

DRAFT MTERF FOR 2012/13-14/15



MATATIELE

LOCAL MUNICIPALITY

ANNUAL BUDGET OF
MATATIELELOCAL
MUNICIPALITY

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

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Abbreviations and Acronyms

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

RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Mayors Report to be presented with tabling of final budget at the end of May 2013.

1.2 Council Resolutions

On 26 March 2013 the Council of Matatiele Local Municipality met in the Council Chambers to consider the draft annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. That the draft IDP 2013/14 be approved;
2. That the draft Budget 2013/14 be approved as per section 21 of the MFMA.
3. That the Council approves the Draft Annual Budget of the Municipality for the financial year 2013/14; and indicative for the two projected outer years 2014/2015 and 2015/2016 be approved as set out in the following;
 - Operating Revenue by Source 1.4
 - Operating Expenditure by Source 1.5
 - Capital Expenditure by vote 1.6
 - Capital Funding by source 2.6.2
4. That Council approves the property rates reflected in item number 1.4.1 and any other municipal taxes reflected in item number 1.4.1 are imposed for the budget year 2013/14.
5. Council approves that the Tariffs of Charges reflected in item number 2.5 are approved for the budget year 2013/14.
6. Council approves that the measurable performance objectives for each vote reflected in item number 2.2 are approved for the budget year 2013/14.
7. Council approves that the other proposed amended budget related policies reflected in item number 2.4 are approved for the budget year 2013/14 public consultation.
8. That the Council approves the budget consultative meetings as set out in the revised budget process plan.

1.3Executive Summary

METHOD OF PREPARATION

The Draft Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the 30 October 2012. All departments gave input.

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

Operating Budget

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

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

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

The Operating Budget amounts to R272 130 096. Table 1 hereunder summarizes the budget per department. General Managers must manage their own budgets consulting with the Chairpersons of the Standing Committees and the Standing Committees where necessary.

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2013/14 Medium Term Revenue Expenditure Forecast.

Table 1	Consolidated Overview of the 2013/14 MTREF			
	Adjusted Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Revenue (excluding capital transfers and contributions)	253 970 507	297 130 096	282 608 584	296 739 767
Total Expenditure	210 487 925	215 786 444	216 254 765	226 944 295
Nett	43 482 582	81 343 652	66 353 819	69 795 472
Total capital expenditure	157 796 535	139 638 800	146 304 900	149 230 998

Total Revenue by source

Income	Amount	Percentage
Property Rates	27 040 000	9%
Service Charges	49 813 718	16%
Rental of Facilities	570 633	0%
Interest earned - external	5 500 000	2%
Interest earned - internal	1 850 800	1%
Fines	450 000	0%
Licenses and Permits	2 704 000	1%
Government Grants	126 277 001	42%
Capital Grants	81 328 800	27%
Other	1 595 145	1%
Total	297 130 097	100%

Total Expenditure by type

Expenditure	Amount	Percentage
Employee Related Costs	77 377 533	36%
Remuneration of Councillors	16 947 335	8%
Bad Debt Provision	3 000 000	1%
Depreciation	9 831 085	6%
Repairs and Maintenance	11 250 000	5%
Interest external borrowings	2 000 000	1%
Bulk purchases	28 000 000	13%
Contracted Services	14 932 984	7%
Grants and Subsidies paid	17 828 001	8%
General Expenses	34 619 921	16%
<i>Sub-total</i>	<i>215 786 859</i>	<i>100%</i>
Capital Grants	81 328 800	
Surplus	14 438	
	297 130 097	

Budget per Department

Department	Expenditure	Income	Capital
Executive & Council	36 692 818	370 501	1 355 000
Budget & Finance	39 572 872	146 401 500	5 300 000
Corporate Services	23 627 869	200 000	900 000
Community Services	34 775 559	15 448 978	6 620 000
EDP	13 779 914	6 993 404	20 255 000
Infrastructure	67 337 826	127 715 713	104 908 000
Capital Grants	81 328 800		
Surplus	14 438		
TOTAL	297 130 097	297 130 097	139 338 800

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 R139 338 800 has been included in this draft budget. Included in this amount is current incomplete projects which are rolled over amounting to R3 000 000 for which funding is available. Own sources available to fund these projects amount to R46 510 000. Our MIG allocation for 2013/2014 is R43 328 800. DOE will fund a sum of R35 000 000 for electricity installation. An application of R 11 500 000 to be made.

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

Funding of Capital Budget

Grants available from previous years	3 000 000
DOE	35 000 000
MIG	43 328 800
<i>Sub Total</i>	<i>56 378 800</i>
CRR	46 510 000
External Loan (to be raised)	11 500 000
TOTAL	139 338 800

Grants and Subsidies allocations

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

Tariffs

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

Property Rates

The new Property Valuation Roll came into effect the 1 July 2009 and this will come to expire at the end of 2012/13 financial year ending 30 June 2013. The new General Valuation Roll has been prepared and draft available of which notifications are done to Rate Payers through letters

to each Ratepayer and notices on notice boards and print media circulating provincially and locally. This is to give Ratepayers aggrieved by new General Valuation Values of their Properties to lodge objections as per requirements of Local Government: Municipal Property Rates Act. The final General Valuation Roll will be available before the implementation of the budget which will be July 2013 and final rates revenue will be calculated on the new values of the Valuation Roll. Based on the draft Valuation Roll, the increase will be at a rate of 4% and this is subject to change when final calculations are done based on the final General Valuation Roll and consideration of budget deficit.

Electricity

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

Refuse Removal and Other Tariff of Charges

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

EXTERNAL SERVICE DELIVERY MECHANISMS

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

ACCUMULATED SURPLUS

This budget will result in a surplus of R14 438. This should be noted that is budget surplus to ensure that the budget is balanced.

Accumulated surplus at the year ended 30 June 2012 was R183 861 119 and a cash backed amount of R46 510 000 from this accumulated surplus is included in this budget as Capital Replacement Reserves to fund capital projects. This amount will contribute 40% of the total capital budget funding sources.

For the year end 30 June 2013, an amount of R46 510 000 is projected to be realised as operating surplus.

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

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Revenue By Source											
Property rates	2	13 204	12 776	13 235	22 020	25 900	25 900	–	27 040	28 392	29 812
Property rates - penalties & collection charges	3280	962	1 681	1 588	1 640	1 951	1 951	–	1 700	1 785	1 874
Service charges - electricity revenue	2	22 219	26 231	32 489	37 039	37 039	37 039	–	42 966	45 114	47 370
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	2 306	5 743	5 773	6 585	6 585	6 585	–	6 848	7 190	7 550
Service charges - other											
Rental of facilities and equipment	3070	498	499	499	556	556	556	–	571	599	629
Interest earned - external investments	3210	3 306	3 880	5 257	4 000	5 800	5 800	–	5 500	5 775	6 064
Interest earned - outstanding debtors	3270	1 664	488	81	145	145	145	–	151	158	166
Dividends received			–								
Fines	3310		966	624	403	483	483	–	450	473	496
Licences and permits	3370	1 017	1 060	2 925	2 600	3 150	3 150	–	2 704	2 839	2 981
Agency services			–								
Transfers recognised - operational	3410	101 036	134 243	125 711	173 072	170 631	170 631	–	207 606	188 586	198 015
Other revenue	2	1 136	1 412	783	1 389	1 731	1 731	–	1 595	1 692	1 776
Gains on disposal of PPE	3700	11		287				–	–	5	6
Total Revenue (excluding capital transfers and contributions)		147 360	188 978	189 251	249 449	253 971	253 971	–	297 130	282 609	296 740

Table 3 Percentage growth in revenue by main revenue source

Description	Ref	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework				
		Full Year Forecast	Pre-audit outcome	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand	1							
Revenue By Source								
Property rates	2	25 900	10	27 040	9	28 392	10	29 812
Property rates - penalties & collection charges	3280	1 951	1	1 700	1	1 785	1	1 874
Service charges - electricity revenue	2	37 039	14.58	42 966	14.46	45 114	15.96	47 370
Service charges - water revenue	2	–		–		–		–
Service charges - sanitation revenue	2	–		–		–		–
Service charges - refuse revenue	2	6 585	2.59	6 848	2.30	7 190	2.54	7 550
Service charges - other								
Rental of facilities and equipment	3070	556		571		599		629
Interest earned - external investments	3210	5 800	2.28	5 500	1.85	5 775	2.04	6 064
Interest earned - outstanding debtors	3270	145	0.06	151	0.05	158	0.06	166
Dividends received			0.00		0.00		0.00	
Fines	3310	483	0.19	450	0.15	473	0.17	496
Licences and permits	3370	3 150	1.24	2 704	0.91	2 839	1.00	2 981
Agency services								
Transfers recognised - operational	3410	170 631	67.19	207 606	69.87	188 586	66.73	198 015
Other revenue	2	1 731	0.68	1 595	0.54	1 692	0.60	1 776
Gains on disposal of PPE	3700		0.00	–	0.00	5	0.01	6
Total Revenue (excluding capital transfers and contributions)		253 971	100	297 130	100	282 609	100	296 740

The budget will be funded as per table 1. Kindly note that of a total budget of R291 130 Council generates R89 524 296(30% and Grant amount to R207 606(70%). Therefore the Council is 70 % dependant on grants.

1.4.1 Property Rates

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

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further 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

Table 4		Operating Transfers and Grants Receipts									
Description	2009/10	2010/11	2011/2012	Current year 2012/2013			2012/13 Medium Term Revenue & Expenditure Framework				
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year 2014/15	Budget Year 2015/16		
Operating Transfers and Grants											
National Government:	35 940	48 217	73 767	107 628	107 628	107 628	110 689	116 224	129 897		
Local Government Equitable Share											
Local Government Equitable Share	34 706	46 917	71 817	105 328	105 328	105 328	108 249	113 661	127 447		
Finance Management	500	500	1 200	1 500	1 500	1 500	1 550	1 628	1 500		
Municipal Systems Improvement	734	800	750	800	800	800	890	935	950		
Provincial Government:	23 924	1 883	2 872								
Health subsidy	2 154	1 883	1 407								
Establishment Plan	21 770										
Admin fee of MIG projects			1 465								
District Municipality:											
Performanse Management System											
Other grant providers:											
Seeta Subsidy											
Library Subsidy											
Musuem Subsidy											
DBSA: Master Plan											
Total Operating Transfers and Grants	59 864	50 100	76 639	107 628	107 628	107 628	110 689	116 224	129 897		

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 rates/levies for the 2013/14 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2013)
	c	C
Residential properties	0.01505	0.01564
Business, Commercial and Government	0.01805	0.01877
Agricultural/Farms	0.00376	0.00391
Vacant land	0.01805	0.01877

1.4.2 Sale of Electricity and Impact of Tariff Increases

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

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

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

Table 6 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
Basic	226.56	251.48	24.92	11%
50	.58	.61	.03	5%
51-350	.67	.76	.09	14%
351-600	.93	1.03	.1	11%
601 > over	1.09	1.21	.12	11%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2013. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

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 5 per cent increase in the waste tariff is proposed from 1 July 2013. Higher increases will not be violable in 2013/2014 owing to significant increases implemented in previous financial years as well as the overall impact of higher inflation increases of other services. Any increase higher than 10 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 7 Comparison between current waste removal fees and increases

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

1.4.4 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 8MATATIELELOCALMUNICIPALITY Table SA14 – Household bills

