43 076	43 076	43 076	52 816	67 656	77 083
Provincial Government	32 158	7 288		12 224						
District Municipality										
Other transfers and grants										
<b>Transfers recognised - capital</b>	<b>44 583</b>	<b>33 170</b>	<b>27 561</b>	<b>90 849</b>	<b>43 076</b>	<b>43 076</b>	<b>43 076</b>	<b>52 816</b>	<b>67 656</b>	<b>77 083</b>
<b>Public contributions &amp; donations</b>										
<b>Borrowing</b>				13 000	13 000	13 000	13 000	98 700		
<b>Internally generated funds</b>	<b>7 821</b>	<b>2 676</b>	<b>8 055</b>	<b>19 862</b>	<b>29 312</b>	<b>29 312</b>	<b>29 312</b>	<b>28 453</b>		
<b>Total Capital Funding</b>	<b>52 404</b>	<b>35 846</b>	<b>35 616</b>	<b>123 711</b>	<b>85 388</b>	<b>85 388</b>	<b>85 388</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard

classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R16 million has been allocated of the total R123 million capital budget, which totals 16 per cent.
3. Single-year capital expenditure has been appropriated at R12 million for the 2012/13 financial year and decrease over the MTREF.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, 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

Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>ASSETS</b>										
Current assets										
Call investment deposits	50 452	64 636	79 061	79 061	79 061	79 061	79 061	79 061	79 061	79 061
Consumer debtors	9 426	4 492	13 518	13 518	13 518	13 518	13 518	14 194	14 904	15 649
Other debtors	10 218	4 174	10 098	10 098	10 098	10 098	10 098	10 603	11 134	11 690
Current portion of long-term receivables	210									
Inventory	347	621	553	553	553	553	553	581	610	640
<b>Total current assets</b>	<b>70 653</b>	<b>73 923</b>	<b>103 231</b>	<b>103 231</b>	<b>103 231</b>	<b>103 231</b>	<b>103 231</b>	<b>104 439</b>	<b>105 708</b>	<b>107 040</b>
<b>Non-current assets</b>										
Long-term receivables	4 015	4 611								
Investments			5 296	5 296	5 296	5 296	5 296	5 296	5 296	5 296
Investment property	19	19	9 758	9 758	9 758	9 758	9 758	9 758	9 758	9 758
Investment in Associate										
Property, plant and equipment	187 736	223 470	366 039	366 039	366 039	366 039	366 039	384 341	403 558	423 736
Agricultural										
Biological										
Intangible	1 802	2 145	285	285	285	285	285	285	285	285
Other non-current assets			67	67	67	67	67	67	67	67
<b>Total non-current assets</b>	<b>193 572</b>	<b>230 245</b>	<b>381 446</b>	<b>381 446</b>	<b>381 446</b>	<b>381 446</b>	<b>381 446</b>	<b>399 748</b>	<b>418 965</b>	<b>439 143</b>
<b>TOTAL ASSETS</b>	<b>264 225</b>	<b>304 168</b>	<b>484 676</b>	<b>484 676</b>	<b>484 676</b>	<b>484 676</b>	<b>484 676</b>	<b>504 187</b>	<b>524 673</b>	<b>546 183</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft	1 357	1 410	5 924	1 410	1 410	1 410	1 410	1 410	1 410	1 410
Borrowing	265	135	18	18	18	18	18	19	20	21
Consumer deposits	321	326	306	306	306	306	306	306	306	306
Trade and other payables	43 270	29 357	28 368	368	28 368	28 368	28 368	806	267	750
Provisions	1 126	1 743	2 463	2 463	2 463	2 463	2 463	2 463	2 463	2 463
<b>Total current liabilities</b>	<b>46 339</b>	<b>32 971</b>	<b>37 079</b>	<b>32 565</b>	<b>32 565</b>	<b>32 565</b>	<b>32 565</b>	<b>33 004</b>	<b>33 466</b>	<b>33 950</b>
<b>Non-current liabilities</b>										
Borrowing	360	18	16	18	18	18	18	19	20	21
Provisions	6 941	7 186	7 539	7 539	7 539	7 539	7 539	7 778	8 029	8 293
<b>Total non-current liabilities</b>	<b>7 301</b>	<b>7 205</b>	<b>7 554</b>	<b>7 557</b>	<b>7 557</b>	<b>7 557</b>	<b>7 557</b>	<b>7 797</b>	<b>8 050</b>	<b>8 315</b>
<b>TOTAL LIABILITIES</b>	<b>53 640</b>	<b>40 176</b>	<b>44 633</b>	<b>40 122</b>	<b>40 122</b>	<b>40 122</b>	<b>40 122</b>	<b>40 802</b>	<b>41 516</b>	<b>42 265</b>
<b>NET ASSETS</b>	<b>210 585</b>	<b>263 992</b>	<b>440 043</b>	<b>444 554</b>	<b>444 554</b>	<b>444 554</b>	<b>444 554</b>	<b>463 385</b>	<b>483 157</b>	<b>503 918</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	189 431	242 100	145 177	141 757	127 333	127 333	127 333	168 445	191 610	215 934
Reserves	21 154	21 892	294 866	294 866	294 866	294 866	294 866	294 866	294 866	294 866
Minorities' interests										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>210 585</b>	<b>263 992</b>	<b>440 043</b>	<b>436 623</b>	<b>422 198</b>	<b>422 198</b>	<b>422 198</b>	<b>463 311</b>	<b>486 476</b>	<b>510 800</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

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 24 MBRR Table A7 - Budgeted Cash Flow Statement**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audit Outcome	Audit Outcome	Audit Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Ratepayers and other	28 462	45 147	40 333	40 333	40 333	40 333		44 367	48 803	48 803
Government - operating				–	–	–		–	–	–
Government - capital				–	–	–		–	–	–
Interest	6 488	4 970	6 424	6 424	6 424	6 424		7 066	7 773	7 773
Dividends	–	–	–	–	–	–	–	–	–	–
<b>Payments</b>										
Suppliers and employees	(165)	(72)	(785)	(785)	(785)	(785)		(863)	(950)	(950)
Finance charges										
Transfers and Grants										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>34 785</b>	<b>50 045</b>	<b>45 972</b>	<b>45 972</b>	<b>45 972</b>	<b>45 972</b>	<b>–</b>	<b>50 569</b>	<b>55 626</b>	<b>55 626</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE										
Decrease (Increase) in non-current debtors				–	–	–		–	–	–
Decrease (increase) other non-current receivables				375	375	375		413	–	454
Decrease (increase) in non-current investments		(343)	(685)	(685)	(685)	(685)		(753)	(829)	(912)
Payments	(519)	(596)		–	–	–		–	–	–
Capital assets	(21 479)	(35 503)	(35 616)	(35 616)	(35 616)	(35 616)		(39 178)	(43 096)	(47 405)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(21 998)</b>	<b>(36 442)</b>	<b>(36 301)</b>	<b>(35 926)</b>	<b>(35 926)</b>	<b>(35 926)</b>	<b>–</b>	<b>(39 519)</b>	<b>(43 925)</b>	<b>(47 863)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments	(438)	527	375	(135)	(135)	(135)		(149)	(164)	(164)
Repayment of borrowing										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(438)</b>	<b>527</b>	<b>375</b>	<b>(135)</b>	<b>(135)</b>	<b>(135)</b>	<b>–</b>	<b>(149)</b>	<b>(164)</b>	<b>(164)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>12 349</b>	<b>14 131</b>	<b>10 046</b>	<b>9 910</b>	<b>9 910</b>	<b>9 910</b>	<b>–</b>	<b>10 901</b>	<b>11 538</b>	<b>7 599</b>
Cash/cash equivalents at the year begin:	36 747	49 096	63 226	63 226	63 226	63 226		69 549	80 450	91 988
Cash/cash equivalents at the year-end:	49 096	63 226	73 272	73 137	73 137	73 137	–	80 450	91 988	99 587

### 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 2008/2009 to 2011/2012 period owing directly to a well oiled finance department.
4. The 2012/13 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 2012/13.

**Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Vote Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Cash and investments available</u></b>										
Cash/cash equivalents at the year end	49 096	63 226	73 272	73 137	73 137	73 137	–	80 450	91 988	99 587
Other current investments > 90 days	(0)	0	(135)	4 514	4 514	4 514	77 651	(2 799)	(14 337)	(21 936)
Non-current assets - Investments	–	–	5 296	5 296	5 296	5 296	5 296	5 296	5 296	5 296
<b>Cash and investments available:</b>	<b>49 095</b>	<b>63 226</b>	<b>78 433</b>	<b>82 947</b>	<b>82 947</b>	<b>82 947</b>	<b>82 947</b>	<b>82 947</b>	<b>82 947</b>	<b>82 947</b>
<b><u>Application of cash and investments</u></b>										
Unspent conditional transfers	34 258	19 022	19 596	19 596	19 596	19 596	19 596	19 596	19 596	19 596
Unspent borrowing	–	–	–	–	–	–	–	–	–	–
Statutory requirements		11 745	17 695	20 695	20 695	20 695	20 695	20 695	20 695	20 695
Other working capital requirements	(8 029)	(3 540)	(9 275)	(3 738)	(4 522)	(4 522)	8 771	(5 992)	(6 713)	(6 120)
Other provisions	2 767	4 245	4 789	4 789	4 789	4 789	4 789	4 789	4 789	4 789
Long term investments committed	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	7 773	19 855	30 137	30 137	30 137	30 137	30 137	30 137	30 137	30 137
<b>Total Application of cash and investments:</b>	<b>36 769</b>	<b>51 327</b>	<b>62 943</b>	<b>71 480</b>	<b>70 696</b>	<b>70 696</b>	<b>83 989</b>	<b>69 225</b>	<b>68 505</b>	<b>69 097</b>
<b>Surplus(shortfall)</b>	<b>12 327</b>	<b>11 899</b>	<b>15 490</b>	<b>11 467</b>	<b>12 251</b>	<b>12 251</b>	<b>(1 042)</b>	<b>13 721</b>	<b>14 442</b>	<b>13 849</b>

### 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".

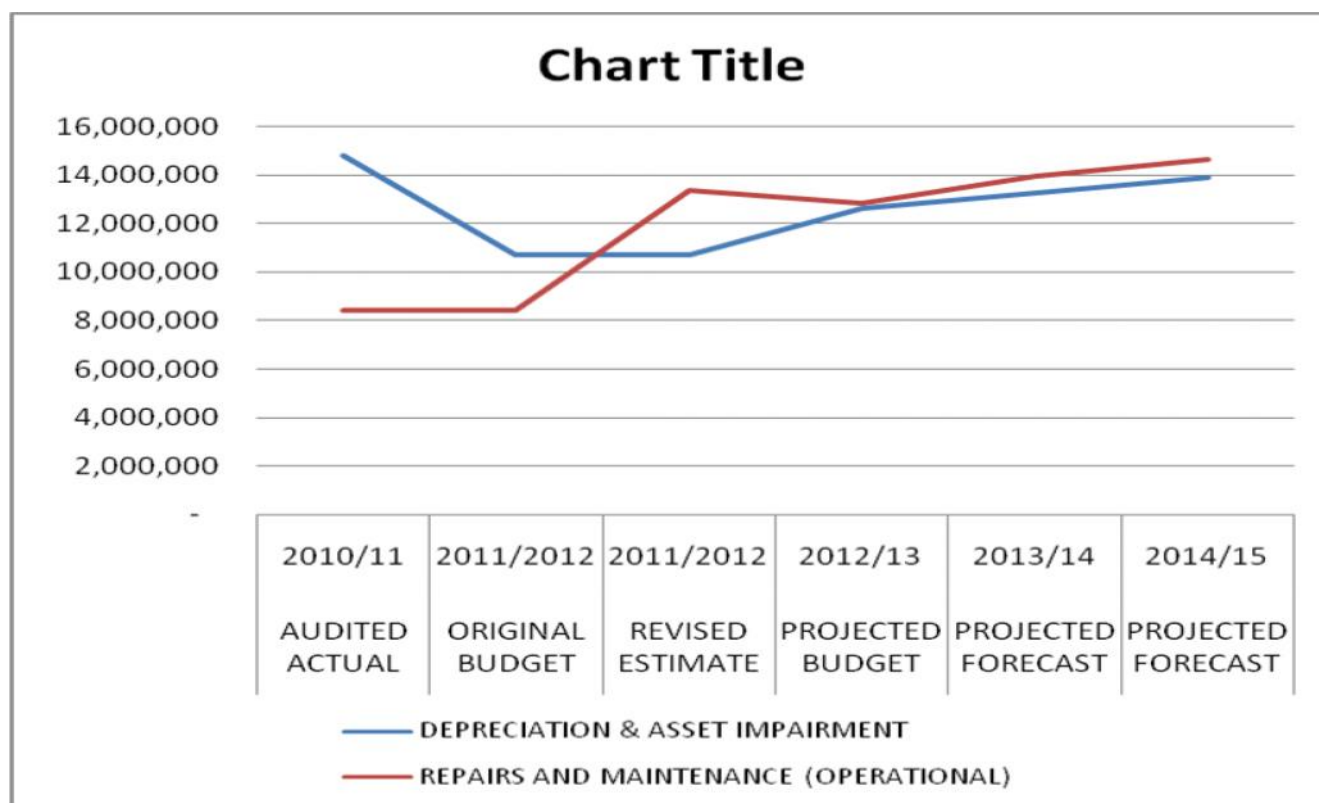
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2008/09 the surplus increased from R12 million to R13 million. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 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 2008/09 to R13 million by 2013/14.