EC441 Matatiele - Supporting Table SA14 Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
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	1 002.53
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		36.99	40.32	44.36	51.01	51.01		4.0%	53.05	55.17	57.38
Other											
sub-total		796.92	934.27	1 384.41	1 596.92	1 596.92	–	8.2%	1 727.30	1 870.21	2 026.96
VAT on Services											
Total large household bill:		796.92	934.27	1 384.41	1 596.92	1 596.92	–	8.2%	1 727.30	1 870.21	2 026.96
% increase/-decrease			17.2%	48.2%	15.4%	–	(100.0%)		–	8.3%	8.4%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
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								11.0%			
Electricity: Consumption		190.24	229.08	306.77	352.79	352.79	352.79	11.0%	391.60	434.67	482.49
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		36.99	40.32	44.36	51.01	51.01	51.01	4.0%	53.05	55.17	57.38
Other											
sub-total		308.16	356.92	389.87	446.41	446.41	446.41	9.5%	488.96	535.93	587.80
VAT on Services											
Total small household bill:		308.16	356.92	389.87	446.41	446.41	446.41	9.5%	488.96	535.93	587.80
% increase/-decrease			15.8%	9.2%	14.5%	–	–		9.5%	9.6%	9.7%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption		26.10	31.44	42.12	50.22	50.22	50.22	11.0%	55.74	61.88	68.68
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		36.99	40.32	44.36	51.01	51.01	51.01	4.0%	53.05	55.17	57.38
Other											
sub-total		63.09	71.76	86.48	101.23	101.23	101.23	7.5%	108.79	117.05	126.06
VAT on Services											
Total small household bill:		63.09	71.76	86.48	101.23	101.23	101.23	7.5%	108.79	117.05	126.06
% increase/-decrease			13.7%	20.5%	17.1%	–	–		7.5%	7.6%	7.7%

1.5 OperatingExpenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type										
Employee related costs	2	27 139	37 771	46 429	63 009	63 038	63 038	77 377	81 424	85 495
Remuneration of councillors	4340	11 155	11 346	13 276	15 344	15 344	15 344	16 947	15 958	16 596
Debt impairment	4560	7 533	1 395	2 610	2 000	2 000	2 000	3 000	3 150	3 308
Depreciation & asset impairment	2	10 656	14 784	15 905	9 584	12 893	12 893	9 831	10 323	10 839
Finance charges	4810	72	672	563	3 000	3 000	3 000	2 000	2 100	2 205
Bulk purchases	2	12 449	16 078	21 898	28 300	28 300	28 300	28 000	29 400	30 870
Other materials	4610	8 413	8 451	9 450	13 956	13 956	13 956	11 250	11 812	12 403
Contracted services		7 161	5 823	9 363	10 330	11 351	11 351	14 933	15 680	16 464
Transfers and grants	4970	8 222	35 504	8 468	16 454	24 860	24 860	17 828	10 345	10 898
Other expenditure	4, 5	12 584	15 753	23 307	34 643	35 746	35 746	34 620	36 063	37 867
Loss on disposal of PPE	6511			2 903		-	-	(0)		1
Total Expenditure		105 384	147 578	154 172	196 620	210 488	210 488	215 786	216 255	226 944

The budgeted allocation for employee related costs for the 2013/14 financial year totals R77million, 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 2013/14 financial year. An annual increase of 5 per cent has been included in the two outer years of the MTREF

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

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year this amount equates to R3 million and escalates to R3,3million by 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R10 million for the 2013/14 financial and equates to 6 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

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

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2013/14 the appropriation against this group of expenditure has grown by 7 per cent and continues to grow at 8 and 9 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 9 per cent for 2013/14 and curbed at 6 and 6.2 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

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

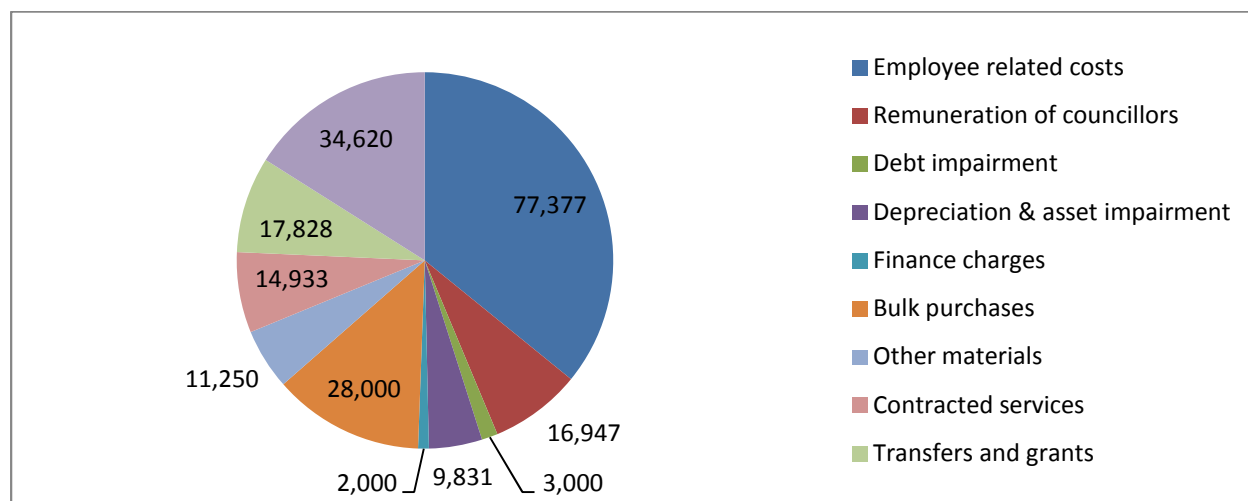


Figure 1 Main operational expenditure categories for the 2013/14 financial year

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 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

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

Table 10 Repairs and maintenance per asset class

Description	2009/10	2010/11	2011/2012	Current Year 2011/12			Medium Term Framework 2012/2013		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and Maintenance by Expenditure Item									
Employee related costs	38 291	37 771	46 429	63 009	63 038	63 038	77 377	81 424	85 495
Other materials	8 413	8 451	9 450	13 956	13 956	13 956	11 250	11 812	12 403
Contracted Services	7 161	5 823	9 363	10 330	11 351	11 351	14 933	15 680	16 464
Total repairs and Maintenance Expenditure	15 612 291	52 045	65 242	87 295	88 345	88 345	103 560	108 916	114 362

During the compilation of the 2013/2014 MTREF operation repairs and maintenance was identified as a strategic imperative owing to the ageing of the Municipality's infrastructure and historic deferred maintenance.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 15 500 or more indigent households during the 2013/2014 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

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

1.6 Capital expenditure

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

Table 11 2013/14 Medium-term capital budget per vote

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote	2										
Multi-year expenditure to be appropriated											
Council		66	933	6	926	926	926	926	1 355	1 423	1 451
BUDGET & FINANCE		1 686	2 656	527	14 632	14 932	14 932	14 932	5 300	5 565	5 676
CORPORATE		529	14	36	15 794	4 052	4 052	4 052	900	945	964
COMMUNITY		1 960	6 280	4 304	3 821	5 021	5 021	5 021	7 920	8 316	8 482
DEV & PLANNING		3 426	264	498	15 126	3 280	3 280	3 280	20 255	21 268	21 693
CIVIL ENIGENERING		28 178	25 470	31 127	129 671	129 586	129 586	129 586	103 608	108 788	110 964
Capital multi-year expenditure sub-total	7	35 846	35 616	36 498	179 969	157 797	157 797	157 797	139 338	146 305	149 231

For 2013/14 an amount of R103million has been appropriated for the development of infrastructure. This represents 66% of the total capital budget.

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

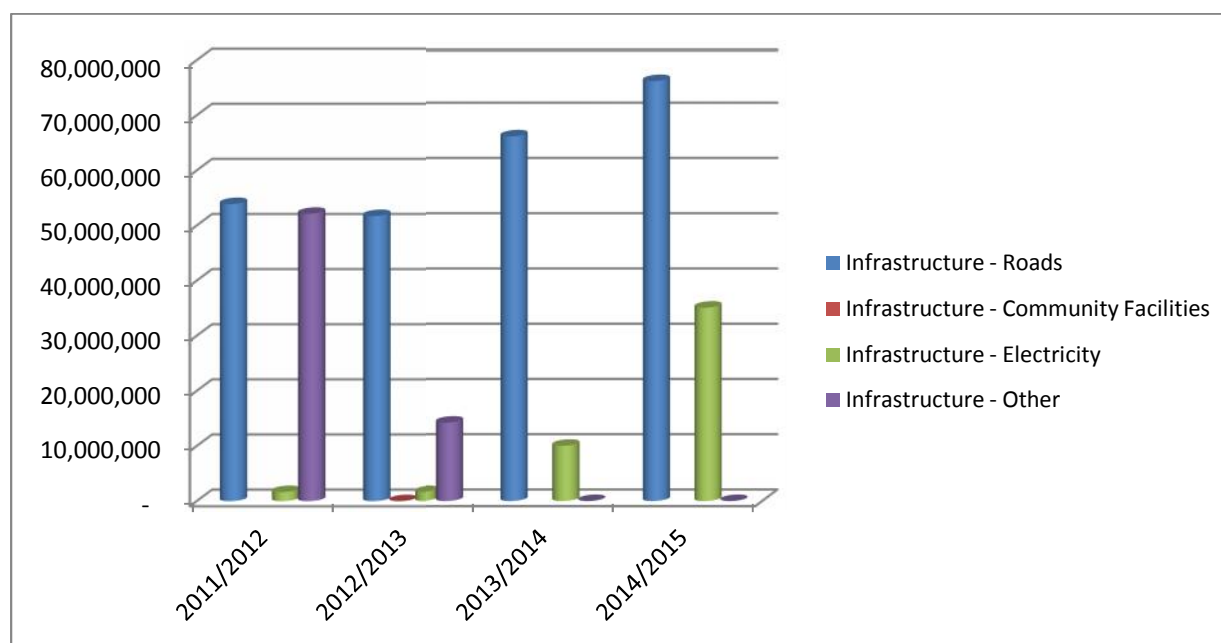


Figure 2 Capital Infrastructure Programme

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 61MBRR SA35 on page 96. This table shows that future operational costs

associated with the capital programme totals R114million in 2013/14. It needs to be noted that as part of the 2013/14 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 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 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands									
Financial Performance									
Property rates	14 166	14 457	14 823	23 660	27 851	27 851	28 740	30 177	31 686
Service charges	24 525	31 973	38 262	43 624	43 624	43 624	49 814	52 304	54 920
Investment revenue	3 306	3 880	5 257	4 000	5 800	5 800	5 500	5 775	6 064
Transfers recognised - operational	101 036	134 243	125 711	173 072	170 631	170 631	207 606	188 586	198 015
Other own revenue	4 326	4 425	5 198	5 092	6 065	6 065	5 471	5 766	6 055
Total Revenue (excluding capital transfers and contributions)	147 360	188 978	189 251	249 449	253 971	253 971	297 130	282 609	296 740
Employee costs	27 139	37 771	46 429	63 009	63 038	63 038	77 377	81 424	85 495
Remuneration of councillors	11 155	11 346	13 276	15 344	15 344	15 344	16 947	15 958	16 596
Depreciation & asset impairment	10 656	14 784	15 905	9 584	12 893	12 893	9 831	10 323	10 839
Finance charges	72	672	563	3 000	3 000	3 000	2 000	2 100	2 205
Materials and bulk purchases	20 862	24 529	31 348	42 256	42 256	42 256	39 250	41 212	43 273
Transfers and grants	8 222	35 504	8 468	16 454	24 860	24 860	17 828	10 345	10 898
Other expenditure	27 278	22 971	38 183	46 973	49 097	49 097	52 553	54 893	57 638
Total Expenditure	105 384	147 578	154 172	196 620	210 488	210 488	215 786	216 255	226 944
Surplus/(Deficit)	41 976	41 400	35 079	52 829	43 483	43 483	81 344	66 354	69 795
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	41 976	41 400	35 079	52 829	43 483	43 483	81 344	66 354	69 795
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	41 976	41 400	35 079	52 829	43 483	43 483	81 344	66 354	69 795
Capital expenditure & funds sources									
Capital expenditure	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	33 170	27 561	25 932	52 816	43 390	43 390	81 629	55 000	50 000
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	98 700	60 000	60 000	11 500	25 000	10 000
Internally generated funds	2 676	8 055	10 565	28 453	54 407	54 407	46 510	40 055	62 456
Total sources of capital funds	35 846	35 616	36 498	179 969	157 797	157 797	139 639	120 055	122 456

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		82 416	94 767	112 032	133 978	141 980	141 980	146 972	154 321	162 037
Executive and council		133	1 811	474	371	767	767	371	389	408
Budget and treasury office		81 816	92 520	111 240	133 407	140 755	140 755	146 402	153 722	161 408
Corporate services		467	436	318	200	458	458	200	210	221
<i>Community and public safety</i>		12 483	6 937	5 284	13 021	16 303	16 303	15 449	16 221	17 033
Community and social services		5 336	3 395	1 738	1 515	2 169	2 169	1 447	1 519	1 595
Sport and recreation		126	2 023	3 546	3 000	3 630	3 630	3 154	3 312	3 477
Public safety		—	—	—	—	—	—	—	—	—
Housing		3	112	—	7	7	7	—	—	—
Health		7 018	1 407	—	8 499	10 497	10 497	10 848	11 390	11 960
<i>Economic and environmental services</i>		29 111	21 974	27 393	59 792	47 646	47 646	50 343	45 584	47 863
Planning and development		2 495	1 658	1 447	3 253	3 388	3 388	6 993	67	70
Road transport		26 616	20 316	25 946	56 539	44 259	44 259	43 350	45 517	47 793
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		23 349	65 301	44 542	42 658	48 040	54 595	84 366	62 334	65 451
Electricity		23 349	56 634	33 963	42 658	48 040	48 040	84 366	62 334	65 451
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		—	8 667	10 579	—	—	6 555	—	—	—
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Standard	2	147 359	188 978	189 251	249 449	253 970	260 525	297 130	278 460	292 383
Expenditure - Standard										
<i>Governance and administration</i>		46 890	47 722	66 828	83 715	86 812	86 812	88 830	91 848	96 440
Executive and council		15 699	20 140	26 366	31 152	32 598	32 598	36 570	37 187	39 047
Budget and treasury office		23 242	17 672	29 213	34 969	35 834	35 834	39 697	41 469	43 542
Corporate services		7 949	9 911	11 249	17 593	18 380	18 380	12 564	13 192	13 851
<i>Community and public safety</i>		10 570	20 432	21 312	29 158	31 593	30 756	34 776	36 484	38 308
Community and social services		2 249	9 148	8 004	10 775	10 887	10 050	12 151	12 728	13 365
Sport and recreation		828	3 723	5 356	7 773	8 193	8 193	7 396	7 766	8 155
Public safety		—	—	—	—	—	—	—	—	—
Housing		1 854	111	—	7	7	7	—	—	—
Health		5 639	7 450	7 952	10 603	12 505	12 505	15 228	15 989	16 789
<i>Economic and environmental services</i>		31 881	26 677	38 251	49 281	51 975	51 963	42 201	43 983	45 865
Planning and development		5 208	4 200	5 781	12 785	12 811	12 811	13 790	14 152	14 542
Road transport		26 673	22 477	32 470	36 496	39 164	39 152	28 411	29 831	31 323
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		16 042	52 747	27 781	34 466	40 108	40 068	49 979	42 683	44 799
Electricity		16 042	52 747	27 781	34 466	40 108	40 068	49 979	42 683	44 799
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		—	—	—	—	—	—	—	—	—
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard	3	105 383	147 578	154 172	196 620	210 488	209 599	215 786	214 998	225 412
Surplus/(Deficit) for the year		41 976	41 400	35 079	52 829	43 482	50 926	81 344	63 463	66 972

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 14 MBRRTTableA3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Council		1 644	1 811	473	371	767	767	371	389	408
Finance		83 818	92 520	111 240	133 407	140 755	140 755	146 402	153 722	161 408
Corporate		467	436	318	200	458	458	200	210	221
Community		17 471	6 937	5 285	13 021	16 303	16 303	18 449	16 221	17 033
Economic & Development		3 858	1 659	1 447	3 253	3 388	3 388	3 993	67	70
Infrastructure		47 596	85 615	70 488	99 197	92 299	92 299	127 715	107 851	113 244
Total Revenue by Vote	2	154 854	188 978	189 251	249 449	253 970	253 970	297 129	278 460	292 383
Expenditure by Vote to be appropriated	1									
Council		14 239	20 140	26 366	31 152	32 718	32 718	36 419	37 187	39 047
Finance		24 127	17 672	29 265	34 969	35 954	35 954	42 613	41 469	43 542
Corporate		6 367	9 911	11 249	17 593	18 380	18 380	23 628	13 192	13 851
Community		5 616	14 376	13 360	29 118	30 906	30 905	33 586	35 235	36 996
Economic & Development		4 073	4 200	5 781	12 817	12 811	12 811	12 204	7 805	8 195
Infrastructure		50 961	81 279	68 151	70 970	79 719	79 719	67 337	72 514	76 121
Total Expenditure by Vote	2	105 383	147 578	154 172	196 620	210 487	210 487	215 787	207 401	217 753
Surplus/(Deficit) for the year	2	49 471	41 400	35 079	52 829	43 483	43 483	81 342	71 059	74 631

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 15 Surplus/Deficit calculations for the trading services

Description	2009/10	Nov-10	Dec-11	Current Year 2012/13			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
R thousand									
Electricity	23 349	56 634	33 963	42 658	48 040	48 040	59 366	62 334	65 451
Total revenue	147 360	188 978	189 251	249 449	253 971	253 971	272 130	282 609	296 740
Operating expenditure	105 384	147 578	154 172	196 620	210 488	210 488	215 786	216 255	226 944
Surplus/(Deficit) for the year	41 976		41 400	52 829	43 483	43 483	56 344	66 354	69 795
Percentage Surplus	28.49%	21.91%	27.91%	21.18%	17.12%	17.12%	20.70%	23.48%	23.52%

- The electricity trading surplus is decreasing over the 2013/14MTREF from 15 per cent or R6 million to 9 per cent by 2015/16.
- 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 16 MBRRTable A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue By Source										
Property rates	2	13 204	12 776	13 235	22 020	25 900	25 900	27 040	28 392	29 812
Property rates - penalties & collection charges	3280	962	1 681	1 588	1 640	1 951	1 951	1 700	1 785	1 874
Service charges - electricity revenue	2	22 219	26 231	32 489	37 039	37 039	37 039	42 966	45 114	47 370
Service charges - refuse revenue	2	2 306	5 743	5 773	6 585	6 585	6 585	6 848	7 190	7 550
Rental of facilities and equipment	3070	498	499	499	556	556	556	571	599	629
Interest earned - external investments	3210	3 306	3 880	5 257	4 000	5 800	5 800	5 500	5 775	6 064
Interest earned - outstanding debtors	3270	1 664	488	81	145	145	145	151	158	166
Fines	3310		966	624	403	483	483	450	473	496
Licences and permits	3370	1 017	1 060	2 925	2 600	3 150	3 150	2 704	2 839	2 981
Transfers recognised - operational	3410	101 036	134 243	125 711	173 072	170 631	170 631	207 606	188 586	198 015
Other revenue	2	1 136	1 412	783	1 389	1 731	1 731	1 595	1 692	1 776
Gains on disposal of PPE	3700	11		287				-	5	6
Total Revenue (excluding capital transfers and contributions)		147 360	188 978	189 251	249 449	253 971	253 971	297 130	282 609	296 740
Expenditure By Type										
Employee related costs	2	27 139	37 771	46 429	63 009	63 038	63 038	77 377	81 424	85 495
Remuneration of councillors	4340	11 155	11 346	13 276	15 344	15 344	15 344	16 947	15 958	16 596
Debt impairment	4560	7 533	1 395	2 610	2 000	2 000	2 000	3 000	3 150	3 308
Depreciation & asset impairment	2	10 656	14 784	15 905	9 584	12 893	12 893	9 831	10 323	10 839
Finance charges	4810	72	672	563	3 000	3 000	3 000	2 000	2 100	2 205
Bulk purchases	2	12 449	16 078	21 898	28 300	28 300	28 300	28 000	29 400	30 870
Other materials	4610	8 413	8 451	9 450	13 956	13 956	13 956	11 250	11 812	12 403
Contracted services		7 161	5 823	9 363	10 330	11 351	11 351	14 933	15 680	16 464
Transfers and grants	4970	8 222	35 504	8 468	16 454	24 860	24 860	17 828	10 345	10 898
Other expenditure	4, 5	12 584	15 753	23 307	34 643	35 746	35 746	34 620	36 063	37 867
Loss on disposal of PPE	5511			2 903		-	-	(0)		1
Total Expenditure		105 384	147 578	154 172	196 620	210 488	210 488	215 786	216 255	226 944
Surplus/(Deficit) for the year		41 976	41 400	35 079	52 829	43 483	43 483	81 344	66 354	69 795

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

1. Total revenue is R297million in 2013/14 and escalates to R296million by 2015/16.
2. Revenue to be generated from property rates is R27million in the 2013/14 financial year and increases to R30million by 2015/16 which represents 10 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5 per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R49million for the 2013/14 financial year and increasing to R56million by 2015/16. For the 2013/14 financial year services charges amount to 19 per cent of the total revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases.
5. The following graph illustrates the major expenditure items per type.

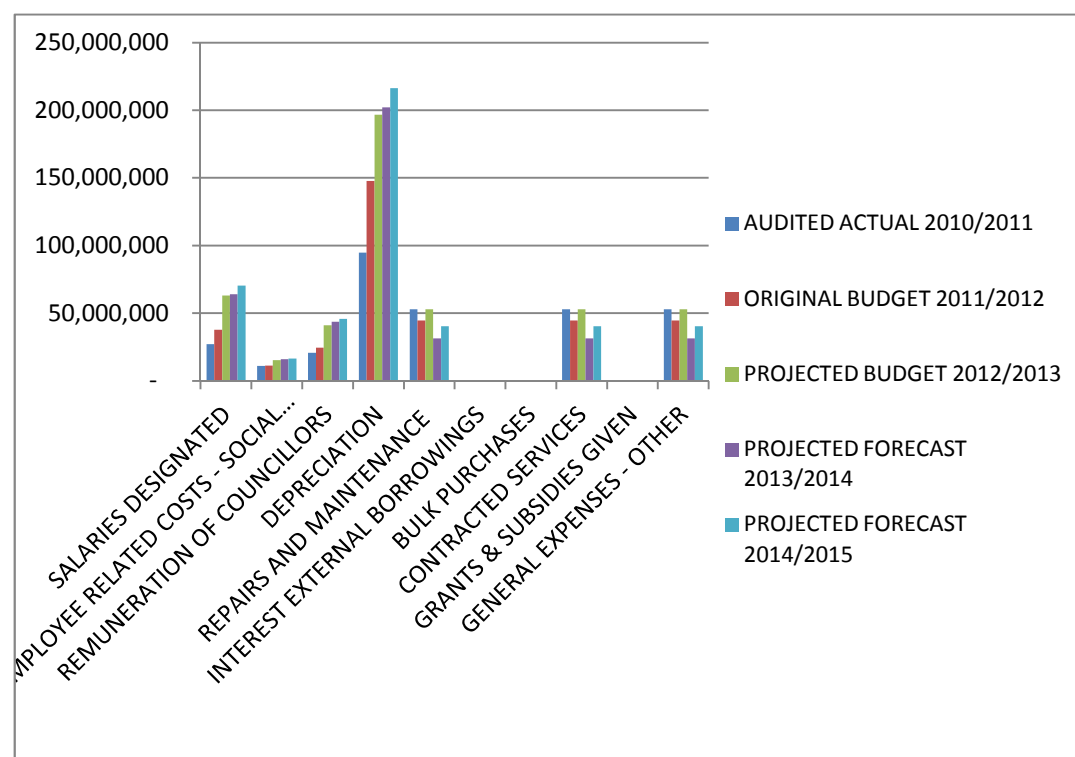


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2009/10 to 2013/14 period escalating from R8million to R28million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.