**Table 26 MBRR Table A9 - Asset Management**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	52,404	35,846	35,616	123,711	85,388	85,388	179,969	67,656	77,083
Infrastructure - Road transport	30 107	19 780	22 634	55 454	51 724	51 724	108 495	67 656	77 083
Infrastructure - Electricity	4 167	1 195	536	52 130	14 194	14 194	35 965	–	–
Infrastructure - Other	–	–	283	1 650	1 650	1 650	–	–	–
Infrastructure	34,274	20,975	23,452	109,234	67,568	67,568	144,460	67,656	77,083
Community	12,728	12,150	3,944	8,555	15,039	15,039	671		
Heritage assets	800								
Investment properties									
Other assets	4,605	2,377	8,221	5,922	2,781	2,781	34,839		
<b>Total Capital Expenditure</b>									
Infrastructure - Road transport	30,107	19,780	22,634	55,454	51,724	51,724	108,495	67,656	77,083
Infrastructure - Electricity	4,167	1,195	536	52,130	14,194	14,194	35,965		
Infrastructure - Other									
Infrastructure									
Community									
Heritage assets									
Investment properties									
Other assets									
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	52,404	35,846	35,616	123,711	85,388	85,388	179,969	67,656	77,083
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	187,736	223,470	366,039	366,039	366,039	366,039	381,341	403,558	423,736
Infrastructure - Electricity									
Infrastructure	187,736	223,470	366,039	366,039	366,039	366,039	381,341	403,558	423,736
Intangibles	1,802	2,145	285	2,145	2,145	2,145			
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	290,407	270,539	321,801	472,529	535,385	628,167	708,838	834,300	929,123
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>									
<b>Repairs and Maintenance by Asset Class</b>									
Infrastructure - Road transport	7,192		14,764	10,698	10,698	10,698	9,584	10,222	11,393
Infrastructure - Electricity									
Infrastructure - Other									
Infrastructure									
Community									
Other assets									
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	7,192		14,764	10,698	10,698	10,698	12,584	13,222	13,893

### 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 Depreciation in relation to repair and maintenance over the MTREF**



**Table 9 MBRR Table A10 - Basic Service Delivery Measurement**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b><u>Energy:</u></b>									
Electricity (at least in-service level)	1	0	1	1	1	1	1	1	1
Electricity - prepaid (in-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 (< in-service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-						
<b>Total number of households</b>	3,900	3,800	3,900	4,300	4,300	4,300	4,600	4,900	5,300
<b><u>Refuse:</u></b>									
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	5,500
Removed less frequently than once a week	4	4	4	4	4	4	4	4	4
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	5,500
<b>Total number of households</b>	8,800	8,800	9,000	9,100	9,100	9,114	9,200	9,300	10,000
<b><u>Households receiving Free Basic Service</u></b>									
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		1	2	4	4	4	9	12	18
Refuse (removed at least once a week)		1	2	4	4	4	9	12	18
<b><u>Cost of Free Basic Services provided (R'000)</u></b>									
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	234	3,036	1,994	1,994	1,994	2,193	2,413	2,654
<b>Total cost of FBS provided (minimum social package)</b>	566	1,551	3,456	4,154	4,154	4,154	4,569	5,026	5,529
<b><u>Highest level of free service provided</u></b>									
Property rates (R value threshold)									
Water (kilolitres per household per month)	-	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000
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 liters per week)	37	40	44	89	89	89	95	102	109
<b><u>Revenue cost of free services provided (R'000)</u></b>									
Property rates (R15 000 threshold rebate)			5,588	5,812	6,044		6,649	7,314	8,045
Property rates (other exemptions, reductions and rebates)									
Electricity/other energy									
Refuse									
Municipal Housing - rental rebates									
Housing - top structure subsidies	239	1,316	420	2,160	2,160	2,160	2,376	2,614	2,875
Other	327	325	3,036	1,994	1,994	1,994	2,193	2,413	2,654
<b>Total revenue cost of free services provided (total social package)</b>	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**

- 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 2012/13, 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 R4.5 million in 2012/13, increasing to R5 million in 2013/14. 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 2012/13 Budget can be summarised as follows:
  - a) Council Adopted a Budget Timetable on 31 August 2011.
  - 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 2011;
  - d) IDP / Budget Outreaches were held in April 2012. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.
  - e) In February 2012 a Strategic Planning Workshop was held in Durban during which Standing Committees in their various commissions developed their respective KPA's and objectives for 2012/2013;
  - f) The Budget Office compiled a Draft Budget which was present to Management, the Budget & Finance Standing Committee and EXCO during February 2012;
  - g) The Draft Budget for 2012/2013 was table at Council by the Mayor on 22 March 2012;
  - h) The Draft Budget was submitted to Provincial Treasury and to National Treasury during April 2012;
  - i) On the 30 May 2012 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 2012-2017 and the 2012/2013 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 2012/2013 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 2012/2013 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 28 IDP Strategic Objectives**

2011/2012 Financial Year		2012/2013 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 scrolal 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 10 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>R thousand</b>									
Good Governance and Public Participation	Executive & Council	1 644	1 811	400	931	931	371	–	–
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
		143 222	147 554	192 414	261 760	231 652	231 653	248 944	233 766

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

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>R thousand</b>										
Good Governance and Public Participation	Executive & Council	14 239	20 140	25 532	28 142	28 142	37 485	39 044	41 782	–
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
		94 333	94 712	147 651	170 913	191 368	192 318	196 068	202 249	216 309

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

Strategic Objective	Goal	Goal Code	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>											
Good Governance and Public Participation	Executive & Council	A	200	66	933	10	10	10	926	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	129 671	61 156	67 883
			52 404	35 846	35 616	123 711	85 388	85 388	179 969	67 656	77 083

## 2.3 Measurable performance objectives and indicators

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

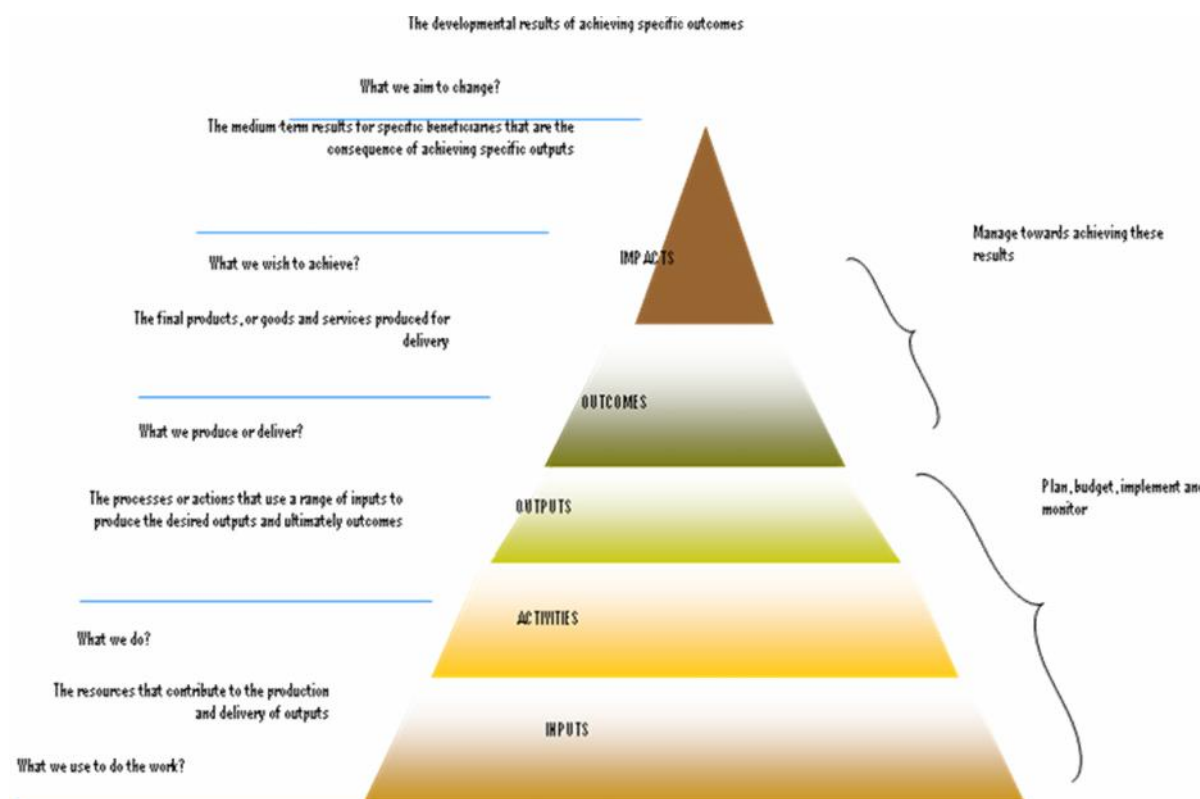
The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which 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 32 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>Vote 1 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
<b>Function 1 - BUDGET &amp; FINANCE</b>										
<b>Sub-function 1 - Good Governance</b>										
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 for Department	Strategy Document							Annually		
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	Cost Coverage Ratio							Monthly		

as a going concern										
To enhance financial management practices within Matatiele to sustain the institution as a going concern	Outstanding debtors days (Debt Coverage Ratio)							Monthly		
<b>Sub-function 2 - Budget Planning &amp; Financial Reporting</b>										
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 Reports							10 working days after end of 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 12 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 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	Budget Year +2 2013/14
<b><u>Borrowing Management</u></b>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	19.3%	26.5%	5.0%	8.6%	5.5%	5.5%	5.5%	0.8%	0.0%	0.0%
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.4%	1.9%	2.7%	2.5%	2.4%	2.4%	3.3%	1.1%	1.5%	0.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	88.6%	230.2%	147.2%	0.0%	0.0%	0.0%	0.0%	56.2%	60.6%	54.9%
Gearing	Long Term Borrowing/ Funds & Reserves	42.8%	32.2%	9.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	2.9	1.7	1.0	1.0	2.5	2.5	2.5	2.4	2.6	3.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.9	1.7	1.0	1.0	2.5	2.5	2.5	2.4	2.6	3.0
Liquidity Ratio	Monetary Assets/Current Liabilities	1.0	0.8	0.3	0.2	1.7	1.7	1.7	1.4	1.4	1.4
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Months Receipts/Last 12 Months		0.0%	0.0%	89.5%	89.5%	89.5%	89.5%	63.9%	59.3%	61.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	47.6%	20.2%	12.8%	10.3%	7.1%	7.1%	7.1%	7.6%	8.8%	13.0%
Longstanding Debtors Recovered	Debtors > 12 Months Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
<b><u>Funding of Provisions</u></b>											
Provisions not funded - %	Unfunded Provns./Total Provisions										
<b><u>Other Indicators</u></b>											

Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.7%	41.9%	27.7%	27.2%	22.8%	22.8%	22.8%	23.6%	22.1%	25.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.7%	41.9%	21.0%	27.2%	24.0%	24.0%		25.1%	23.5%	27.8%
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)	2.4%	2.5%	2.4%	0.8%	2.0%	2.0%	2.0%	1.1%	1.1%	1.2%
<b>IDP regulation financial viability indicators</b>	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	21.0	41.2	35.6	35.6	35.6	117.9	79.0	202.0	183.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	68.6%	32.0%	21.6%	14.7%	12.4%	12.4%	12.4%	12.8%	16.2%	20.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	0.6	5.8	7.7	6.6	10.2	8.0	11.6	19.8

Vote Indicator	Unit of Measurement
<b>Municipal Finance Management Act,</b>	
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
<b>Multi-year budget</b>	
Time schedule	Date approved
Tabling of annual budget	Date tabled
Approval of annual budget	Date approved
Public meetings	No. of meetings
<b>Financial Statements</b>	
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
<b>Budget Control</b>	
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
<b>Asset Register</b>	
Inventory control	Frequency of inventory lists
Updating of assets register	Frequency of updates
Disposal of assets	Date of report to Council
<b>Loans Register</b>	
Payment of interest & redemption	Cheque vouchers
Reconciliation with general ledger	Reconciliation
Inclusion in financial statements	Appendix A
<b>Revenue Management</b>	
Credit control & debt collecting	Report to sub committee
Debt Reduction	Outstanding Debt
Tariff adjustments	Date Advertised
Debtors reconciliation	No. of reconciliations
<b>Expenditure Management</b>	
Creditors paid	Creditors reconciliation
Salaries and allowances paid on time	Payroll
Insurance of assets & liabilities	Premiums
Financial regulations review	Regulations
Delegations review	Delegations
<b>Training of staff</b>	
No of staff trained in finance management	Training schedule
No of staff meetings competency levels	Survey
<b>Supply Chain Management</b>	
Compliance with SCM Regulations	Survey
Supply Chain Management Policy Review	Policy
Tender Adjudications	Committee Meetings
<b>Department: Chief Financial Officer</b>	
<b>Vote: Information Technology</b>	
Computer literacy	No. of staff trained
Issue of staff with PC's	No. of staff issued
Installation of antivirus software	Updates
Updating of Web page	Contents
Updating of Abacus Financial System	Reports
Updating of Payday Payroll System	Reports
Maintenance of hardware	As Required
Valuation Roll Maintenance	Amended Valuation Roll
GIS System Maintenance	As Required
Review powers and functions, roles and responsibilities	
Draft revised organizational structure to address key recommendations	

<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>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"> <li>· Acid Test Ratio</li> <li>· Cost Coverage Ratio</li> <li>· Debt Coverage Ratio</li> </ul> <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) &amp; 72 reports</p> <p>Review written delegations in line with delegations policy</p> <p>Develop and implement and IT Strategy</p>	

<p><b>Supply Chain Management</b></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><b>Revenue Management</b></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><b>Department: Municipal Managers Office</b></p> <p><b>Vote: Administration</b></p> <p>Full Council meetings</p> <p>Executive Committee meetings</p> <p>Budget Control for departmental expenditure.</p> <p><b>Vote: Executive and Council</b></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 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</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 08</p> <p>Adoption of multi-year budget</p> <p>Monthly Mancos meetings</p> <p>Bi annual review of performance 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>