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

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Council		66	933	6	926	926	926	926	1 355	1 423	1 451
BUDGET & FINANCE		1 686	2 656	527	14 632	14 932	14 932	14 932	5 300	5 565	5 676
CORPORATE		529	14	36	15 794	4 052	4 052	4 052	900	945	964
COMMUNITY		1 960	6 280	4 304	3 821	5 021	5 021	5 021	7 920	8 316	8 482
DEV & PLANNING		3 426	264	498	15 126	3 280	3 280	3 280	20 255	21 268	21 693
CIVIL ENGINEERING		28 178	25 470	31 127	129 671	129 586	129 586	129 586	103 608	108 788	110 964
Capital multi-year expenditure sub-total	7	35 846	35 616	36 498	179 969	157 797	157 797	157 797	139 338	146 305	149 231

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

- 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.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R3million has been allocated of the total R114million capital budget.
- Single-year capital expenditure has been appropriated at R12 million for the 2013/14 financial year and decrease over the MTREF.
- 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.
- 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 18MBRR Table A6 -Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Current assets											
Cash		64 636									
Call investment deposits	1	–	79 061	102 500	102 500	102 500	102 500	102 500	102 500	102 500	102 500
Consumer debtors	1	4 636	6 749	5 507	5 507	5 507	5 507	5 507	5 507	5 507	5 507
Other debtors		3 917	17 347	9 761	9 761	9 761	9 761	9 761	9 761	9 761	9 761
Current portion of long-term receivables		67			–	–	–	–	–	–	–
Inventory	2	558	553	532	532	532	532	532	532	532	532
Total current assets		73 814	103 710	118 300	118 300	118 300	118 300	118 300	118 300	118 300	118 300
Non current assets											
Long-term receivables											
Investments		4 611									
Investment property		9 758	9 758	9 758	9 758	9 758	9 758	9 758	9 758	9 758	9 758
Investment in Associate											
Property, plant and equipment	3	345 303	364 581	382 349	382 349	382 349	382 349	382 349	338 891	344 608	349 411
Agricultural											
Biological											
Intangible		285	435	430	430	430	430	430	430	430	430
Other non-current assets			5 363	6 152	6 152	6 152	6 152	6 152	6 152	6 152	6 152
Total non current assets		359 957	380 137	398 690	398 690	398 690	398 690	398 690	355 232	360 949	365 751
TOTAL ASSETS		433 771	483 847	516 990	516 990	516 990	516 990	516 990	473 532	479 249	484 052
LIABILITIES											
Current liabilities											
Bank overdraft	1	1 410	5 924	–	–	–	–	–	–	–	–
Borrowing	4	173	18	–	–	–	–	–	–	–	–
Consumer deposits		310	321	242	242	242	242	242	242	242	242
Trade and other payables	4	29 295	36 134	37 807	37 807	37 807	37 807	37 807	37 807	37 807	37 807
Provisions		1 743	1 672	1 912	1 912	1 912	1 912	1 912	1 912	1 912	1 912
Total current liabilities		32 930	44 069	39 962	39 962	39 962	39 962	39 962	39 962	39 962	39 962
Non current liabilities											
Borrowing		18	–	–	–	–	–	–	–	–	–
Provisions		7 186	8 557	11 758	11 758	11 758	11 758	11 758	11 758	11 758	11 758
Total non current liabilities		7 205	8 557	11 758	11 758	11 758	11 758	11 758	11 758	11 758	11 758
TOTAL LIABILITIES		40 135	52 626	51 719	51 719	51 719	51 719	51 719	51 719	51 719	51 719
NET ASSETS	5	393 637	431 221	465 271	465 271	465 271	465 271	465 271	421 813	427 530	432 332
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		86 978	137 918	183 861	183 861	183 861	183 861	183 861	183 861	183 861	183 861
Reserves	4	306 658	293 303	281 410	281 410	281 410	281 410	281 410	281 410	281 410	281 410
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	393 637	431 221	465 271	465 271	465 271	465 271	465 271	465 271	465 271	465 271

Explanatory notes to Table A6 - Budgeted Financial Position

- 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).
- 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.
- 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 19 MBRTable A7 - Budgeted Cash Flow Statement

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

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality stayed consistent over the 2010/2011 to 2013/2014 period owing directly to the finance department.
4. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 20 MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	63 227	73 137	102 500	131 863	161 227	190 590	161 227	190 590	219 953	249 316
Other current investments > 90 days		(U)	U	U	(29 363)	(58 /26)	(88 090)	(58 /26)	(88 090)	(11 / 453)	(146 816)
Non current assets - Investments	1	4 611	—	—	—	—	—	—	—	—	—
Cash and investments available:		67 837	73 137	102 500	102 500	102 500	102 500	102 500	102 500	102 500	102 500
Application of cash and investments											
Unspent conditional transfers		18 960	20 731	23 779	—	—	—	—	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	—	—	—	—	—	—	—
Other working capital requirements	3	1 326	(3 707)	(3 528)	(14 068)	(13 131)	(13 131)	—	(12 118)	(11 538)	(10 989)
Other provisions		—	—	—	—	—	—	—	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and investments:		20 286	17 024	20 251	(14 068)	(13 131)	(13 131)	—	(12 118)	(11 538)	(10 989)
Surplus(shortfall)		47 551	56 113	82 249	116 568	115 631	115 631	102 500	114 618	114 038	113 489

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2008/09 the surplus increased from R12 million to R13million. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 21 MBRR Table A9 - Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	309 457	328 964	345 852	202 380	224 553	224 553	199 553	198 303	197 253
Infrastructure - Road transport		309 457	328 964	345 852	202 380	224 553	224 553	199 553	198 303	197 253
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		309 457	328 964	345 852	202 380	224 553	224 553	199 553	198 303	197 253
Community		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	35 846	35 616	36 498	179 969	157 797	157 797	139 339	146 306	152 158
Infrastructure - Road transport		35 846	35 616	36 498	179 969	157 797	157 797	139 339	146 306	152 158
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		35 846	35 616	36 498	179 969	157 797	157 797	139 339	146 306	152 158
Total Capital Expenditure	4	345 303	364 581	382 349	382 349	382 349	382 349	338 891	344 608	349 411
Infrastructure - Road transport		345 303	364 581	382 349	382 349	382 349	382 349	338 891	344 608	349 411
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		345 303	364 581	382 349	382 349	382 349	382 349	338 891	344 608	349 411
TOTAL CAPITAL EXPENDITURE - Asset class	2	345 303	364 581	382 349	382 349	382 349	382 349	338 891	344 608	349 411

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 MTRE. It highlights the Municipality's strategy to address the maintenance backlog.

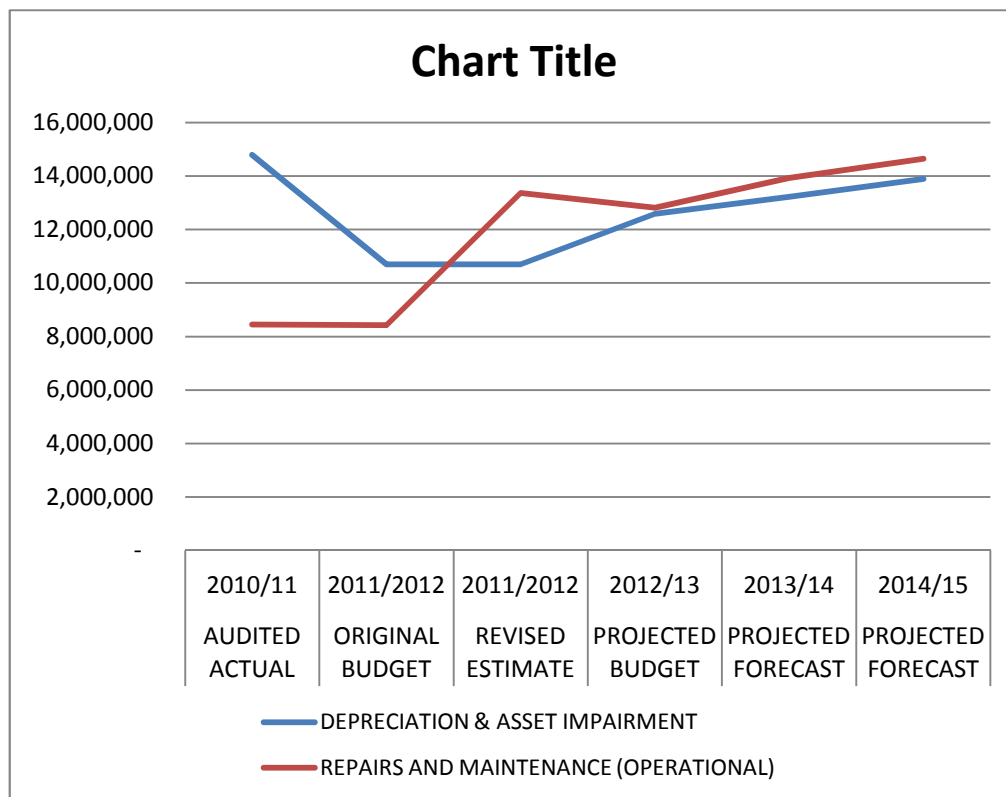


Figure 4 Depreciation in relation to repair and maintenance over the MTREF

Table 22 MBRR Table A10 - Basic Service Delivery

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		1	0	1	1	1	1	1	1	1
Electricity - prepaid (min.service level)		3	3	3	4	4	4	4	4	5
Minimum Service Level and Above sub-total		3 900	3 800	3 900	4 300	4 300	4 300	4 600	4 900	5 300
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	3 900	3 800	3 900	4 300	4 300	4 300	4 600	4 900	5 300
Refuse:										
Removed at least once a week		4	4	5	5	5	5	5	5	5
Minimum Service Level and Above sub-total		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Removed less frequently than once a week		4	4	5	5	5	5	5	5	5
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Total number of households	5	8 800	8 800	9 000	9 100	9 100	9 114	9 200	9 300	10 000
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		0	1	2	4	4	4	9	12	18
Refuse (removed at least once a week)		0	1	2	4	4	4	9	12	18
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		239	1 316	420	2 160	2 160	2 160	2 376	2 614	2 875
Refuse (removed once a week)		327	235	3 036	1 994	1 994	1 994	2 193	2 413	2 654
Total cost of FBS provided (minimum social package)		566	1 551	3 456	4 154	4 154	4 154	4 569	5 026	5 529
Highest level of free service provided										
Property rates (R value threshold)		-	-	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		37	40	44	89	89	89	95	102	109
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		-	-	-	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)		-	-	5 588	5 812	6 044	-	6 649	7 314	8 045
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy		239	1 316	420	2 160	2 160	2 160	2 376	2 614	2 875
Refuse		327	235	3 036	1 994	1 994	1 994	2 193	2 413	2 654
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	6	566	1 551	9 045	9 966	10 198	4 154	11 218	12 340	13 574

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 13500 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services. The number is set to increase to 175 00 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R10 million in 2013/14, increasing to R15 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the Draft Budget 2013/14 can be summarised as follows:
 - a) Council Adopted a Budget Process Plan on 31 August 2012.
 - b) The Budget & Finance Standing Committee Compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM Policies were reviewed. No amendments were recommended as the policies were approved less than 4 months prior to this meeting;
 - c) The CFO presented the Budget Assumptions and Guideline to the General Manager in October 2012;
 - d) IDP Outreaches were held in November 2012. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.
 - e) In February 2013 a Strategic Planning Workshop was held in Durban during which Standing Committees in their various commissions developed their respective KPA's and objectives for 2013/2014;
 - f) The Draft Budget for 2013/2014 was table at Council by the Mayor on 26 March 2013;
 - g) On the 26 March 2013 Council will consider and adopt the IDP, Budget, Tariffs and all budget related schedules and policies.

2.1.1 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.

2.1.2 Overview of alignment of annual budget with IDP

The development of the Draft IDP of 2013-2018 and the 2013/2014 Draft Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2013/2014 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

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

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

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

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

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

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

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the

municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

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

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

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

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National 2014 Vision;
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/2014MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 23 IDP Strategic Objectives

2012/2013 Financial Year		2013/2014 MTREF	
1	The Provision of quality Basic Services and Infrastructure	1	Provision of quality Basic Services and Infrastructure
2	Acceleration of higher and shared economic growth and development	2	Economic growth and development that leads to sustainable job creation
3	Fighting of Poverty, building clean, healthy, safe and sustainable communities	3.1	Fighting of Poverty, building clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4	Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5	Good governance, Financial viability and institutional governance	5.1	Promote sound governance
		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

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

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

1. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water
 - Provide Public Transport
 - Provide City Planning Service; and
 - Maintaining the Infrastructure of the City
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the city;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.1 Integrated Social Services for empowered and sustained communities
 - Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services

- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personal;

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

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated 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 24 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Good Governance and Public Participation	Executive & Council	1 644	1 811	400	931	931	371	–	–
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 25 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget
R thousand										
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 26MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget
R thousand											
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

2.2 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:

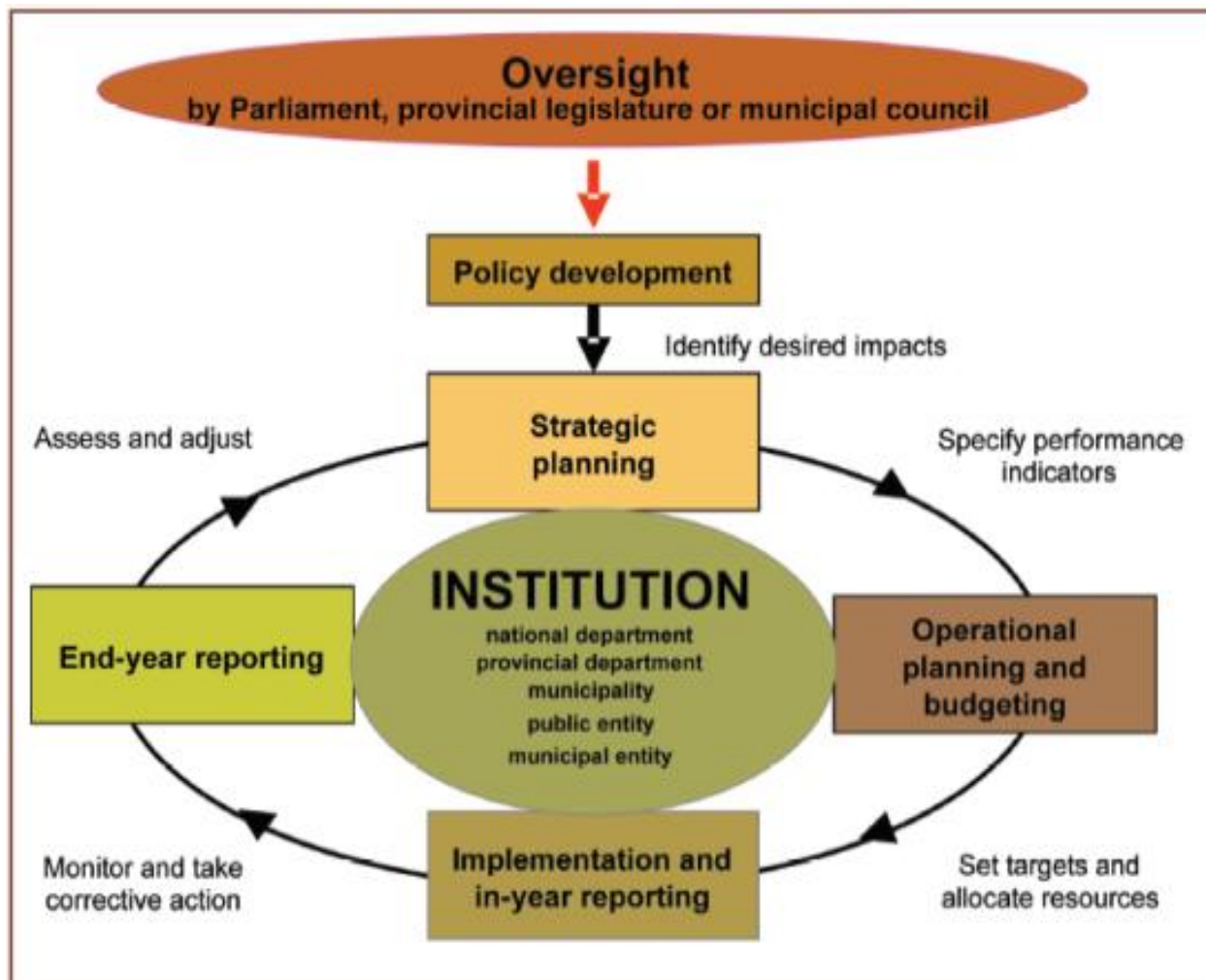


Figure 5 Planning, Budgeting and Reporting Cycle

The performance of the Municipality relates directly to the extent to which it has achieves 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 (marking 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:

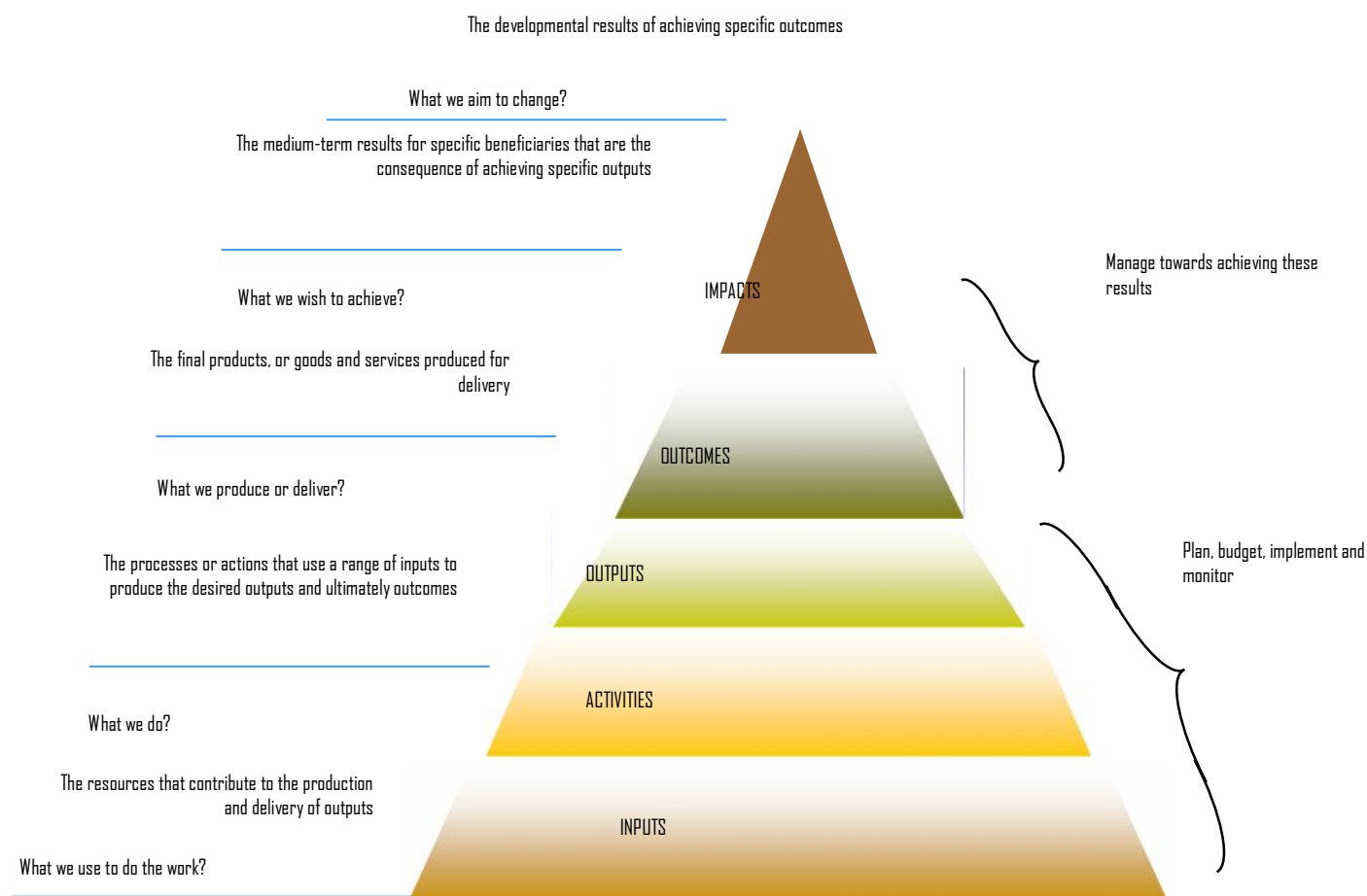


Figure 6 Definition of performance information concepts

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

Table 27MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget
Vote 1 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Function 1 - BUDGET & FINANCE										
Sub-function 1 - Good Governance										
No of staff trained in finance management	Training schedule							No of people formally trained.		
No of staff meetings	Minutes							12		
To launch a program aimed at accrediting Financial/ non-technical officials/councillors with IMFO	Registration Certificates							30/06/2012		
Launch a program aimed at accrediting Financial officials as CA/CPA's	CA/CPA's Training							30/06/2012		
Computer Training	No. of staff trained							No of people formally trained.		
Undertake a study aimed at identifying and address critical gaps in line with JIPSA and Competency levels of Financial Officers/ SCM	Competency levels							Annually		
Issue of staff with PC's	No. of staff issued							20		
Installation of antivirus software	Update Reports							Monthly		
Updating of Abacus Financial System	New Release Dates							Half Yearly		
Updating of Payday Payroll System	New Release Dates							Annually		