66 | Page



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
<b>Department: Community Services</b>	
<b>Vote: Administration</b>	
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
<b>Vote: Library</b>	
<b>Membership</b>	
Membership	Number
<b>Circulation</b>	
Books circulated	Number of books circulated
<b>Lost Books</b>	
Lost Books	Rand value of lost books
<b>Vote: Protection Services</b>	
Prosecutions	Number of prosecutions
Warrants	Number of warrants executed
Vehicle check points	Number conducted
Speed - camera	Number conducted
Road blocks	Number conducted
<b>Vote: Public Amenities</b>	
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
<b>Vote: Housing</b>	
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
<b>Vote: Cemetery</b>	
Burials	No of
Plots	No of
Exhumation of body	No of
Widening of grave	No of
Memorial	No of
<b>Vote: Sports, Recreation &amp; Youth Development</b>	
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
<b>Vote: Museum</b>	
Visitors	Number of visitors
<b>Vote: Nature Reserve</b>	
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
<b>Vote: Pound</b>	
Donkeys,Horses,cattle,pigs,ostriches per head	No of
Sheep, goat per head	No of
<b>Trespass fee per head</b>	
Donkeys,Horses,cattle,pigs,ostriches per head	No of
Sheep, goat per head	No of
<b>Substance per head per day</b>	
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
<b>Vote: Property Services</b>	
Unused municipal property that will be disposed by sale	Number
Lease agreements that will be signed	Number
Renewal and maintenance of existing leases	Number
<b>Vote: Cemetery</b>	
<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
<b>Department: Planning and Development</b>	
<b>Vote: Administration</b>	
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
<b>Vote: Local economic development</b>	
1. No of learner ship/interns appointed	Number
2. No of projects initiated	Number
3. Appointment of LED co-ordinator	Number
<b>Vote: Land Use Management</b>	
1. LUMS: initiated and in place	Number
2. IDP development	Number
3. Subdivisions approved	Number

4. Planning applications processed	Number
<b>Vote: Publicity Association</b>	
Establishment of publicity association	Establishment of association
<b>Department: Technical Services</b>	
<b>Vote: Roads</b>	
<u>Operating and maintenance</u>	
<u>Repair Surfaced Roads - Potholes</u>	
10m <sup>3</sup> per day	m <sup>2</sup>
<u>Road Marking</u>	
Paint marking 10m <sup>2</sup> per day	m <sup>2</sup>
<u>Erect Street Name Signs</u>	
SMME's	Number
<u>Traffic Signs</u>	
Erect traffic signs	Number
<u>Gravel Roads</u>	
Grade roads	KM
<u>Capex</u>	
<u>Construct roads</u>	
Construct roads to surfaced standards	KM
<u>Roads rehabilitation</u>	
Refurbish roads	m <sup>2</sup>
<u>Training</u>	
	Number
<b>Vote: Storm water Management</b>	
<u>Operating and maintenance</u>	
<u>Catch pits</u>	
Clear catch pits and manholes of silt and soil	No. of catch pits cleared
<u>Kerbs and channels</u>	
Desalt and clear kerbs and channels SMME's	
<u>Capex</u>	
New Kerbing and channelling	Meters of kerbing and channelling constructed
<u>Training</u>	
Kerbing	No. of staff trained
<b>Vote: Landfill Site</b>	
<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 <sup>2</sup>
2. Domestic Refuse	m <sup>2</sup>

<u>Processing</u> Process domestic refuse on site by spreading, covering and compacting in 1.5m high benches <u>Earthworks</u> Annually carry out earth works clear with dozer <u>Audit</u> Carry out external audit Carry out internal audit <u>Capex</u> New Dump <u>Training</u> Environmental Control <b>Vote: Refuse Removal</b>	Daily  Number  Number Number  Number  Number
<u>Operating and maintenance</u> Collect refuse from all urban properties Maintain staff compliment for essential services at 100% <u>Capex</u> <u>Training</u> <b>Vote: Street Cleaning</b>	Percentage  Percentage
<u>Operating and maintenance</u> Maintain suburbs every two weeks <b>Vote: Technical Services</b>	Percentage
Prepare monthly reports to portfolio committee Departmental MANCO meetings Prepare O&M and Capex items for MANCO Prepare O&M and Capex budget to Legislative time frames Complete all capital projects Complete all grant funded capital projects Manage consultants and contractors on approved projects to complete within financial year Establish GIS unit Compile business plans Monthly reporting to Mayor (Section 71) Quarterly reporting to council <b>Vote: Revenue Management</b> Income generation <b>Vote: Sport and Recreation</b>	Number Number Number  Percentage Percentage Percentage  Percentage Number No. of business plans No. of monthly reports No. of quarterly reports  % of budgeted income raised for Department

<u>Operating and maintenance</u>	
<u>Grass verge clearance</u>	
Thandanani Stadium Matatiele	Percentage
Bottom Fields Matatiele	Percentage
North End Stadium Matatiele	Percentage
Davis Park Harry Gwala Park	Percentage
Cedarville Stadium Cedarville	Percentage
<b>Vote: Electricity Distribution</b>	
<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 2012/2013 MTREF:

- 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 2008/09 to 8.2 per cent in 2012/13. 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 2012/13 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 2012 and 2018. Debt service costs are expected to peak in 2018 due to the redemption of the last few term loans held by the Municipality.

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

#### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.
- *The 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 2011/12 MTREF the current ratio is 1.2 in the 2011/12 financial year and 1.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

#### 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 2011/12 financial year 90 000 registered indigents have been provided for in the budget with this figured increasing to 105 000 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 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](http://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

## 2.5 Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2012/13 budget:

- Estimate Salary Increases
  - 2012/13 – 5,5% +4,5% = 10%
  - 2013/14 – 6% + 4% = 10%
  - 2014/15 – 6% + 4% = 10%
- 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 2011 / 2012)
  - Electricity 90% (66% in 2011 / 2012)
  - Refuse 90% (65% in 2011 / 2012)
- Indigent Support to increase from 1% to 30% of all registered indigents;
- Bulk Electricity purchases: MLM has assumed a tariff increase of 11% from Eskom and will increase its tariffs with 11% 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 2012/2013 to 2014/2015 are as per the Division of Revenue Act, assuming that all allocations will be received;
- The inflation rate has been estimated at 4,2% per annum;
- Growth in staff related costs has been provided for in the budget at 8% per annum, growth in the remaining expense items range from 0% to 10%;
- Provision has been made for tariff increases relating to services at an average rate of 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**

	<b>Currency</b>	<b>Rating</b>	<b>Annual rating</b>	<b>Previous Rating</b>
Security class			<b>Oct-09</b>	
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

1	WITHOUT VAT <b>REFUSE REMOVAL CHARGES</b>	Old Tariff	Increase	New Tariff Vat Excluded	Increase	New Tariff Vat Excluded	Increase
		2010/2011		2011/2012		2012/2013	
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 77.82	100%	R 85.60	10%	R 89.03	4%
1.2	<i>Commercial Removals</i>						
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 116.72	100%	R 128.39	10%	R 133.53	4%
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 116.72	100%	R 128.39	10%	R 133.53	4%
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse is 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>  An availability fee is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti.	R 200.00	100%	R 200.00	0%	R 200.00	0%

	An availability fee is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti.	R 100.00	100%	R 100.00	0%	R 100.00	0%
<b>2 BUILDING PLAN FEES</b>							
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. <b>Building Cost is calculated at R2 500 per m<sup>2</sup>. This calculation is used to calculate the building plan fees for buildings in excess of 100m<sup>2</sup> and major alterations to existing buildings. Tariff reduction may be considered by the Municipal Manager to the maximum of 50-60% for buildings that satisfy the following criteria: Have a substantial LED impact and substantial social impact.</b>						
2.1.1	<b>Building less than 80m<sup>2</sup>.</b>	R 201.75	0%	R 201.75	R 0.00	R 201.75	R 0.00
2.1.2	<b>Building less than 100m<sup>2</sup>.</b>	R 543.86	0%	R 543.86	R 0.00	R 543.86	R 0.00
2.1.3	<b>Building more than 100m<sup>2</sup>.</b>  Tariff 2.1 is applicable						
2.2	<b>Builders Deposits</b>  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 <sup>2</sup> or part thereof as determined by the Building Inspector but not more than	R 207.02	0%	R 207.02	R 0.00	R 207.02	R 0.00
(b)	Extensions more than 100m <sup>2</sup> but less than 200m <sup>2</sup> or part thereof	R 942.11	0%	R 942.11	R 0.00	R 942.11	R 0.00
(c)	Extensions more than 200m <sup>2</sup> but less than 500m <sup>2</sup>	R 3 923.68	0%	R 3 923.68	R 0.00	R 3 923.68	R 0.00
(d)	Extensions more than 500m <sup>2</sup> or part thereof	R 5 492.11	0%	R 5 492.11	R 0.00	R 5 492.11	R 0.00

2.3	<b>Penalty</b>  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	<b>Exemption Certificate</b>  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%	R 100.00	0%
<b>3 POUND FEES</b>							
3.1	<b>Schedule B:</b> Rate of Compensation for all animals delivered to the pound, per head.	R 16.67	2%	R 16.67	0%	R 16.67	0%
3.2	<b>Schedule C:</b> Trespass on private land  Description of animal  Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day  Sheep and goats per head per day	R 13.16  R 8.77	    	R 13.16  R 8.77	0%  0%	R 13.16  R 8.77	0%  0%
3.3	<b>Schedule E:</b> Pound Fees  Description of animal  Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day  Sheep and Goats, per head per day	R 13.16  R 8.77	-50%  -50%	R 13.16  R 8.77	0%  0%	R 13.16  R 8.77	0%  0%
3.4	<b>Schedule F:</b> Sustenance fees						
	Description of animal						

	Donkeys, Horses, Cattle, Pigs and Ostriches, per head per day	R 21.93	-50%	R 21.93	0%	R 21.93	0%
	Sheep and Goats, per head per day	R 13.16	-50%	R 13.16	0%	R 13.16	0%
<b>4 SWIMMING BATH</b>							
4.1	<i>Single Tickets</i>						
	Entrance, per occasion						
(a)	Adults	R 8.77	-3%	R 8.77	0%	R 8.77	0%
(b)	Scholars and Children	R 4.39	0%	R 4.39	0%	R 4.39	0%
4.2	<i>Season Tickets</i>						
	Bath only, not transferable						
(a)	Adult (Full Season)	R 131.58	-27%	R 131.58	0%	R 131.58	0%
(b)	Adult (Part Season - valid for one month from day issue)	R 65.79	-2%	R 65.79	0%	R 65.79	0%
(c)	Scholars and children (Full Season)	R 65.79	-2%	R 65.79	0%	R 65.79	0%
(d)	Scholars and children (Part Season valid for one month from day of issue)	R 26.32	0%	R 26.32	0%	R 26.32	0%
	<b>School Swimming Classes</b>						
	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.						
<b>5 FIRE SERVICES</b>							
The charges payable for services rendered or materials supplied by the Council's Fire Department and for the use or 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	4%	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%	R 13.16	0%
(c)	Subsidized vehicles and any other equipment, materials used during a fire by officials of the Council	Cost plus 10%		Cost plus 10%		Cost plus 10%	
<b>6 ELECTRICITY CHARGES</b>  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 190.39	19%	R 229.19	16%	R 254.40	11%
	0 - 1000 kWh	R 0.73	19%				
	1001 kWh and more	R 0.73	19%				
	0-50			0.58		0.61132	0.054
	51-350			0.67		0.760852	0.1356
	351-600			0.93		1.0323	0.11
	600 over			1.09		1.2099	11%
(b)	Scale 2: <i>Commercial &amp; Other Consumers</i>						
	Basic charge of consumers with the following kVA installed per month						
	0 - 25 KVA	R 215.39	19%	259.29	17%	287.8119	11%

Matatiele Local Municipality

MTREF 2012/2013

	26 - 64 KVA	R 788.47	19%	949.16	17%	1053.5676	11%
	65 KVA and more	R 4 725.03	19%	5687.99	17%	6313.6689	11%
	plus the following kWh charge per month:						
	0 - 5000kWh	R 0.84	19%				
	5001 - 15000kWh	R 0.84	19%				
	15000 kWh and more	R 0.84	19%				
	0 - 2000 kWh			1.01	New	1.1211	11%
	2000 - and more			1.05	New	1.1655	11%
(c)	Scale 3: <i>Pre-Paid Metre Units</i>						
	Domestic:						
	That a flat rate per kWh	R 0.68	19%				
	0-50			0.58	New	0.61132	0.054
	51-350			0.67	New	0.760852	0.1356
	351-600			0.93	New	1.0323	0.11
	600 over			1.09	New	1.2099	11%
	Commercial:						
	That a flat rate per kWh	R 0.98	19%				
	0 - 2000 kWh			1.01	New	1.1211	11%
	2000 - and more			0.96	New	1.0656	11%
(d)	Scale 4: <i>Schools/School Hostels</i>						
	"Schools defined as the majority of its Teachers paid for by the Government or State Education Department."						



	Basic Charges per month ...	R 151.89	19%	182.85		202.9635	11%
	Plus the following charger per kWh per month .....	R 0.57	19%			0	
	0 - 2000 kWh			0.69	New	0.7659	11%
	2000 - and more			0.69	New	0.7659	11%
6.2	<i>Special Agreements</i>						
	The Council reserves the right in special circumstances to enter into special agreements subject to the approval of the Premier of the supply of electrical energy to consumers.						
6.3	<i>Change of Scale</i>						
	Where a consumer elects to change from any one scale to any other scale, he shall notify the Town Clerk in writing at least 30 days prior to the date on which the elected scale shall take effect, and shall remain on such elected scale for a period of not less than 12 months.						
6.4	<i>Supply to Separate Consumers on same Premises</i>						
	Where electricity is supplied to shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the supply of electricity shall be as prescribed in applicable scales.						
6.5	<i>Payment of Accounts</i>						
(a)	All accounts for the supply of electricity shall become due and payable on demand but not later than the last working day of the month following the month to which such accounts relate. Any account which remains unpaid after such date shall be subject to a penalty of 1, 5%.						
(b)	The Council may disconnect the supply of electricity where any account remains unpaid at the end of the month following the month in respect of which such account was rendered and the supply of electricity shall only be resumed on payment of a charge of R46.64.00 in addition to all other outstanding charges.	R 39.87	19%	R 46.64	17%	R 54.00	16%
(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 2 038.03	19%	R 2 384.49	17%	R 2 789.86	17%
(b)	Small power consumers with installation not exceeding 25 KVA	R 5 096.04	19%	R 5 962.37	17%	R 6 975.97	17%
(c)	Medium power consumers with a demand exceeding 25kVA but not exceeding 64 Kva	R 8 916.57	19%	R 10 432.39	17%	R 12 205.90	17%
(d)	Large power consumers with a demand exceeding 65KVA to supply a bank guarantee equal to two months estimated average usage.						
(e)	Pre-paid metre consumers						
6.7	<i>Connection Fees and other Charges</i>						
(a)	Commercial and other consumers electricity connection fees and be charged at cost of materials, labour, supervision plus 10% payable in advance.						
(b)	Domestic consumer's electricity connection fees payable in advance.  <b>Cost plus 10%</b> 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 191.35	19%	R 223.88	17%	R 261.94	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 2 391.90	19%	R 2 798.52	17%	R 3 274.27	17%

(i)	On application from a consumer to convert from the conventional electricity metre or any other meter to a pre-paid metre the following fee is applicable on condition that such application and payment is made before 30 September 2004. After 30 September 2004 - (h) apply.	N/A		N/A		N/A	
	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 3 058.01	19%	R 3 577.88	17%	R 4 186.12	17%
(j)	<b>NOTE:</b> In addition to the amounts contained in item (i), reconnection shall only occur once any arrears consumption charges; estimated charges for unmet red consumption and/or additional deposits owed by the consumer have been paid.						
6.8	<b>Availability Charge</b>  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.						
<b>7 CEMETERY CHARGES</b>  The following fees shall be payable to the Council in respect of burials and other services in the public cemetery.							
7.1	<b>Burial Plots - Charge per Burial Plot</b>  A non-refundable charge of:	R 127.20	5%	R 127.20	0%	R 127.20	0%
7.2	<b>Burial Fees</b>						
(a)	Adult	R 210.53	-56%	R 210.53	0%	R 210.53	0%
(b)	Child	R 210.53	-56%	R 210.53	0%	R 210.53	0%
7.3	<b>Miscellaneous Charges</b>						
(a)	Exhumation of body	R 1 592.11	-12%	R 1 592.11	0%	R 1 592.11	0%
(b)	Widening or deepening of grave	R 214.91	-12%	R 214.91	0%	R 214.91	0%

(c)	Permit to erect a memorial	R 87.72	-12%	R 87.72	0%	R 87.72	0%
7.4	Fees for non-residents of the municipal area shall be the prescribed fees in (7.1) and (7.2) above, <b>plus 50%</b>						
7.5	After hours burial request as in (7.1) <b>plus 100%</b>						
7.6	At least 16 working hours notice must be given of a burial						
7.7	Pauper burial fees	R 394.74	-18%	R 394.74	0%	R 394.74	0%
7.8	Internment of ashes in excising graves	R 30.70	-15%	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	-5%	R 2 412.28	0%	R 2 412.28	0%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 2 807.02	-11%	R 2 807.02	0%	R 2 807.02	0%
8.2	<i>Town Hall (Cedarville)</i>						
(a)	Main hall and kitchen per 12 hour period per day.	R 912.28	-5%	R 912.28	0%	R 912.28	0%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 1 315.79	-15%	R 1 315.79	0%	R 1 315.79	0%
(c)	Old Cedarville Boardroom	R 87.72	-11%	R 87.72	0%	R 87.72	0%
8.3	<i>Harry Gwala Park Community Hall</i>						
(a)	Main hall and kitchen per 12 hour period per day.	R 368.42	-5%	R 394.74	0%	R 394.74	0%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 394.74	-13%	R 394.74	0%	R 394.74	0%
8.4	<i>Nokhwezi &amp; Msingizi Community Hall</i>						
(a)	Hall per 12 hour period per day	R 368.42	-5%	R 394.74	0%	R 394.74	0%

(b)	Hall per kitchen per function exceeding 12 hours	R 394.74	-14%	R 394.74	0%	R 394.74	0%
8.5	<i>Library Hall (Matatiele)</i>						
(a)	Hall per 12 hour period per day	R 127.19	-4%	131.58	9%	131.58	0%
8.6	<i>Library Hall (Cedarville )</i>						
(a)	Hall per 12 hour period per day	R 92.11	-7%	114.04	19%	114.04	0%
8.7	Community Halls ( Rural Area)						
(a)	Hall per 12 hour period per day	R 87.72		R 87.72	0%	R 87.72	0%
8.8	<i>Equipment</i>						
	The public address system per day or part thereof	R 302.63	-13%	R 302.63	0%	R 302.63	0%
8.9	In addition to 8.1 to 8.6 above the hirer shall purchase pre-paid electricity cards for the supply of electricity.						
8.10	Where the hall is hired there shall first be deposited with the Chief Financial Officer the following amounts which amounts shall be refunded when the premises is handed over in satisfactory condition.						
	Town Hall (Matatiele)	R 2 400.00	-5%	R 2 400.00	0%	R 2 400.00	0%
	Town Hall (Cedarville)	R 950.00	0%	R 950.00	0%	R 950.00	0%
	Harry Gwala Park Community Hall	R 385.00	0%	R 385.00	0%	R 385.00	0%
	Nokhwezi & Msingizi Community Hall	R 385.00	0%	R 385.00	0%	R 385.00	0%
	Library Hall (Matatiele)	R 130.00	-1%	R 130.00	0%	R 130.00	0%
	Library Hall (Cedarville)	R 100.00	0%	R 100.00	0%	R 100.00	0%
8.11	<i>Community Halls</i>						

	The Municipal Manager has delegated Authority to hire the Community Halls to Matatiele Local Registered Non-Profit Organisations/Institutions and to resident members of the community for memorial/personal social activities at a variable charge not less than the following amount per occasion	R 43.86	-15%	R 43.86	0%	R 43.86	0%
--	---	---------	------	---------	----	---------	----

## CONDITIONS OF HIRE

- 1 The Council reserves the right to refuse any booking or cancel any engagement if the function be not approved.

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

- 2 to the Council, provided the Council is notified of such cancellation at least 5 days prior to the date booked.

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.

- 3
- 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 hirer's 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 hire. 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	-6%	R 65.79	0%	R 65.79	0%
(c)	24 Months or more but not more than 48 months.	R 122.81	-11%	R 122.81	0%	R 122.81	0%
(d)	48 months or more	R 245.61	-11%	R 245.61	0%	R 245.61	0%
9.2	Copy of valuation roll	R 614.04	-8%	R 614.04	0%	R 614.04	0%
9.3	Copy of voters roll (per ward)	R 614.04	-8%	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	-15%	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	-6%	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%		Cost plus 10%	

Matatiele Local Municipality

MTREF 2012/2013

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%	R 70.18	0%
9.8	Copy of estimates	R 263.16	-7%	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	-12%	R 2 105.26	0%	R 2 105.26	0%
9.10	Application for relaxation of building line and/or side space requirements.	R 495.61	-12%	R 495.61	0%	R 495.61	0%
9.11	<i>Rezoning applications</i>						
	Fees payable shall not exceed the following maximum amounts:						
	Areas of land being rezoned						
(a)	Area of land to be rezoned less than 1ha	R 710.53	-12%	R 710.53	0%	R 710.53	0%
(b)	1ha but less than 5ha	R 3 070.18	-12%	R 3 070.18	0%	R 3 070.18	0%
(c)	5ha and over	R 4 035.09	-12%	R 4 035.09	0%	R 4 035.09	0%
	R30.00 for every hectare or part thereof in excess of 5ha						
9.12	Housing Administration fees per house per month on all bonds administered by the Borough	R 8.77	-12%	R 8.77	0%	R 8.77	0%
9.13	Vehicle pound fees on all impounded vehicles per vehicle per day <b>plus tow-in costs</b>	R 35.09	-6%	R 35.09	0%	R 35.09	0%
	Impounded vehicles not released within 90 (ninety) days will be sold.						
9.14	Chemical toilet hire per toilet per day:						
	Fee	R 614.04	-11%	R 614.04	0%	R 614.04	0%
	Deposit per toilet	R 307.02	-11%	R 307.02	0%	R 307.02	0%
9.15	<i>Sports grounds rental</i>						
	Local clubs for practices per practice	R 35.09	0%	R 35.09	0%	R 35.09	0%



Matatiele Local Municipality

MTREF 2012/2013

	Local clubs per game	R 175.44	0%	R 175.44	0%	R 175.44	0%
	Outside clubs per game	R 263.16	0%	R 263.16	0%	R 263.16	0%
	Stadium hire for non sporting events.			R 438.60	New	R 438.60	New
	Pre-paid Electricity Metering cards to be purchased for the use of lights at the stadium at the Domestic Rates.						
9.16	A penalty will be charged for any dishonoured cheque.	R 96.49	-12%	R 96.49	0%	R 96.49	0%
9.17	Damage to any Council property	R 1 754.39	-12%	R 1 754.39	0%	R 1 754.39	0%
9.18	Cleaning of over grown property after failing to respond to council's instruction to clean this said property.	R 2 192.98	-15%	R 2 192.98	0%	R 2 192.98	0%
9.19	<i>Dog Licenses</i>						
	Dogs	R 17.54	6%	R 17.54	0%	R 17.54	0%
9.20	<i>Library Fines</i>						
	Lost books + cost of the book.			26.32	33%	26.32	0%
	Book/s per day	R 2.63	20%	R 2.63	0%	R 2.63	0%
	Video/s per day	R 2.63	20%	R 2.63	0%	R 2.63	0%
	Photocopies per copy	R 2.63	20%	R 2.63	0%	R 2.63	0%
	Internet per 30 minutes	R 26.32	-1%	R 26.32	0%	R 26.32	0%
	Internet E-Mail address per 6 months.	R 30.70	-7%	R 30.70	0%	R 30.70	0%
9.21	<i>Transport &amp; Plant Hire</i>						
	Bomag	R 43.86	-9%	R 43.86	0%	R 43.86	0%

Matatiele Local Municipality

MTREF 2012/2013

	NUF 4609 Grader	R 350.88	-3%	R 350.88	0%	R 350.88	0%
	NCX 2721 Bobcat	R 175.44	5%	R 175.44	0%	R 175.44	0%
	NCX 2661 JCB	R 307.02	-5%	R 307.02	0%	R 307.02	0%
	Bush Cutter	R 263.16	4%	R 263.16	0%	R 263.16	0%
	Petrol Saw	R 394.74	-4%	R 394.74	0%	R 394.74	0%
	Wacker	R 175.44	10%	R 175.44	0%	R 175.44	0%
	Lawn Mower	R 175.44	20%	R 175.44	0%	R 175.44	0%
	Generator (without petrol)	R 219.30	10%	R 219.30	0%	R 219.30	0%
	Water Pump	R 219.30	65%	R 219.30	0%	R 219.30	0%
	Angle Grinder (230mm)	R 87.72	-12%	R 87.72	0%	R 87.72	0%
	Drill	R 131.58	-10%	R 131.58	0%	R 131.58	0%
	Welding Machine (220 amp)	R 219.30	3%	R 219.30	0%	R 219.30	0%
	Welding Machine (250 amp)	R 219.30	-3%	R 219.30	0%	R 219.30	0%
	Compressor (380 Volt)	R 219.30	-8%	R 219.30	0%	R 219.30	0%
	High Pressure Washer	R 131.58	-10%	R 131.58	0%	R 131.58	0%
	Extension Lead	R 13.16	-11%	R 13.16	0%	R 13.16	0%
	Tar Spray	R 394.74	-11%	R 394.74	0%	R 394.74	0%
9.23	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.						
<b>10</b>	<b>RANKS/STANDS FOR PUBLIC BUSES</b>  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 kilometre radius of Matatiele. All other operators shall deem 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.						
<b>11</b>	<b>BUSINESS LICENSES</b>						
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	Spas a 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	<u>Residential</u> First R30 000 discount 35% Rebate	0.01391	7%	0.0144664	4%	0.015045056	4%
12.2	<u>Vacant Land</u>	0.01669	7%	0.01735968	4%	0.018054067	4%
12.3	<u>Commercial</u> 10% Rebate	0.01669	7%	0.01735968	4%	0.018054067	4%
12.4	<u>Farms</u> Apply for R30 000 residential discounts.	0.00348	7%	0.0036166	4%	0.003761264	4%
<b>13 NATURE RESERVE</b>							
13.1	<u>Accommodation</u>						
	4 bed chalet per day	R 241.23	9%	R 241.23	0%	R 241.23	0%
	6 bed chalet per day	R 337.72	9%	R 337.72	0%	R 337.72	0%
	Camping pppd	R 43.86		R 43.86	0%	R 43.86	0%
13.2	<u>Fishing</u>						
	per annum per member	R 372.81	9%	R 372.81	0%	R 372.81	0%
	per day	R 87.72	15%	R 87.72	0%	R 87.72	0%