Maintenance of hardware	Asset Verification Report							Quarterly		
Valuation Roll Maintenance	Amended Valuation Roll							Quarterly		
Develop and implement an IT Strategy 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		
Sub-function 2 - Budget Planning & Financial Reporting										
No of staff trained in finance management	No. of monthly reports							12		
Quarterly reporting to council	No. of quarterly reports							4		
Annual details of bank account (Sec.9b)	Before 30 June each year							30-Jun-12		
Quarterly reporting on withdrawals	No. of quarterly reports							4		
Mid-year budget (Sec.72)	Before 25 January each year							25-Jan-12		
Bank reconciliation's	No. of reconciliations							12		
Investments	No. of bank certificates							4		
Investment policy (annual review)	Date approved							30-Jun-12		
Review of policies	Date policies reviewed by Council - Credit Control and Debt Collection, Tariff, Procurement, Indigent Management, Budget, Risk Management, Rates, Fixed Assets and Accounting, Banking and Investment							30-Jun-12		
Payment of interest & redemption	Cheque vouchers							Bi-annually		

Reconciliation with general ledger	Reconciliation							Bi-annually		
Inclusion in financial statements	Appendix A							Annually		
Time schedule	Date approved							31-Aug-10		
Tabling of annual budget	Date tabled							31-Mar-11		
Approval of annual budget	Date approved							31-May-11		
Public meetings	No. of meetings							7		
Undertake tariff setting during budget preparation process								Annually		
Align Budget with IDP								Annually		
Monthly reports to Managers I & E	No. of budget reports							Monthly		
Age Creditors Analysis	12 Monthly Budget Reports							10 working days after end of month		
Age Debtors Analysis	12 Monthly Budget Reports							10 working days after end of month		
Capital Acquisition Actual	12 Monthly Budget Reports							10 working days after end of month		
Statement of Financial Performance (actual)	12 Monthly Budget Reports							10 working days after end of month		
Cash Flow actual	12 Monthly Budget Reports							10 working days after end of month		
Finance Management Grant	12 Monthly Budget Reports							10 working days after end of month		
Restructuring Grant	12 Monthly Budget Reports							10 working days after end of		

								month		
Municipal Systems Implementation Grant	12 Monthly Budget Reports							10 working days after end of month		
Municipal Infrastructure Grant	12 Monthly Budget 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 28MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	0.5%	0.4%	1.5%	1.4%	1.4%	0.0%	0.9%	1.0%	1.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.2%	1.2%	0.9%	3.9%	3.6%	3.6%	0.0%	2.2%	2.2%	2.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.2	2.4	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.2	2.4	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Liquidity Ratio	Monetary Assets/Current Liabilities	2.0	1.8	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	105.3%	78.0%	115.0%	92.1%	86.0%	86.0%	0.0%	79.4%	75.6%	
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		105.3%	79.3%	115.0%	92.1%	86.0%	86.0%	0.0%	79.4%	75.6%	
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	5.8%	12.8%	8.1%	6.1%	6.0%	6.0%	0.0%	5.6%	5.4%	5.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		16.3%	21.1%	13.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	18.4%	20.0%	24.5%	25.3%	24.8%	24.8%	0.0%	28.4%	28.8%	28.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	20.1%	20.1%	22.1%	26.4%	25.9%	25.9%		25.8%	25.4%	25.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.3%	8.2%	8.7%	5.0%	6.3%	6.3%	0.0%	4.3%	4.4%	4.4%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.2	–	–	–	–	–	–	–	–	–
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.0%	51.3%	28.5%	22.5%	21.2%	21.2%	0.0%	19.3%	18.4%	17.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.2	7.4	10.6	10.0	11.5	13.6	–	12.8	14.9	16.1

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 572	1 Yearly Reports
Standard Budget return form to analyst	1 Yearly Reports
Raised Capital Budget	1 Yearly Reports
Revised Operating Budget	1 Yearly Reports
Revised Balance Sheet	1 Yearly Reports
Capital Acquisition Audit	1 Yearly Reports
Operating Audited	1 Yearly Reports
Balance Sheet Audited	1 Yearly Reports
Adjustment budget	Date revised budget approved
Asset Register	
Inventory control	Frequency of inventory lists
Updating of assets register	Frequency of updates
Disposal of assets	Date of report to Council
Loans Register	
Payment of interest & redemption	Cheque vouchers
Reconciliation with general ledger	Reconciliation
Inclusion in financial statements	Appendix A
Revenue Management	
Credit control & debt collecting	Report to sub committee
Debt Reduction	Outstanding Debt
Tariff adjustments	Date Advertised
Debtors reconciliation	No. of reconciliations
Expenditure Management	
Creditors paid	Creditors reconciliation
Salaries and allowances paid on time	Payroll
Insurance of assets & liabilities	Premiums
Financial regulations review	Regulations
Delegations review	Delegations
Training of staff	
No of staff trained in finance management	Training schedule
No of staff meetings competency levels	Survey
Supply Chain Management	
Compliance with SCM Regulations	Survey
Supply Chain Management Policy Review	Policy
Tender Adjudications	Committee Meetings
Department: Chief Financial Officer	
Vote: Information Technology	
Computer literacy	No. of staff trained
Issue of staff with PC's	No. of staff issued

<p>Installation of antivirus software</p> <p>Updating of Web page</p> <p>Updating of Abacus Financial System</p> <p>Updating of Payday Payroll System</p> <p>Maintenance of hardware</p> <p>Valuation Roll Maintenance</p> <p>GIS System Maintenance</p> <p>Review powers and functions, roles and responsibilities</p> <p>Draft revised organizational structure to address key recommendations</p> <p>Table for consideration and approval a draft establishment plan</p> <p>Undertake a study aimed at identifying g and address critical gaps in line with JIPSA and Competency levels of Financial Officers/ SCM</p> <p>To launch a program aimed at accrediting Financial/ non-technical officials/councillors with IMFO</p> <p>Launch a program aimed at accrediting Financial officials as CA/CPA's</p> <p>Develop a comprehensive office requirement plan informed through needs analysis</p> <p>Communicate needs through applicable department</p>	<p>Updates</p> <p>Contents</p> <p>Reports</p> <p>Reports</p> <p>As Required</p> <p>Amended Valuation Roll</p> <p>As Required</p>
<p>Launch on-going data cleansing programme (in-house)</p> <p>Undertake tariff setting during budget preparation process</p> <p>Implement full blown credit control in accordance with Council Policy</p> <p>Procure debt management and credit control operating system</p> <p>Identify economic opportunities and liaise with internal structures</p> <p>To improve key financial viability and liquidity indicators:</p> <ul style="list-style-type: none"> · Acid Test Ratio · Cost Coverage Ratio · Debt Coverage Ratio <p>Budget framework is balances and modelled on actual revenue collected</p> <p>Implement Division of Revenue Act (DORA)</p>	

<p>Ensure compliance with prescribed accounting standards (Compliance with AFS preparation framework)</p> <p>Ensure compliance with prescribed accounting standards (Compliance with AFS preparation framework) and Council Policies</p> <p>Compile AFS in line with AFS preparations framework (GRAP)</p> <p>Preparation of section 52, 71 (DORA) & 72 reports</p> <p>Review written delegations in line with delegations policy</p> <p>Develop and implement and IT Strategy</p> <p>Supply Chain Management</p> <p>Development and implementation of Supply Management Policy</p> <p>Compile delegations</p> <p>Establish SCM unit under CFO</p> <p>Align with new threshold values</p> <p>Establish new bid committees</p> <p>Compile internal procedures and processes</p> <p>Compile list of suppliers</p> <p>Training of practitioners</p> <p>Approval of tenders not recommended in the normal course of the implementation of SCM</p> <p>Separation of duties in SCM</p> <p>Revenue Management</p> <p>Additional revenue</p>	<p>Monthly monitoring</p> <p>SCM delegations</p> <p>SCM units</p> <p>Policy</p> <p>Committees</p> <p>Policy</p> <p>Updated suppliers data base</p> <p>Training courses</p> <p>Monthly reports to AG, PT and NT</p> <p>Implementation of SCM policy</p> <p>Rand value of additional revenue secured</p>
<p>Department: Municipal Managers Office</p> <p>Vote: Administration</p> <p>Full Council meetings</p> <p>Executive Committee meetings</p> <p>Budget Control for departmental expenditure.</p> <p>Vote: Executive and Council</p> <p>Oversee the strategic planning for the Municipality that will ensure alleviation of poverty and the facilitation of sustainable development</p> <p>Strategically manage the use of Council resources so that an economic, effective and efficient service is delivered</p> <p>Maintain overall responsibility as Chief Accounting Officer for all income and expenditure of Council, all assets and discharge of liabilities</p> <p>Lead direct and manage staff so that they are</p>	<p>Minutes</p> <p>Minutes</p> <p>Review budget</p> <p>IDP Review</p> <p>Proof of IDP review meetings</p> <p>Internal submissions</p> <p>Budget inputs to Mayor</p> <p>Develop and monitor SDBIP</p> <p>Link IDP to budget</p> <p>Budget approval by 31 May 2013</p> <p>Adoption of multi-year budget</p> <p>Monthly Mancos meetings</p>

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

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

Nokhwezi Hall Hire	Hall hire per occasion
Harry Gwala Hall Hire	Hall hire per occasion
Mzingisi Hall Hire	Hall hire per occasion
Library Hall Matatiele	Hall hire per occasion
Library Hall Cedarville	Hall hire per occasion
Community Functions	Hall hire per occasion
Rural Hall Hire	Hall hire per occasion
Various Site Rental	No of rental
Vote: Housing	
Housing consumer education	No. of beneficiaries trained
Completion of new houses	No. of houses completed
Applications captured	Number
Properties transferred	Number
Projects conditionally approved	Number
Vote: Cemetery	
Burials	No of
Plots	No of
Exhumation of body	No of
Widening of grave	No of
Memorial	No of
Vote: Sports, Recreation & Youth Development	
Matatiele sport council	No. of meetings
Matatiele youth council	No. of meetings
Children Per Occasion	No.of tickets sold
Adult Per Occasion	No.of tickets sold
Season Children	No.of tickets sold
Part Season Children	No.of tickets sold
Season Adults	No.of tickets sold
Part season Adult	No.of tickets sold
Local Club for practice per practice	No.of Games
Local Clubs per Game	No.of Games
Outside Clubs per game	No.of Games
Non sport function per day	No.of Games
Vote: Museum	
Visitors	Number of visitors
Vote: Nature Reserve	
various Farm rentals	
Chalet:6 bedded	Accommodation per room
Chalet:4 bedded	Accommodation per room
Angling: Annual	Accommodation per year
Angling: Daily	Accommodation per day
Camping p/p	Accommodation per day
Wood Sales	wood per ton

Vote: Pound Donkeys,Horses,cattle,pigs,ostriches per head Sheep, goat per head Trespass fee per head Donkeys,Horses,cattle,pigs,ostriches per head Sheep, goat per head Substance per head per day Donkeys,Horses,cattle,pigs,ostriches per head Sheep, goat per head Cattle sales Driving fees with Vehicle p km Driving fees per foot km	No of No of No of No of No of No of No of km Per Hr km Per Hr
Vote: Property Services Unused municipal property that will be disposed by sale Lease agreements that will be signed Renewal and maintenance of existing leases	 Number Number Number
Vote: Cemetery	
<u>Operating and maintenance</u> Cut grass at cemetery 3 times each per season Cycle 1 end of September Cycle 2 end of December Cycle 3 end of March <u>Grave Markers</u> Design and purchase grave markers and place <u>Excavate graves</u> In-house or outsourced T.L.B and trim graves with labour <u>Maintain records and plans</u> <u>Maintain facilities</u> Erect public ablution facilities <u>Maintain fencing</u> As and when required <u>Capex</u> Public ablution facilities <u>Training</u> Training on register <u>Administration</u> Budget Control for departmental expenditure.	 Cycle Cycle Cycle Number Number Percentage No. of facilities erected Meters of fencing maintained No. of ablution facilities No. of staff trained Review budget
Department: Planning and Development Vote: Administration	

Monthly reporting to Mayor (Section 71) Quarterly reporting to council Budget Control for departmental expenditure. Vote: Local economic development 1. No of learner ship/interns appointed 2. No of projects initiated 3. Appointment of LED co-ordinator Vote: Land Use Management 1. LUMS: initiated and in place 2. IDP development 3. Subdivisions approved 4. Planning applications processed	No. of monthly reports No. of quarterly reports Review budget Number Number Number Number Number Number Number
Vote: Publicity Association Establishment of publicity association	Establishment of Association
Department: Technical Services Vote: Roads	
<u>Operating and maintenance</u> <u>Repair Surfaced Roads - Potholes</u> 10m ³ per day <u>Road Marking</u> Paint marking 10m ² per day <u>Erect Street Name Signs</u> SMME's <u>Traffic Signs</u> Erect traffic signs <u>Gravel Roads</u> Grade roads <u>Capex</u> <u>Construct roads</u> Construct roads to surfaced standards <u>Roads rehabilitation</u> Refurbish roads <u>Training</u> Vote: Storm water Management	m ² m ² Number Number KM KM m ² Number
<u>Operating and maintenance</u> <u>Catch pits</u> Clear catch pits and manholes of silt and soil <u>Kerbs and channels</u> Desalt and clear kerbs and channels SMME's <u>Capex</u>	No. of catch pits cleared

New Kerbing and channelling <u>Training</u> Kerbing Vote: Landfill Site	Meters of kerbing and channelling constructed No. of staff trained
<u>Operating and maintenance</u> <u>Access Control</u> Restrict access to authorised persons without permit and measure by loose volume incoming refuse 1. Garden Refuse 2. Domestic Refuse <u>Processing</u> Process domestic refuse on site by spreading, covering and compacting in 1.5m high benches <u>Earthworks</u> Annually carry out earth works clear with dozer <u>Audit</u> Carry out external audit Carry out internal audit <u>Capex</u> New Dump <u>Training</u> Environmental Control Vote: Refuse Removal	 m ² m ² Daily Number Number Number Number Number
<u>Operating and maintenance</u> Collect refuse from all urban properties Maintain staff compliment for essential services at 100% <u>Capex</u> <u>Training</u> Vote: Street Cleaning	Percentage Percentage
<u>Operating and maintenance</u> Maintain suburbs every two weeks Vote: Technical Services	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	Number Number Number Percentage Percentage

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

2.2.1 Performance indicators and benchmarks

2.1.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayment. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/2014 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 7 per cent in 2009/10 to 8.2 per cent in 2013/14. This increase can be attributed to the raising of loans to fund portions of the capital programme. It is

estimated that the cost of borrowing as a percentage of the operating expenditure will reach 9.7 per cent in 2013/14 and will then decrease to 8.8 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financial capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital Expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 64 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

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

The Municipality's has raised main amortising loans over the past five years, hence effectively "front-loading" its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debts service costs between 2013 and 2018. Debt service costs are expected to peak in 2018 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.1.1.2 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.

2.1.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.2 in the 2013/14 financial year and 1.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.1.1.4 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.

2.1.1.5 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.

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

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

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

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

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

2.4 OVERVIEW OF BUDGET RELATED POLICIES

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

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

Approved Policies

1. Acting Policy
2. Banking and investment Policy
3. Budget Policy
4. Fixed Assets Transport Policy
5. Supply Chain Management Policy
6. GRAP Framework Policy
7. Risk management Policy
8. Cash management Policy
9. Special Services Policy
10. Grant and Donation Policy
11. Donor Policy
12. Procurement Policy
13. Virement Policy
14. Credit Card Policy
15. Entertainment Policy
16. Customer Incentives policy
17. Fraud Prevention Policy
18. Debt Capacity Policy
19. Credit Control Policy
20. Transport Policy
21. Tariff Policy
22. Indigent Support Policy
23. Data Backup policy
24. Payment Policy
25. Cash-up policy
26. Cash Shortage Policy
27. Electricity Token Policy
28. Strategy to debtor payment
29. Customer Care Policy
30. Petty Cash Policy
31. Subsistence Travelling Policy

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 2013/14 budget:

Estimate Salary Increases

- 2013/14 – 5,5% + 4,5% = 10%
- 2014/15 – 6% + 2% = 8%
- 2016/17 – 6% + 2% = 8%

Debt Impairment: the overall collection levels are estimate around 90% overall for the MLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates 95% (89% in 2013 / 2014)
- Electricity 90% (66% in 2013 / 2014)
- Refuse 90% (65% in 2013 / 2014)

Indigent Support to increase from 1% to 30% of all registered indigents;

Bulk Electricity purchases: MLM has assumed a tariff increase of 14% from Eskom and will increase its tariffs with 14% as determined by NERSA;

Other expenditure: In order to accommodate the increases in salaries, bulk purchases, debt Impairment and depreciation, it means that all other expenditure will increase at a reduced rate or maintained at the current levels;

MatatieleLocalMunicipality will continue with its current powers and functions;

The Budget is based on current service levels. However, provision is made for a pilot project to expand refuse removal services to 5 rural areas;

Government grants for the years 2013/2014to 2014/2015 are as per the Division of Revenue Act, assuming that all allocations will be received;

The inflation rate has been estimated at 5,5% per annum;

Growth in staff related costs has been provided for in the budget at 8% per annum, growth in the remaining expense items range from 0% to 10%;

Provision has been made for tariff increases relating to services at an average rate of 4% per annum; and

Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

Table 29 Credit Rating outlook

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

WITHOUT VAT		New Tariff Vat Excluded	Increase	New Tariff Vat Excluded	Increase
1	REFUSE REMOVAL CHARGES	2012/2013		2013/2014	
1.1	<i>Domestic Removals</i>				
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 89.03	4%	R 93.48	5%
1.2	<i>Commercial Removals</i>				
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 133.53	4%	R 140.20	5%
1.3	In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 133.53	4%	R 140.20	5%
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.				
1.5	<i>Removal from Separate Consumers on same Premises</i>				
	Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.				
1.6	<i>Availability Charge</i>				
	A availability fee , is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti.	R 200.00	0%	R 200.00	0%
	A availability fee , is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti.	R 100.00	0%	R 100.00	0%

BUILDING PLAN FEES

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

3 POUND FEES

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

4 SWIMMING BATH

4.1	<i>Single Tickets</i>				
	Entrance, per occasion				
(a)	Adults	R 8.77	0%	R 10.53	20%
(b)	Scholars and Children	R 4.39	0%	R 5.26	20%
4.2	<i>Season Tickets</i>				
	Bath only, not transferable				
(a)	Adult (Full Season)	R 131.58	0%	R 157.89	20%
(b)	Adult (Part Season - valid for one month from day issue)	R 65.79	0%	R 78.95	20%
(c)	Scholars and children (Full Season)	R 65.79	0%	R 78.95	20%
(d)	Scholars and children (Part Season valid for one month from day of issue)	R 26.32	0%	R 31.58	20%

	<p>For the purposes of this Section "scholars" shall mean any scholars attending a primary or secondary school and "children" shall mean any children who have not reached the age of 17 years; provided that children have not reached the age of five years may be admitted free of charge if accompanied and under the care of a responsible adult.</p> <p>School Swimming Classes</p> <p>The Council may permit school swimming classes to use the bath free of charge at such times as the Council may determine from time to time provided that the pupils of such swimming classes are accompanied by and under the control of a responsible teacher.</p>				
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5 FIRE SERVICES

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	0%	R 359.65	0%
(b)	Travelling costs: Fire tenders per km or part thereof	R 13.16	0%	R 13.16	0%
(c)	Subsidized vehicles and any other equipment, materials used during a fire by officials of the Council	Cost plus 10%		Cost plus 10%	

6 ELECTRICITY CHARGES

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

Subject to the approval by the National Electricity Regulator.

6.1	Scale 1: <i>Domestic Consumers</i>				
(a)	Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 269.61	19%	R 307.35	14%

(b)	0-50	0.61	5.40%	0.64	5.40%
	51-350	0.76	13.56%	0.87	14.00%
	351-600	1.11	19.00%	1.26	14.00%
	600 over	1.30	19%	1.48	14%
	Scale 2: <i>Commercial & Other Consumers</i>				
	Basic charge of consumers with the following kVA installed per month				
(c)	0 - 25 KVA	308.56	19%	351.75	14%
	26 - 64 KVA	1129.50	19%	1287.63	14%
	65 KVA and more	6768.71	19%	7716.33	14%
	plus the following kWh charge per month:				
	0 - 2000 kWh	1.37	19%	1.56	14%
	2000 - and more	1.39	19%	1.59	14%
	Scale 3: <i>Pre-Paid Metre Units</i>				
	Domestic:				
	0-50	0.61	5.40%	0.64	5.40%
	51-350	0.76	13.56%	0.87	14.00%
(d)	351-600	1.11	19.00%	1.26	14.00%
	600 over	1.30	19%	1.48	14%
	Commercial:				
	0 - 2000 kWh	1.37	19%	1.56	14%
	2000 - and more	1.39	19%	1.59	14%
	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,				
		217.59	19%	248.05	14%
	0 - 2000 kWh	1.37	19%	1.56	14%
	2000 - and more	1.39	19%	1.59	14%

6.2	<p><i>Special Agreements</i></p> <p>The Council reserves the right in special circumstances to enter into special agreements subject to the approval of the Premier of the supply of electrical energy to consumers.</p>				
6.3	<p><i>Change of Scale</i></p> <p>Where a consumer elects to change from any one scale to any other scale, he shall notify the Town Clerk in writing at least 30 days prior to the date on which the elected scale shall take effect, and shall remain on such elected scale for a period of not less than 12 months.</p>				
6.4	<p><i>Supply to Separate Consumers on same Premises</i></p> <p>Where electricity is supplied to shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the supply of electricity shall be as prescribed in applicable scales.</p>				
6.5	<p><i>Payment of Accounts</i></p> <p>(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%.</p> <p>(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.</p> <p>(c) Consumers shall be responsible for obtaining statements of their accounts so as to enable them to effect payment thereof within the prescribed period.</p>	R 54.57	17%	R 63.85	17%

6.6	Deposits Every consumer shall when making application for a supply of electricity deposit with the Council the applicable amount as tabled hereunder.				
(a)	Domestic consumers	R 2 789.86	17%	R 3 068.84	10%
(b)	Small power consumers with installation not exceeding 25 KVA	R 6 975.97	17%	R 7 673.57	10%
(c)	Medium power consumers with a demand exceeding 25kVA but not exceeding 64 Kva	R 12 205.90	17%	R 13 426.49	10%
(d)	Large power consumers with a demand exceeding 65KVA to supply a bank guarantee equal to two months estimated average usage.				
(e)	Pre-paid metre consumers				

6.7	Connection Fees and other Charges				
(a)	Commercial and other consumers electricity connection fees and be charged at cost of materials, labour, supervision plus 10% payable in advance.				
(b)	Domestic consumers electricity connection fees payable in advance. Cost plus 10% provided that the cost be taken from the boundary of the Erf per property of the applicant.				
(c)	For a connection after a disconnection at consumers request, or in case of a faulty installation R223.88exc vat payable in advance.	R 261.94	17%	R 306.47	17%
(d)	For the testing of a metre cost plus 10%				
(e)	For a special reading of metre R50.00 payable in advance.				
(f)	For an investigation to establish the cause of a defect in consumers installation - R60.00 payable in advance.				