13.3	<b><u>Wood Sales</u></b>						
	Per one ton Van load	R 87.72	15%	R 87.72	0%	R 87.72	0%
<b>14 TAXATION</b>  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.							
<b>15 ADVERTISING &amp; SIGNAGE</b>							
15.1	<b><u>Billboards</u></b>						
	non refundable application fee per board/sign (annually)	R 1 315.78	70%	R 1 315.78	0%	R 1 315.78	0%
	+ Approval fee per applicant	R 35.08	100%	R 35.08	0%	R 35.08	0%
15.2	<b><u>Ground Signs</u></b>						
	non refundable application fee per board/sign (annually)	R 219.29	40%	R 219.29	0%	R 219.29	0%
	+ Approval fee per applicant	R 35.08	100%	R 35.08	0%	R 35.08	0%
15.3	<b><u>Wall Sign - Flat</u></b>						
	non refundable application fee per board/sign (annually)	R 394.73	77%	R 394.73	0%	R 394.73	0%
	+ Approval fee per applicant	R 35.08	100%	R 35.08	0%	R 35.08	0%
15.4	<b><u>Roof, Veranda, Balcony, Canopy and Under awning Sign</u></b>						

15.5	non refundable application fee per board/sign (annually)	R 394.73	77%	R 394.73	0%	R 394.73	0%
	<b><u>Estate Agent Boards</u></b>						
	non refundable application fee (annually)	R 526.31	0%	R 526.31	0%	R 526.31	0%
	+ per board/sign (annually)	R 43.85	0%	R 43.85	0%	R 43.85	0%
15.6	<b><u>Portable Boards / Collapsible Structures / Signs</u></b>						
	non refundable application fee per board/sign (annually)	R 219.29	-59%	R 219.29	0%	R 219.29	0%
15.7	<b><u>Aerial Advertisement</u></b>						
	non refundable application fee per board/sign (annually)	R 438.59	60%	R 438.59	0%	R 438.59	0%
15.8	<b><u>Advertising Vehicles</u></b>						
	non refundable application fee per board/sign (annually)	R 1 052.63	0%	R 1 052.63	0%	R 1 052.63	0%
15.9	<b><u>Temporary Signs ( Posters, Flags &amp; Others)</u></b>						
	non refundable application fee per board/sign	R 43.85	0%	R 43.85	0%	R 43.85	0%
	+ non commercial fee per signs, posters, flags & others	R 2.19	0%	R 2.19	0%	R 2.19	0%
	+ commercial fee per signs, posters, flags & others	R 4.38	100%	R 4.38	0%	R 4.38	0%
15.10	<b><u>Banners</u></b>						

	non refundable application fee per board/sign	R 131.57	-75%	R 131.57	0%	R 131.57	0%
--	---	----------	------	----------	----	----------	----



## 2.6 Overview of budget funding

### 2.6.1 Medium-term outlook: operating revenue

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

**Table 13 Breakdown of the operating revenue over the medium-term**

Description R thousands	2012/13 Medium Term Revenue & Expenditure Framework					
	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014	%
Property rates	23,660		25,785		26,932	
Service charges	43,624		40,431		49,428	
Investment revenue	4,000		3,675		3,859	
Transfers recognized - operational	173,072		152,524		170,815	
Other own revenue	5,087		5,345		5,623	
<b>Total Operating Revenue (excluding Capital transfers and contributions)</b>	249,444	1	233,761		256,657	
<b>Total Operating Expenditure</b>	196,621		202,249		216,309	
<b>Surplus/ (Deficit)</b>	0		0		0	

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	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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	4	4	4
Solid Waste	4	4	4	4	4	4	4	4	4
Electricity	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3

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 37 MBRR SA15 – Detail Investment Information**

Investment type	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>R thousand</b>									
<b>Parent municipality</b>									
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									
<b>Consolidated total:</b>	68,245	50,452	64,636	64,636	64,636	64,636	67,868	71,262	74,825

**Table 15 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months			Rand thousand	
<b>Parent municipality</b>					
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	
FNE Establishment		Money Market		290	
FNB Housing Development Fund		Money Market		42	
Investec		Money Market		253	
Investec		60 Days		21,354	
Investec		Fixed		10,247	
FNB DEDEA		Money Market		4	
FNB		Money Market		62	
FNB		32 day call		11,455	
<b>Municipality sub-total</b>				<b>126,825</b>	<b>–</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>126,825</b>	<b>–</b>

**2.6.2 Medium-term outlook: capital revenue**

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

**Table 16 Sources of capital revenue over the MTREF**

Vote Description			2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
<b>R thousand</b>								
<b>Funded by:</b>								
National Government	43,076		52,816		67,656		77,083	
Provincial Government							0	
<b>Transfers recognized - capital</b>	<b>43,076</b>	<b>50%</b>	<b>52,816</b>	<b>29%</b>	<b>67,656</b>	<b>62%</b>	<b>77,083</b>	<b>30%</b>
<b>Public contributions &amp; donations</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Borrowing</b>		<b>0%</b>		<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Internally generated funds</b>	<b>29,312</b>	<b>34%</b>	<b>98,700</b>	<b>56%</b>	<b>28,454</b>	<b>38%</b>	<b>28,454</b>	<b>70%</b>
<b>Total Capital Funding</b>	<b>85,388</b>	<b>100%</b>	<b>179,969</b>	<b>100%</b>	<b>96,110</b>	<b>100%</b>	<b>204,237</b>	<b>100%</b>

### Figure 8 Sources of capital revenue for the 2012/13 financial year

<b>FUNDING OF CAPITAL BUDGET</b>	<b>R'000</b>
DME	4 000
Grants Available, carried forward from previous years.	12 771
DBSA/DoE Grant Loan	30 000
Municipal Infrastructure Grant (MIG)	36 044
SUB TOTAL (Capital Grants/Loan Receivable)	82 815
Capital Replacement Reserve (CRR)	54 653
External Loan (To be raised)	42 500
<b>TOTAL</b>	<b>179 968</b>

The above table is graphically represented as follows for the 2012/13 financial year.

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

**Table 17 MBRR Table SA 17 - Detail of borrowings**

<b>Borrowing - Categorized by type</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>	<b>Current Year 2011/12</b>			<b>2012/13 Medium Term Revenue &amp; Expenditure Framework</b>		
<b>R thousand</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Full Year Forecast</b>	<b>Budget Year 2012/13</b>	<b>Budget Year +1 2013/14</b>	<b>Budget Year +2 2014/15</b>
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)	-	-	-	-	-	-	-	-	-
Local registered stock	-	-	-	-	-	-	-	-	-
Installment Credit	-	-	-	-	-	-	-	-	-
Financial Leases	4	18	18	18	18	18	18	18	18
PPP liabilities	-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-	-	-	-	-	-	-
Marketable Bonds	-	-	-	-	-	-	-	-	-
Non-Marketable Bonds	-	-	-	-	-	-	-	-	-
Bankers Acceptances	-	-	-	-	-	-	-	-	-
Financial derivatives	-	-	-	-	-	-	-	-	-
Other Securities	-	-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	<b>4</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Total Borrowing</b>	<b>4</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>

**Table 41 MBRR Table SA 18 - Capital transfers and grants receipts**

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	12,891	16,070	51,905	58,503	57,815	57,815	72,234	62,156	68,883
Municipal Infrastructure (MIG)	12,891	16,070	20,905	29,598	28,791	28,791	28,794	31,673	34,841
Regional Bulk	–	–	31,000	33,200	–	–	–	–	–
	–	–	–	–	–	–			
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>12,891</b>	<b>16,070</b>	<b>51,905</b>	<b>58,503</b>	<b>71,784</b>	<b>58,815</b>	<b>72,234</b>	<b>62,156</b>	<b>68,883</b>

### 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 R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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	Budget Year +2 2013/14
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Ratepayers and other	28 462	45 147	40 333	40 333	40 333	40 333	–	44 367	48 803	48 803
Government - operating	–	–	–	–	–	–	–	–	–	–
Government - capital	–	–	–	–	–	–	–	–	–	–
Interest	6 488	4 970	6 424	6 424	6 424	6 424	–	7 066	7 773	7 773
Dividends	–	–	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–	–	–
<b>Payments</b>										
Suppliers and employees	(165)	(72)	(785)	(785)	(785)	(785)	–	(863)	(950)	(950)
Finance charges	–	–	–	–	–	–	–	–	–	–
Transfers and Grants	–	–	–	–	–	–	–	–	–	–
	34 785	50 045	45 972	45 972	45 972	45 972	–	50 569	55 626	55 626
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>										
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE										

	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	375	375	375	-	413	-	454
Decrease (increase) other non-current receivables	-	(343)	(685)	(685)	(685)	(685)	-	(753)	(829)	(912)
Decrease (increase) in non-current investments	(519)	(596)	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets										
	(21 479)	(35 503)	(35 616)	(35 616)	(35 616)	(35 616)	-	(39 178)	(43 096)	(47 405)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>										
	(21 998)	(36 442)	(36 301)	(35 926)	(35 926)	(35 926)	-	(39 519)	(43 925)	(47 863)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing	(438)	527	375	(135)	(135)	(135)	-	(149)	(164)	(164)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>										
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>										
	(438)	527	375	(135)	(135)	(135)	-	(149)	(164)	(164)
Cash/cash equivalents at the year begin:										
Cash/cash equivalents at the year-end:										

## 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 R thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2013/14
<b><u>Cash and investments available</u></b>	(0)	0	(135)	4 514	4 514	4 514	77 651	(2 799)	(14 337)	(21 936)
Cash/cash equivalents at the year end	–	–	5 296	5 296	5 296	5 296	5 296	5 296	5 296	5 296
Other current investments > 90 days	49 095	63 226	78 433	82 947	82 947	82 947	82 947	82 947	82 947	82 947
Non-current assets - Investments										
	49 095	63 227	83 593	92 757	92 757	92 757	165 894	85 443	73 906	66 306
<b>Cash and investments available:</b>										
<b><u>Application of cash and investments</u></b>	–	–	–	–	–	–	–	–	–	–
Unspent conditional transfers										
Unspent borrowing										
Statutory requirements	2 767	4 245	4 789	4 789	4 789	4 789	4 789	4 789	4 789	4 789
Other working capital requirements										
Other provisions	7 773	19 855	30 137	30 137	30 137	30 137	30 137	30 137	30 137	30 137
Long term investments committed										
Reserves to be backed by cash/investments										
	10 540	24 100	34 926	34 926	34 926	34 926	34 926	34 926	34 926	34 926
<b>Total Application of cash and investments:</b>										
	38 555	39 127	48 667	57 831	57 831	57 831	130 968	50 517	38 980	31 380
<b>Surplus(shortfall)</b>										

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

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 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 R71 million 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 44 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Funding measures</b>	-	49 096	63 226	73 272	73 137	73 137	73 137	-	80 450	91 988	99 587
Cash/cash equivalents at the year end - R'000	18(1)b	12 327	11 899	15 490	11 467	12 251	12 251	(1 042)	13 721	14 442	13 849
Cash + investments at the yr end less applications - R'000	18(1)b	0	0	0	0	0	0	-	0	0	0
Cash year end/monthly employee/supplier payments	18(1)b	48 890	52 843	44 763	90 847	40 284	39 334	-	52 876	31 517	40 354
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	N.A.	0	0	0	(0)	(0)	(0)	(0)	0	(0)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	0	0	0	0	0	0	-	0	0	0
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	0	0	0	0	0	0	-	0	0	0
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	0	0	0	0	0	0	-	0	0	0
Capital payments % of capital expenditure	18(1)c;19	-	-	-	-	-	-	-	-	-	-
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	-	-	-	-	-	-	-	-	-	-



Grants % of Govt. legislated/gazette allocations	18(1)a	-	-	-	-	-	-	-	-	-	-
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(0)	0	-	-	-	-	0	0	0
Long term receivables % change - incr(decr)	18(1)a	N.A.	0	(0)	-	-	-	-	-	-	-
R&M % of Property Plant & Equipment	20(1)(vi)	-	-	-	-	-	-	-	-	-	-
Asset renewal % of capital budget	20(1)(vi)	-	-	-	-	-	-	-	-	-	-

#### 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 R68 million, R79 million and R99.8 million for each respective financial year.

#### 2.6.5.2 Cash plus investments less application of funds

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

#### 2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. 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 2012/2013 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 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 19, 2.2 and .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 R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>EXPENDITURE:</b>									
<b><u>Operating expenditure of Transfers and Grants</u></b>									
<b>National Government:</b>	<b>35,940</b>	<b>48,217</b>	<b>74,107</b>	<b>81,855</b>	<b>94,689</b>	<b>94,689</b>	<b>107,628</b>	<b>118,311</b>	<b>129,897</b>
Local Government Equitable Share	34,706	46,917	71,817	80,870	92,449	92,449	105,328	115,861	127,447
Finance Management	500	500	1,450	145	1,450	1,450	1,500	1,500	1,500
Municipal Systems Improvement	734	800	840	840	790	790	800	950	950
<b>Provincial Government:</b>									
Health	2,154	1,883	1,407						
Other		9,814	2,269	3,904					
<b>Total operating expenditure of Transfers and Grants:</b>	<b>38,094</b>	<b>59,914</b>	<b>77,783</b>	<b>85,759</b>	<b>94,689</b>	<b>94,689</b>	<b>107,628</b>	<b>118,311</b>	<b>129,897</b>
<b><u>Capital expenditure of Transfers and Grants</u></b>									
<b>National Government:</b>	12,160	14,063	20,315	29,598	28,791	28,791	28,791	31,673	34,841
Municipal Infrastructure (MIG)	12,160	14,063	20,315	29,598	28,791	28,791	28,791	31,673	34,841
<b>Total capital expenditure of Transfers and Grants</b>	12,160	14,063	20,315	29,598	28,791	28,791	28,791	31,673	34,841
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>50,254</b>	<b>73,977</b>	<b>129,098</b>	<b>153,493</b>	<b>123,480</b>	<b>123,480</b>	<b>136,419</b>	<b>149,984</b>	<b>164,738</b>

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

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b><u>Operating transfers and grants:</u></b>									
<b>National Government:</b>									
Current year receipts	97 028	101 036	135 377	182 615	155 498	155 498	173 072	152 524	170 815
<b>Conditions met - transferred to revenue</b>	<b>97 028</b>	<b>101 036</b>	<b>135 377</b>	<b>182 615</b>	<b>155 498</b>	<b>155 498</b>	<b>173 072</b>	<b>152 524</b>	<b>170 815</b>
Conditions still to be met - transferred to liabilities									

<b>Total operating transfers and grants revenue</b>	97 028	101 036	135 377	182 615	155 498	155 498	173 072	152 524	170 815
<b>Total operating transfers and grants - CTBM</b>	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
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	44 583	33 170	27 561	90 849	43 076	43 076	52 816	67 656	77 083
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>	44 583	33 170	27 561	90 849	43 076	43 076	52 816	67 656	77 083
<b>Total capital transfers and grants - CTBM</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	141,611	134,206	162,938	273,464	198,574	198,574	225,888	220,180	247,898
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	-	-	-	-	-	-	-	-	-

## 2.8 Councillor and employee benefits

**Table 18 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b>Councillors (Political Office Bearers plus Other)</b>	1	A	B	C	D	E	F	G	H	I
Salary		8 946	9 793	11 155	11 973	11 973	11 973	12 522	13 023	13 544
<b>Sub Total - Councillors</b>	4	8 946	9 793	11 155	11 973	11 973	11 973	12 522	13 023	13 544
% increase			9.5%	13.9%	7.3%	-	-	4.6%	4.0%	4.0%
<b>Senior Managers of the Municipality</b>	2									
Summary of Employee and Councillor remuneration		3 308	4 135	3 436	5 427	5 427	5 427	5 206	5 727	6 299
<b>Sub Total - Senior Managers of Municipality</b>	0	3 308	4 135	3 436	5 427	5 427	5 427	5 206	5 727	6 299
Housing allowance			25.0%	(16.9%)	57.9%	-	-	(4.1%)	10.0%	10.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		17 407	24 067	27 139	48 371	48 371	48 371	52 549	53 062	55 703
<b>Sub Total - Other Municipal Staff</b>	0	17 407	24 067	27 139	48 371	48 371	48 371	52 549	53 062	55 703
Housing allowance			38.3%	12.8%	78.2%	-	-	8.6%	1.0%	5.0%
<b>Total Parent Municipality</b>		29 662	37 995	41 730	65 771	65 771	65 771	70 277	71 811	75 546
			28.1%	9.8%	57.6%	-	-	6.9%	2.2%	5.2%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		29 662	37 995	41 730	65 771	65 771	65 771	70 277	71 811	75 546

Housing allowance	0		28.1%	9.8%	57.6%	–	–	6.9%	2.2%	5.2%
<b>TOTAL MANAGERS AND STAFF</b>	<b>5</b>	<b>20 716</b>	<b>28 202</b>	<b>30 575</b>	<b>53 798</b>	<b>53 798</b>	<b>53 798</b>	<b>57 755</b>	<b>58 789</b>	<b>62 002</b>

**Table 19 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref		Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		No. 10		1.			2.	3.
<b>Councillors</b>	4							
Speaker	5	1	446 204	–	–			446 204
Chief Whip		1	–	–	–			–
Executive Mayor		1	582 759	–	–			582 759
Deputy Executive Mayor		–	–	–	–			–
Executive Committee		8	–					–
Total for all other councillors		41	–					–
<b>Total Councillors</b>	9	<b>52</b>	<b>1 028 963</b>	<b>–</b>	<b>–</b>			<b>1 028 963</b>
<b>Senior Managers of the Municipality</b>	6							
Municipal Manager (MM)		1	978 142	–	–	–	–	978 142
Chief Finance Officer		1	867 300	–	–	–	–	867 300
Manager: Community		1	690 454	–	–	–	–	690 454
Manager: Infrastructure		1	806 208	–	–	–	–	806 208
Manager: Corporate		1	839 323	–	–	–	–	839 323
Manager: Dev & Planning		1	806 208	–	–	–	–	806 208
<b>Total Senior Managers of the Municipality</b>	9	<b>6</b>	<b>4 987 634</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4 987 634</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>		<b>58</b>	<b>6 016 597</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6 016 597</b>

**Table 49 MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
Number	1, 2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		48	–	48	52	–	52	52	–	52
<b>Municipal employees</b>	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	6	–	6
Other Managers	7	6	–	6	10	–	10	10	–	10
Technicians		7	7	–	7	7	–	7	7	–
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		3	3	–	3	3	–	3	3	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		2	2	–	2	2	–	2	2	–
Electricity		2	2	–	2	2	–	2	2	–

Matatiele Local Municipality

MTREF 2012/2013

<i>Refuse</i>		-	-	-	-	-	-	-	-	-
Clerks (Clerical and administrative)		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		-	-	-	-	-	-	-	-	-
<b>TOTAL PERSONNEL NUMBERS</b>		<b>374</b>	<b>267</b>	<b>107</b>	<b>382</b>	<b>267</b>	<b>115</b>	<b>382</b>	<b>267</b>	<b>129</b>

## 2.9 Monthly targets for revenue, expenditure and cash flow

**Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description  R thousand	Budget 2012/2013												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/2013	Budget Year +1 2013/2014	Budget Year +1 2014/2015
<b><u>Service charges - sanitation revenue</u></b>															
Service charges - refuse revenue	549	549	549	549	549	549	549	549	549	549	549	549	6 585	7 243	7 967
Rental of facilities and equipment	46	46	46	46	46	46	46	46	46	46	46	46	556	583	612
Interest earned - external investments	333	333	333	333	333	333	333	333	333	333	333	333	4 000	3 675	3 859
Interest earned - outstanding debtors	12	12	12	12	12	12	12	12	12	12	12	12	145	160	175
Fines	34	34	34	34	34	34	34	34	34	34	34	34	403	423	444
Licences and permits	217	217	217	217	217	217	217	217	217	217	217	217	2 600	2 730	2 867
Transfers recognised - operational	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	173 072	152 524	170 815
Other revenue	115	115	115	115	115	115	115	115	115	115	115	115	1 383	1 450	1 525
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	5	6
Total Revenue (excluding capital transfers and contributions)	20 787	20 787	20 787	20 787	20 787	20 787	20 787	20 787	20 787	20 787	20 787	20 787	249 444	233 766	256 663
Expenditure By Type	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Employee related costs	5 251	5 251	5 251	5 251	5 251	5 251	5 251	5 251	5 251	5 251	5 251	5 251	63 009	63 947	70 428
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	1 279	15 344	15 958	16 596
<b>Debt impairment</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>43 045</b>	<b>516 541</b>	<b>482 463</b>	<b>531 958</b>
<b><u>Finance charges</u></b>															
Bulk purchases	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	28 300	29 715	31 201
Transfers and grants	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	16 454	10 345	10 898
Loss on disposal of PPE	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	–	1
Total Expenditure	16 385	16 385	16 385	16 385	16 385	16 385	16 385	16 385	16 385	16 385	16 385	16 385	196 621	202 249	216 309
<b>Taxation</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>163 413</b>	<b>143 576</b>	<b>165 904</b>
<b>Surplus/(Deficit) attributable to municipality</b>												52 822	52 822	31 517	40 354
<b>Share of surplus/ (deficit) of associate</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>119 262</b>	<b>269 057</b>	<b>206 609</b>	<b>246 611</b>
Surplus/(Deficit) for the year												52 822	52 822	31 517	40 354
<b>Taxation</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>13 618</b>	<b>172 084</b>	<b>321 880</b>	<b>238 126</b>	<b>286 964</b>

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

Description  R thousand	Budget 2012/2013												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/2013	Budget Year +1 2013/2014	Budget Year +1 2014/2015
<b>Revenue by Vote</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXECUTIVE & COUNCIL	31	31	31	31	31	31	31	31	31	31	31	31	371	–	–
BUDGET & FINANCE	11 117	11 117	11 117	11 117	11 117	11 117	11 117	11 117	11 117	11 117	11 117	11 117	133 402	144 357	156 951
CORPORATE	17	17	17	17	17	17	17	17	17	17	17	17	200	–	–
COMMUNITY	1 085	1 085	1 085	1 085	1 085	1 085	1 085	1 085	1 085	1 085	1 085	1 085	13 021	13 927	14 965
DEV & PLANNING	271	271	271	271	271	271	271	271	271	271	271	271	3 253	80	84
CIVIL ENIGENERING	8 266	8 266	8 266	8 266	8 266	8 266	8 266	8 266	8 266	8 266	8 266	8 266	99 197	75 402	84 663
Total Revenue by Vote	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>20 787</b>	<b>249 444</b>	<b>233 766</b>	<b>256 663</b>
<b>Expenditure by Vote to be appropriated</b>															
EXECUTIVE & COUNCIL	2 596	2 596	2 596	2 596	2 596	2 596	2 596	2 596	2 596	2 596	2 596	2 596	31 152	39 044	41 782
BUDGET & FINANCE	2 914	2 914	2 914	2 914	2 914	2 914	2 914	2 914	2 914	2 914	2 914	2 914	34 969	37 939	41 074
CORPORATE	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	1 466	17 587	12 939	14 064
COMMUNITY	2 430	2 430	2 430	2 430	2 430	2 430	2 430	2 430	2 430	2 430	2 430	2 430	29 158	31 537	33 826
DEV & PLANNING	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	12 785	12 251	13 069
CIVIL ENIGENERING	5 913	5 913	5 913	5 913	5 913	5 913	5 913	5 913	5 913	5 913	5 913	5 913	70 961	68 539	72 494
Total Expenditure by Vote	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>16 384</b>	<b>196 614</b>	<b>202 249</b>	<b>216 308</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>52 830</b>	<b>31 517</b>	<b>40 354</b>
<b>Share of surplus/ (deficit) of associate</b>													–	–	–
<b>Surplus/(Deficit)</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>4 402</b>	<b>52 830</b>	<b>31 517</b>	<b>40 354</b>



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

Description  R thousand	Budget 2012/2013												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/2013	Budget Year +1 2013/2014	Budget Year +1 2014/2015
<b>Multi-year expenditure to be appropriated</b>															
EXECUTIVE & COUNCIL	77	77	77	77	77		77	77	77	77	77	77	926	2 000	3 200
BUDGET & FINANCE	1 219	1 219	1 219	1 219	1 219	1 219	1 219	1 219	1 219	1 219	1 219	1 219	14 632	1 500	1 000
CORPORATE	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	15 794	1 000	2 000
COMMUNITY	264	264	264	264	264	264	264	264	264	264	264	264	3 167	1 000	2 000
DEV & PLANNING	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	15 780	1 000	1 000
CIVIL ENIGENERING	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	129 671	61 156	67 883
<b>Capital multi-year expenditure sub-total</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>
<b>Total Capital Expenditure</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>

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

Description  R thousand	Budget 2012/2013												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/2013	Budget Year +1 2013/2014	Budget Year +1 2014/2015
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>2 613</b>	<b>2 613</b>	<b>2 613</b>	<b>2 613</b>	<b>2 613</b>	<b>2 613</b>	<b>2 613</b>	<b>2 613</b>	<b>2 613</b>	<b>2 613</b>	<b>2 613</b>	<b>(28 738)</b>	<b>-</b>		
Executive and council	77	77	77	77	77	77	77	77	77	77	77	(848)	-	-	-
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	(13 412)	-	-	-
Corporate services	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	(14 478)	-	-	-
<b>Community and public safety</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>(2 903)</b>	<b>-</b>		
Community and social services	264	264	264	264	264	264	264	264	264	264	264	(2 903)	-	-	-
<b>Economic and environmental services</b>	<b>12 121</b>	<b>12 121</b>	<b>12 121</b>	<b>12 121</b>	<b>12 121</b>	<b>12 121</b>	<b>12 121</b>	<b>12 121</b>	<b>12 121</b>	<b>12 121</b>	<b>12 121</b>	<b>(133 330)</b>	<b>-</b>		
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	(14 465)	-	-	-
Road transport	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	(118 865)	-	-	-
<b>Trading services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure – Standard</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>14 997</b>	<b>(164 972)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 22 MBRR SA30 - Budgeted monthly cash flow**

Description	Budget 2012/2013												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/2013	Budget Year +1 2013/2014	Budget Year +1 2014/2015
<b><u>Cash Receipts By Source</u></b>												1			
Property rates	1 835	1 835	1 835	1 835	1 835	1 835	1 835	1 835	1 835	1 835	1 835	22 020	23 121	24 342	
Property rates - penalties & collection charges	137	137	137	137	137	137	137	137	137	137	137	1 640	2 664	2 590	
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	37 039	39 188	41 461	
Service charges - refuse revenue	549	549	549	549	549	549	549	549	549	549	549	6 585	7 243	7 967	
Rental of facilities and equipment	46	46	46	46	46	46	46	46	46	46	46	556	583	612	
Interest earned - external investments	292	292	292	292	292	292	292	292	292	292	292	3 500	3 675	3 859	
Interest earned - outstanding debtors	12	12	12	12	12	12	12	12	12	12	12	145	160	175	
Fines	34	34	34	34	34	34	34	34	34	34	34	403	423	444	
Licences and permits	217	217	217	217	217	217	217	217	217	217	217	2 600	2 730	2 867	
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	173 072	152 524	170 815	
0	115	115	115	115	115	115	115	115	115	115	115	1 383	1 450	1 525	
<b>Cash Receipts by Source</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>248 944</b>	<b>233 761</b>	<b>256 657</b>	
<b>Total Cash Receipts by Source</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>20 745</b>	<b>248 944</b>	<b>233 761</b>	<b>256 657</b>	
<b><u>Cash Payments by Type</u></b>															
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	58 670	63 947	70 428	
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	15 344	15 958	16 596	
Finance charges	167	167	167	167	167	167	167	167	167	167	167	2 000	4 000	6 000	
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	12 584	13 222	13 893	
Other materials	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	28 300	29 715	31 201	
Contracted services	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	1 113	13 362	13 931	14 640	
Transfers and grants - other municipalities	861	861	861	861	861	861	861	861	861	861	861	10 330	10 790	11 392	
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	16 454	10 345	10 898	
Other expenditure	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252	39 024	40 341	41 261	

## Matatiele Local Municipality

## MTREF 2012/2013

Cash Payments by Type	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	16 339	(0)	–	1
Other Cash Flows/Payments by Type														
Total Cash Payments by Type	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	16 339	(0)	–	1
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	4 406	248 944	233 761	256 656
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	–	248 944	482 704
Cash/cash equivalents at the month/year end:	41 491	62 236	82 981	103 727	124 472	145 217	165 963	186 708	207 453	228 198	232 605	248 944	482 704	739 1

## 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  R thousand	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework			Total Contract Value
	Original Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Estimate
<b>Parent Municipality:</b>					
<u>Revenue Obligation By Contract</u>					
<i>Site Rental</i>	200	300	302	304	1 106
<i>Farm Rental</i>	25	22	23	24	94
					–
<b>Total Operating Revenue Implication</b>	<b>225</b>	<b>322</b>	<b>325</b>	<b>328</b>	<b>1 200</b>
<u>Expenditure Obligation By Contract</u>					
<i>Aphendulwe Trading</i>	770	907	980	–	2 657
<i>Bathokozeleni Trading</i>	940	1 080	1 166	–	3 186
<i>J &amp; P Trading</i>	595	642	694	–	1 931
<i>Dumisa Nosapho Trading</i>	1 019	1 258	1 258	–	3 535
<i>Lithema Trading</i>	45	49	369	–	463
<i>Phakamisa Trading</i>	486	573	619	–	1 678
<b>Total Operating Expenditure Implication</b>	<b>3 855</b>	<b>4 509</b>	<b>5 085</b>	<b>–</b>	<b>13 450</b>
<u>Capital Expenditure Obligation By Contract</u>					
<i>Contract 3 etc</i>					–
<b>Total Capital Expenditure Implication</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Parent Expenditure Implication</b>	<b>3 855</b>	<b>4 509</b>	<b>5 085</b>	<b>–</b>	<b>13 50</b>

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

Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 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
<b><u>Capital expenditure on new assets by Asset Class/Sub-class</u></b>									
<b><u>Infrastructure</u></b>	<b>34 274</b>	<b>20 975</b>	<b>23 452</b>	<b>109 234</b>	<b>67 568</b>	<b>67 568</b>	<b>144 460</b>	<b>67 656</b>	<b>77 083</b>
Infrastructure - Road transport	30 107	19 780	22 634	55 454	51 724	51 724	108 495	67 656	77 083
<i>Roads, Pavements &amp; Bridges</i>	21 365	19 780	19 856	55 454	51 724	51 724	108 495	67 656	77 083
<i>Storm water</i>	8 742		2 778			–			
Infrastructure - Electricity	4 167	1 195	536	52 130	14 194	14 194	35 965	–	–
<i>Generation</i>	4 167	1 195	464	52 130	14 194	14 194	35 965		
<i>Transmission &amp; Reticulation</i>						–			
<i>Street Lighting</i>			72			–			
Infrastructure - Other	–	–	283	1 650	1 650	1 650	–	–	–
<i>Waste Management</i>			283	1 650	1 650	1 650			
<b><u>Community</u></b>	<b>12 725</b>	<b>12 150</b>	<b>3 944</b>	<b>8 555</b>	<b>15 039</b>	<b>15 039</b>	<b>671</b>	<b>–</b>	<b>–</b>
Community halls	12 559	8 724	3 307	2 300	6 390	6 390	53		
Recreational facilities			388			–			
Fire, safety & emergency	8			1 430	1 430	1 430			
	158					–	600		
Security and policing									
Buses				2 700	2 700	2 700			
Museums & Art Galleries					19	19	19		
Other		3 426	249	2 125	4 500	4 500			
<b><u>Heritage assets</u></b>	<b>800</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Other	<b>800</b>								
<b><u>Other assets</u></b>	<b>4 605</b>	<b>2 377</b>	<b>8 221</b>	<b>5 922</b>	<b>2 781</b>	<b>2 781</b>	<b>34 839</b>	<b>–</b>	<b>–</b>
General vehicles	4 025	508		5 922	2 781	2 781			
Plant & equipment		101							
Computers - hardware/equipment	17	766	8 221						
Furniture and other office equipment	149	978							
Abattoirs	370								
Civic Land and Buildings	44						34 839		
Other		24							
<b><u>Intangibles</u></b>	<b>–</b>	<b>343</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Computers - software & programming		343							
<b>Total Capital Expenditure on new assets</b>	<b>52 404</b>	<b>35 846</b>	<b>35 616</b>	<b>123 711</b>	<b>85 388</b>	<b>85 388</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>

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

Vote Description R thousand	2012/13 Medium Term Revenue & Expenditure Framework		
	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure</b>			
EXECUTIVE & COUNCIL	926	2 000	3 200
BUDGET & FINANCE	14 632	1 500	1 000
CORPORATE	15 794	1 000	2 000
COMMUNITY	3 167	1 000	2 000
DEV & PLANNING	15 780	1 000	1 000
CIVIL ENIGENERING	129 671	61 156	67 883
<b>Total Capital Expenditure</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>
<b>Total future revenue</b>	–	–	–
<b>Net Financial Implications</b>	<b>179 969</b>	<b>67 656</b>	<b>77 083</b>

**Table 23 MBRR SA36 - Detailed capital budget per municipal vote**

Municipal Vote/Capital project R thousand	Program/Project description	Project information		
		Budget Year 2012/13	Ward location	New or renewal
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>				
Municipal Manager				
	Shredder	5	19	
	Office Furniture	25	19	
	office desk	6	19	
	office chairs	4	19	
	Loud hailer	4	19	
	Signage	40	19	
	Branding	800	19	
	Development of new logo	35	19	
	Office desk and chair	5	19	
	steel cabinet	2	19	
BUDGET & TREASURY				

	Office Furniture & Equipment	3	19
	Grader	1 800	All Wards
	Grid Roller	1 200	All Wards
	Water-Cart	1 200	All Wards
	2x Tipper Trucks	3 000	All Wards
	Smooth Drum roller	600	All Wards
	TLB	800	All Wards
	Lobbed	2 200	All Wards
	Bomag roller	350	All Wards
	Asphalt Compactors	50	All Wards
	Fax Machine	10	19
	Office Chairs	5	19
	Cabinet	12	19
	Printer for cashiers	8	19
	Abacus printer	80	19
	Printer for orders	5	19
	printer for cheques	5	19
	Office Desk	4	19
	Office Building Matatiele	3 100	19
	Office Building Maluti & Cedarville	200	19
CORPORATE SERVICES			
	Recording & Microphone System	270	19
	Heating & Cooling System	200	19
	Office Furniture & Equipment	100	19
	Ramps at Civic Centre	50	19
	Biometric Fingerprint time Recording	154	19
	Fire Extinguishers	10	19
	Hand Drier	10	19
	New Office Equipment	15 000	19
COMMUNITY SERVICES			
	Museum	71	19
	Wood Cheaper	70	19
	Public Toilets	500	19
	Fencing of open Grounds	50	19
	Skips	500	19
	Side walk Bins Buxton park	250	19
	Waste recycling Buxton park	50	19
	Fire & Rescue	36	19
	Upgrade fire Station	100	All wards
	Renovation fire engine	50	All wards
	Roll deck breakdown	250	19
	Dragger alcohol tester	40	19
	Traffic light	600	19
	Extension of testing ground	200	19
	Fire/Disaster rural substation complete	400	19
Development And Planning			
	Desktop	10	19

Infrastructure	Work Station	5	19
	Renovations Micro Centre	1 600	19
	Photocopy Machine	60	19
	Training Centre	500	19
	Tourism Equipment Centre	15	19
	Boardroom & Kitchen equipment	50	19
	Laptops	20	19
	Training Centre	1 000	19
	Area M-Service of 217 Sites	12 500	19
	Office Furniture	20	19
	Asphalt Compactors	50	19
	Office Chairs	2	19
	Office Desks	2	19
	Filling Drawers	2	19
	Cabinets	3	19
	Desk Computers	10	19
	Printer	2	19
	Electric heater	35	19
	Fans	2	19
	Ring Feed Mountain View	750	19
	Ring Feed Itsokolele	850	19
	Replace Mini Sub North End	350	19
	Replace 200 kva transformer	65	19
	Replace 100kva transformer	50	19
	Sub station	30 000	19
	Upgrade Electrification	4 000	all wards
	Tshita – Mabua Access Road	3 750	8
	Cross to St Johns	3 903	3
	Mzongwana to Vimba Access Road	3 700	5
	Sekhutlong AR	2 933	16
	Fiva AR	5 752	18
	Zingcuka-Madlangeni AR	5 406	24
	Nyanzela AR	4 462	17
	Lunda Acc Rd	4 619	10
	Mokhosi Milling Acces Road	1 050	20
	Khuthalani Sinosizo AR	70	2
	Kuyasa Poultry Project AR	400	19
	Sabasaba Access Road	1 575	25
	Lukholweni Acc Rd	4 500	22
	Ntola access Rd	2 250	21
	pamlaville Community Facility	750	7
	Dalibhunga Community Facilitty	700	5
	Moaneng Community Facility	700	16
	Moriting Community Facility	680	24
	Luvuyo Siyabonga Novuka Community Facility	700	9
	Moiketsi AR	1 250	14
	Ngcwengane-Esifolweni AR	1 400	7



	Diaho AR	600	11	
	Matatiele Internal Roads	1 500	20	
	Berdiville-Mahlehleng AR	3 000	16	
	Sehlabeng AR	900	4	
	Tshita – Mabua Access Road	1 500	8	
	T69-Khoapa AR	1 800	6	
	Mafube Nkosana Bridge	2 000	8	
	Cedarville, Matatiele & Maluti Roads	30 000	26,20,1	
	For disasters to fix Bridges	1 500	all wards	
	Aircon	120	1	
	Office Equipment	30	1	
<b>Parent Capital expenditure</b>		<b>179 969</b>	<b>2</b>	
<b>Entity Capital expenditure</b>		<b>-</b>		
<b>Total Capital expenditure</b>		<b>179 969</b>		

## 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 2010/11 MTREF in May 2010 directly aligned and informed by the 2011/12 MTREF.

### 6. Annual Report

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

**7. MFMA Training**

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

**8. Policies**

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

## 2.14 Other supporting documents

**Table 24 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description R thousand	2008/9	2009/2010	2010/2011	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>REVENUE ITEMS:</b>										
<u><b>Property rates</b></u>										
Total Property Rates	15 268	13 204	12 776	25 173	21 173	21 173		22 020	23 121	24 342
<i>less Revenue Foregone</i>										
<b>Net Property Rates</b>	<b>15 268</b>	<b>13 204</b>	<b>12 776</b>	<b>25 173</b>	<b>21 173</b>	<b>21 173</b>	–	<b>22 020</b>	<b>23 121</b>	<b>24 342</b>
<u><b>Service charges - electricity revenue</b></u>										
Total Service charges - electricity revenue	17 462	22 219	28 158	37 267	37 267	37 267		37 039	39 188	41 461
<i>less Revenue Foregone</i>										
<b>Net Service charges - electricity revenue</b>	<b>17 462</b>	<b>22 219</b>	<b>28 158</b>	<b>37 267</b>	<b>37 267</b>	<b>37 267</b>	–	<b>37 039</b>	<b>39 188</b>	<b>41 461</b>
<u><b>Service charges - refuse revenue</b></u>										
Total refuse removal revenue	3 065	2 306	5 743	6 064	6 064	6 064		6 585	7 243	7 967
Total landfill revenue										
<i>less Revenue Foregone</i>										
<b>Net Service charges - refuse revenue</b>	<b>3 065</b>	<b>2 306</b>	<b>5 743</b>	<b>6 064</b>	<b>6 064</b>	<b>6 064</b>	–	<b>6 585</b>	<b>7 243</b>	<b>7 967</b>
<u><b>Other Revenue by source</b></u>										
<i>List other revenue by source</i>	1 450	1 378	1 412	2 031	1 706	1 706		1 383	1 450	1 525

<b>Total 'Other' Revenue</b>	<b>1 450</b>	<b>1 378</b>	<b>1 412</b>	<b>2 031</b>	<b>1 706</b>	<b>1 706</b>	<b>–</b>	<b>1 383</b>	<b>1 450</b>	<b>1 525</b>
<b>EXPENDITURE ITEMS:</b>										
<b><u>Employee related costs</u></b>										
Basic Salaries and Wages	16 950	20 772	28 676	41 094	40 708	40 708		42 294	46 477	51 076
Pension and UIF Contributions	2 691	2 936	4 814	7 594	7 444	7 444		7 983	8 287	9 270
Medical Aid Contributions	1 499	1 132	1 623	1 367	1 575	1 575		3 208	3 480	3 808
Overtime	163	178	287	68	68	68		889	978	1 076
Performance Bonus	678	1 056	1 297	1 254	1 279	1 279		1 556	1 711	1 882
Motor Vehicle Allowance	151	456	629	670	700	700		1 500	1 650	1 815
Cellphone Allowance	324	27	72	30	280	280		280	308	339
Housing Allowances	590	424	538	298	680	680		680	748	823
Other benefits and allowances	1 021	158	(164)	173	280	280		280	308	339
<b>sub-total</b>	<b>24 067</b>	<b>27 139</b>	<b>37 771</b>	<b>52 549</b>	<b>53 014</b>	<b>53 014</b>	<b>–</b>	<b>58 670</b>	<b>63 947</b>	<b>70 428</b>
<b><u>Less: Employees costs capitalised to PPE</u></b>										
<b>Total Employee related costs</b>	<b>24 067</b>	<b>27 139</b>	<b>37 771</b>	<b>52 549</b>	<b>53 014</b>	<b>53 014</b>	<b>–</b>	<b>58 670</b>	<b>63 947</b>	<b>70 428</b>
<b><u>Depreciation &amp; asset impairment</u></b>										
Depreciation of Property, Plant & Equipment	7 192	–	14 784	10 698	10 698	10 698		9 584	10 222	11 393
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE										
<b>Total Depreciation &amp; asset impairment</b>	<b>7 192</b>	<b>–</b>	<b>14 784</b>	<b>10 698</b>	<b>10 698</b>	<b>10 698</b>	<b>–</b>	<b>9 584</b>	<b>10 222</b>	<b>11 393</b>
<b><u>Bulk purchases</u></b>										
Electricity Bulk Purchases	8 900	12 449	16 078	23 616	32 300	32 300		28 300	29 715	31 201
Water Bulk Purchases										
<b>Total bulk purchases</b>	<b>8 900</b>	<b>12 449</b>	<b>16 078</b>	<b>23 616</b>	<b>32 300</b>	<b>32 300</b>	<b>–</b>	<b>28 300</b>	<b>29 715</b>	<b>31 201</b>
<b><u>Transfers and grants</u></b>										

Cash transfers and grants	12 259	8 224	35 641	12 283	21 482	21 482	–	16 454	10 345	10 898
<b>Total transfers and grants</b>	<b>12 259</b>	<b>8 224</b>	<b>35 641</b>	<b>12 283</b>	<b>21 482</b>	<b>21 482</b>	<b>–</b>	<b>16 454</b>	<b>10 345</b>	<b>10 898</b>
<b><u>Contracted services</u></b>										
<i>List services provided by contract</i>	6 035	7 161	5 823	9 540	9 470	9 470		10 330	10 790	11 392
<b>sub-total</b>	<b>6 035</b>	<b>7 161</b>	<b>5 823</b>	<b>9 540</b>	<b>9 470</b>	<b>9 470</b>	<b>–</b>	<b>10 330</b>	<b>10 790</b>	<b>11 392</b>
<b>Total contracted services</b>	<b>6 035</b>	<b>7 161</b>	<b>5 823</b>	<b>9 540</b>	<b>9 470</b>	<b>9 470</b>	<b>–</b>	<b>10 330</b>	<b>10 790</b>	<b>11 392</b>
<b><u>Other Expenditure By Type</u></b>										
Audit fees	2 157	2 859	3 061	2 600	4 000	4 000		4 500	4 725	3 961
General expenses										
Advertising	278	309	313	528	578	578		828	867	909
Bank Charges	111	132	266	170	170	170		170	179	187
Cartage & Rail age	9	2	8	85	70	70		5	5	6
Chemicals	27	40	48	50	50	50		140	105	110
Conferences	69	212	58	220	150	150		1 355	1 420	1 489
Contingencies	569	1 855	2 406	4 425	4 165	4 165		4 314	5 071	5 276
Delegates Expenses	1 416	1 958	1 946	2 472	3 327	3 327		3 362	3 510	3 666
Donations		101	29	30	–	–		30	31	32
Electricity and Water	83	67	178	105	105	105		91	96	100
Feed	17	26	5	5	5	5		40	44	63
Fuel	490	453	666	535	1 010	1 010		1 499	1 572	1 648
Grants in aid	4	–	–	–	–	–		–	–	–
Mayoral Projects	630	738	1 202	3 330	3 330	3 330		1 510	1 583	1 659
Insurance	380	486	492	577	577	577		627	658	691
Int on overdraft		–	–	–	–	–		–	–	–
Legal costs	79	58	481	50	155	155		260	68	72
Lost Books		–	–	1	1	1		1	1	1
Obsolete stock			1	–	–	–		–	–	–
Photo Copies	29	62	82	105	90	90		148	158	165

Plant Hire	13	25	43	190	190	190		275	289	303
Postage	47	52	73	102	92	92		100	105	110
Other Expenditure By Type	2 646	3 132	4 330	15 051	15 647	15 647		19 770	19 854	20 812
<b>Total 'Other' Expenditure</b>	<b>9 054</b>	<b>12 565</b>	<b>15 690</b>	<b>30 631</b>	<b>33 712</b>	<b>33 712</b>	<b>–</b>	<b>39 024</b>	<b>40 341</b>	<b>41 261</b>

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

Description	Ref 1	EXECUTIVE & COUNCIL	BUDGET & FINANCE	CORPORATE	COMMUNITY	DEV & PLANNING	CIVIL ENIGENERING	Vote15 - Example 15	Total
<b>R thousand</b>									
<b><u>Revenue By Source</u></b>									
Property rates			22 020						<b>22 020</b>
Property rates - penalties & collection charges			1 640				145		<b>1 785</b>
Service charges - electricity revenue							37 039		<b>37 039</b>
Service charges - water revenue									<b>–</b>
Service charges - sanitation revenue									<b>–</b>
Service charges - refuse revenue							6 585		<b>6 585</b>
Service charges – other									<b>–</b>
Rental of facilities and equipment					726	457			<b>1 183</b>
Interest earned - external investments			3 500						<b>3 500</b>
Interest earned - outstanding debtors									<b>–</b>
Dividends received									<b>–</b>
Fines					403				<b>403</b>
Licences and permits					2 600				<b>2 600</b>
Agency services									<b>–</b>
Other revenue									<b>–</b>
Transfers recognised - operational		400	82 903	200		13 280	85 832		<b>615</b>
Gains on disposal of PPE			171		885	735	240		<b>2 031</b>
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>400</b>	<b>110 234</b>	<b>200</b>	<b>4 614</b>	<b>14 472</b>	<b>129 841</b>	<b>–</b>	<b>761</b>
<b><u>Expenditure By Type</u></b>									

Employee related costs	4 841	8 033	9 085	8 634	4 218	17 738		52 549
Remuneration of councillors	12 522							12 522
Debt impairment		2 000						2 000
Depreciation & asset impairment	36	4 542	(29)	536	330	5 283		10 698
Finance charges						1 432		1 432
Bulk purchases						23 616		23 616
Other materials	100	395	110	2 398	100	12 540		15 643
Contracted services		230	535	734		8 040		9 540
Transfers and grants	400	3 817			2 418	5 649		12 283
Other expenditure	7 633	13 770	2 555	2 079	2 423	2 171		30 631
Loss on disposal of PPE								-
<b>Total Expenditure</b>	<b>25 532</b>	<b>32 788</b>	<b>12 257</b>	<b>14 381</b>	<b>9 488</b>	<b>76 468</b>	<b>-</b>	<b>914</b>
<b>Surplus/(Deficit)</b>	<b>(25 132)</b>	<b>77 446</b>	<b>(12 057)</b>	<b>(9 766)</b>	<b>4 984</b>	<b>53 373</b>	<b>-</b>	<b>88 848</b>
Transfers recognised - capital								-
Contributions recognised - capital								-
Contributed assets								-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(25 132)</b>	<b>77 446</b>	<b>(12 057)</b>	<b>(9 766)</b>	<b>4 984</b>	<b>53 373</b>	<b>-</b>	<b>88 848</b>

**Table 25 MBRR Table SA3 – Supporting detail to Statement of Financial Position****EC441 Matatiele - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>R thousand</b>							
<b>ASSETS</b>							
<u>Call investment deposits</u>							
Call deposits < 90 days		50 452	64 636	79 061	79 061	79 061	79 061
Other current investments > 90 days							
<b>Total Call investment deposits</b>	2	<b>50 452</b>	<b>64 636</b>	<b>79 061</b>	<b>79 061</b>	<b>79 061</b>	<b>79 061</b>
<u>Consumer debtors</u>							
Consumer debtors		25 345	18 821	31 161	31 161	31 161	31 161
<u>Less: Provision for debt impairment</u>		(15 919)	(14 329)	(17 643)	(17 643)	(17 643)	(17 643)
<b>Total Consumer debtors</b>	2	<b>9 426</b>	<b>4 492</b>	<b>13 518</b>	<b>13 518</b>	<b>13 518</b>	<b>13 518</b>
<u>Property, plant and equipment (PPE)</u>							
PPE at cost/valuation (excl. finance leases)		187 736	223 470	366 039	366 039	366 039	366 039
<u>Less: Accumulated depreciation</u>							
<b>Total Property, plant and equipment (PPE)</b>	2	<b>187 736</b>	<b>223 470</b>	<b>366 039</b>	<b>366 039</b>	<b>366 039</b>	<b>366 039</b>
<b>LIABILITIES</b>							
<u>Current liabilities - Borrowing</u>							
Short term loans (other than bank overdraft)							
Current portion of long-term liabilities		265	135	18	18	18	18
<b>Total Current liabilities - Borrowing</b>		<b>265</b>	<b>135</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>



<b><u>Trade and other payables</u></b>							
Trade and other creditors		8 117	10 335	8 771	8 771	8 771	8 771
Unspent conditional transfers		34 258	19 022	19 596	19 596	19 596	19 596
VAT		895					
<b>Total Trade and other payables</b>	2	<b>43 270</b>	<b>29 357</b>	<b>28 368</b>	<b>28 368</b>	<b>28 368</b>	<b>28 368</b>
<b><u>Non-current liabilities - Borrowing</u></b>							
Borrowing	4	355	–	–			
Finance leases (including PPP asset element)		4	18	16	18	18	18
<b>Total Non-current liabilities - Borrowing</b>		<b>360</b>	<b>18</b>	<b>16</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b><u>Provisions - non-current</u></b>							
Retirement benefits		2 805	2 941	2 750	2 750	2 750	2 750
<i>List other major provision items</i>							
Refuse landfill site rehabilitation							
Other		4 136	4 245	4 789	4 789	4 789	4 789
<b>Total Provisions - non-current</b>		<b>6 941</b>	<b>7 186</b>	<b>7 539</b>	<b>7 539</b>	<b>7 539</b>	<b>7 539</b>
<b>CHANGES IN NET ASSETS</b>							
<b><u>Accumulated Surplus/(Deficit)</u></b>							
Accumulated Surplus/(Deficit) - opening balance		140 541	189 257	100 414	50 910	87 049	87 999
GRAP adjustments							
Restated balance		140 541	189 257	100 414	50 910	87 049	87 999
Surplus/(Deficit)		48 890	52 843	44 763	90 847	40 284	39 334
<b>Accumulated Surplus/(Deficit)</b>	1	<b>189 431</b>	<b>242 100</b>	<b>145 177</b>	<b>141 757</b>	<b>127 332</b>	<b>127 332</b>
<b><u>Reserves</u></b>	-						
Housing Development Fund		758	1 497	1 563	1 563	1 563	1 563
Capital replacement							
Revaluation		20 396	20 396	293 303	293 303	293 303	293 303
<b>Total Reserves</b>	2	<b>21 154</b>	<b>21 892</b>	<b>294 866</b>	<b>294 866</b>	<b>294 866</b>	<b>294 866</b>

TOTAL COMMUNITY WEALTH/EQUITY	2	210 585	263 992	440 043	436 623	422 198	422 198
-------------------------------	---	---------	---------	---------	---------	---------	---------

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

Description of economic indicator	Basis of calculation	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b><u>Demographics</u></b>									
Population									
Females aged 5 – 14	Stats SA	267	267	267	267	267	307	353	406
Males aged 5 – 14	Stats SA	44	44	44	44	44	51	58	67
Females aged 15 – 34	Stats SA	36	36	36	36	36	42	48	55
Males aged 15 – 34	Stats SA	44	44	44	44	44	51	59	68
Unemployment	Stats SA	36	36	36	36	36	42	48	55
	Stats SA	12	12	12	12	12	12	12	12
<b><u>Monthly household income (no. of households)</u></b>									
No income	Indigent Policy	–	–	–	19 053	19 053	21 911	25 198	28 977
R1 - R1 600	Indigent Policy	–	–	–	5 746	5 746	6 608	7 599	8 739
R1 601 - R3 200	Indigent Policy	–	–	–	12 272	12 272	14 113	16 230	18 664
<b><u>Household/demographics (000)</u></b>									
Number of people in municipal area		258 758	258 758	258 758	258 758	258 758	258 758	258 758	258 758
Number of poor people in municipal area		87 252	87 252	87 252	87 252	87 252	87 252	87 252	87 252
Number of households in municipal area		54 208	54 208	54 208	54 208	54 208	54 208	54 208	54 208
Number of poor households in municipal area		45 208							
Definition of poor household (R per month)		1 200	1200.00	2020.00	2020.00	2160.00	2280.00	2280.00	2280.00
<b>Total new housing dwellings</b>		-	-	-	-	-	-	-	-



### **13.1 Municipal manager's quality certificate**

I, Damian Crysogonus Tsepang 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** \_\_\_\_\_