(g)	For each inspection and testing of an installation after failure to pass the first inspection and test - R100.00 payable in advance.				
(h)	<i>Conversion</i> On application from a consumer to convert from the conventional electricity metre to a pre-paid metre the following fee is applicable:	R 3 274.27	17%	R 3 830.90	17%
(i)	On application from a consumer to convert from the conventional electricity metre or any other meter to a pre-paid metre the following fee is applicable on condition that such application and payment is made before 30 September 2004. After 30 September 2004 - (h) apply.	N/A		N/A	
(j)	Where supply has been disconnected as a result of unauthorized reconnection, illegal bypassing of meter or for tempering; per disconnection and additional sum for units stolen. NOTE: In addition to the amounts contained in item (i), reconnection shall only occur once any arrears consumption charges; estimated charges for unmetered consumption and/or additional deposits owed by the consumer have been paid.	R 4 186.12	17%	R 4 897.76	17%
6.8	<i>Availability Charge</i> A fee equal to that mentioned in 6.1 (a) and 6.1 (b) above, depending on the zoning of the applicable erf, is charged to any vacant erf located in the town areas of Cedarville, Matatiele and Maluti.				

7 CEMETERY CHARGES

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

7.1	<i>Burial Plots - Charge per Burial Plot</i> A non-refundable charge of:	R 127.20	0%	R 132.29	4%
7.2	<i>Burial Fees</i>				
(a)	Adult	R 210.53	0%	R 218.95	4%

(b)	Child	R 210.53	0%	R 218.95	4%
7.3	<i>Miscellaneous Charges</i>				
(a)	Exhumation of body	R 1 592.11	0%	R 1 655.79	4%
(b)	Widening or deepening of grave	R 214.91	0%	R 223.51	4%
(c)	Permit to erect a memorial	R 87.72	0%	R 91.23	4%
7.4	Fees for non-residents of the municipal area shall be the prescribed fees in (7.1) and (7.2) above, plus 50%				
7.5	After hours burial request as in (7.1) plus 100%				
7.6	At least 16 working hours notice must be given of a burial				
7.7	Pauper burial fees	R 394.74	0%	R 394.74	0%
7.8	Internment of ashes in excising graves	R 30.70	0%	R 30.70	0%

8 PUBLIC HALLS TARIFF

8.1	<i>Town Hall (Matatiele)</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 2 412.28	0%	R 2 653.51	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 2 807.02	0%	R 3 087.72	10%
8.2	<i>Town Hall (Maluti Civic Centre)</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 2 412.28	0%	R 2 653.51	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 2 807.02	0%	R 3 087.72	10%
	<i>Town Hall (Cedarville)</i>				
(a)	Main hall and kitchen per 12 hour period per day.	R 912.28	0%	R 1 003.51	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 1 315.79	0%	R 1 447.37	10%
(c)	Old Cedarville Boardroom	R 87.72	0%	R 96.49	10%
8.3	<i>Harry Gwala Park Community Hall</i>				

(a)	Main hall and kitchen per 12 hour period per day.	R 394.74	0%	R 434.21	10%
(b)	Main hall and kitchen per function exceeding 12 hour.	R 394.74	0%	R 434.21	10%
8.4	<i>Nokhwezi&Msingizi Community Hall</i>				
(a)	Hall per 12 hour period per day	R 394.74	0%	R 434.21	10%
(b)	Hall per kitchen per function exceeding 12 hours	R 394.74	0%	R 434.21	10%
8.5	<i>Library Hall (Matatiele)</i>				
(a)	Hall per 12 hour period per day	131.58	0%	R 144.74	10%
8.6	<i>Library Hall (Cedarville)</i>				
(a)	Hall per 12 hour period per day	114.04	0%	R 125.44	10%
8.7	Community Halls (Rural Area)				
(a)	Hall per 12 hour period per day	R 87.72	0%	R 96.49	10%
8.8	<i>Equipment</i>				
	The public address system per day or part thereof	R 302.63	0%	R 314.74	4%
8.9	In addition to 8.1 to 8.6 above the hirer shall purchase pre-paid electricity cards for the supply of electricity.				
8.10	Where the hall is hired there shall first be deposited with the Chief Financial Officer the following amounts which amounts shall be refunded when the premises is handed over in satisfactory condition.				
	Town Hall (Matatiele)	R 2 400.00	0%	R 2 640.00	10%
	Town Hall (Cedarville)	R 950.00	0%	R 1 045.00	10%
	Harry Gwala Park Community Hall	R 385.00	0%	R 423.50	10%
	Nokhwezi&Msingizi Community Hall	R 385.00	0%	R 423.50	10%
	Library Hall (Matatiele)	R 130.00	0%	R 143.00	10%
	Library Hall (Cedarville)	R 100.00	0%	R 110.00	10%
8.11	<i>Community Halls</i>				

	The Municipal Manager has delegated Authority to hire the Community Halls to Matatiele Local Registered Non-Profit Organisations/Institutions and to resident members of the community for memorial/personal social activities at a variable charge not less than the following amount per occasion	R 43.86	0%	R 48.25	10%
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CONDITIONS OF HIRE

- 1 The Council reserves the right to refuse any booking or cancel any engagement if the function be not approved.
- 2 No booking will be made and no date reserved unit the full charges for the hire accommodation required has been paid. In the event of the hirer cancelling or postponing any booking 25% of the hire fees shall be forfeited to the Council, provided the Council is notified of such cancellation at least 5 days prior to the date booked.
- 3 Advance bookings will not be accepted for any date more than thirteen months ahead, provided that prior bookings may be accepted in respect of a conference congress or festival celebrations at the discretion of the Town Clerk.
- 4 Every hirer shall specify the times and hours for which has wishes to hire the accommodation concerned and he shall not be entitled to exceed the period of the hire period, the hirer shall be liable for the payment to the Council of any additional charges calculated as above but nothing herein shall prejudice the right of the Council to require him to vacate the accommodation upon the expiration of the hire period specified by him.
- 5 No additional or special lighting may be installed in the City Hall without the written approval of the Municipal Manager, and any additional lights so authorized shall be carried out by the Electricity Department of the council on terms and conditions to be arranged.
- 6 Hirers shall be responsible for making good any breakage or damage of any description to the hall, furniture, fittings or any other property of the Council. If any furniture, equipment or any other property of the Council be found defective by the hirer, the same must be pointed out to the Caretaker before being used, failing this, everything will be considered to be in proper order.

- 7 The hirer shall ensure that all accommodation or equipment hired and the adjoining City Hall corridors are kept and left in a clean and tidy condition, failing which the the Council will have the premises cleaned at the hirers expense.
- 8 From the deposit of the amount set out in the tariff of charges, the Council shall be entitled to deduct from such amount the cost of repairing, replacing or making good any damage, breakage, loss or disfigurement to the property of the Council sustained during hiring to hirer. Should the amount of the said deposit be insufficient to cover such cost, the hirer shall be liable for the payment of any additional amount involved. In the event of no damage, breakage, loss or disfigurement to the property of the Council being sustained as aforesaid, the deposit shall be refunded to the hirer.
- 9 Cooking in the hall, other than in the kitchen and utensils provided for that purpose is prohibited.
- 10 The Council shall not be responsible for any loss occasioned by the temporary failure of the electric light supply in the building.
- 11 The Council shall not be responsible for any damage howsoever caused to, or for the loss of, articles or goods brought into, or left in the City Hall by the hirer or any other person.
- 12 The hirer shall be responsible for the control and behaviour of all children attending the functions, and shall prevent undue noise or nuisance being caused by children running about the Town Hall offices or otherwise.
- 13 No furniture, fittings, musical instruments, produce or refreshments shall be brought into, or removed from the building except by the Councillors car park entrance.
- 14 Standing on seats or chairs shall not be permitted.
- 15 No portion of the City Hall may be used for business purposes involving the sale of goods. The condition shall not apply to bazaars and fetes for charitable or other public purposes not to the sale or programmes or refreshments incidental to the use of the hall premises for public performances or functions.

9 MISCELLANEOUS SERVICES

<i>Sundry Charges</i>					
9.1	Search Fees				

(a)	Other than from the Minutes of proceedings of the Council, for any document or information required dated back:				
(b)	More than 12 months but not more than 24 months.	R 65.79	0%	R 65.79	0%
(c)	24 Months or more but not more than 48 months.	R 122.81	0%	R 122.81	0%
(d)	48 months or more	R 245.61	0%	R 245.61	0%
9.2	Copy of valuation roll	R 614.04	0%	R 614.04	0%
9.3	Copy of voters roll (per ward)	R 614.04	0%	R 614.04	0%
9.4	Rates clearance certificates as laid down in Section 175(2) of Ordinance No. 25 of 1974	R 8.50	0%	R 8.50	0%
9.5	Appeals to property valuations in terms of Section 160(3) of Ordinance No. 25 of 1974	R 57.02	0%	R 57.02	0%
9.6	Services rendered by Council but not covered in tariffs of charges.	Cost plus 10%		Cost plus 10%	
9.7	Valuation and/or housing loan certificate as laid down in Section 265(5) of Ordinance No. 25 of 1974	R 70.18	0%	R 70.18	0%
9.8	Copy of estimates	R 263.16	0%	R 263.16	0%
9.9	Special consent applications in terms of the Town Planning Scheme, which amount is not refundable.	R 2 105.26	0%	R 2 315.79	10%
	Consent/Conditional use or temporary land use				
	House Shop			R 170.00	NEW
	Place of instruction/Worship			R 170.00	NEW
	Second Dwelling			R 400.00	NEW
9.10	Application for relaxation of building line and/or side space requirements.	R 495.61	0%	R 495.61	0%
(a)	Other temporal land use departures			R 500.00	New
(b)	Other/conditional use			R 1 200.00	New
9.11	<i>Rezoning applications</i>				
	Fees payable shall not exceed the following maximum amounts:				
	Areas of land being rezoned				
(a)	Areas of land being rezoned less than 2000sq/m			R 700.00	NEW
(b)	Area of land to be rezoned less than 1ha	R 710.53	0%	R 1 278.95	80%

(c)	1ha but less than 5ha	R 3 070.18	0%	R 4 298.25	40%
(d)	5ha and over R30.00 for every hectare or part thereof in excess of 5ha	R 4 035.09	0%	R 5 649.12	40%
9.12	Subdivision				
(a)	Up to 3 erven created			R 740.00	New
(b)	4-10 erven Per erf above 10 (This fee must be added to the basic fee for subdivision on up to 10 erven.)			R 1 368.00	New
(c)	Amendment / Cancellation of approved Subdivision			R 1 200.00	New
9.13	Site Development Plan				
(a)	erf with one dwelling House			R 285.00	New
(b)	Any other residential use or development			R 399.00	New
(c)	Any other business/ commercial/ Industrial use			R 1 300.00	New
(d)	Amendment of Approved site development plan and approval of HOA constitutions and design manual			R 239.00	New
9.14	Amendments of conditions of approval (per condition)			R 220.00	New
9.13	Vehicle pound fees on all impounded vehicles per vehicle per day plus tow-in costs Impounded vehicles not released within 90 (ninety) days will be sold.	R 35.09	0%	R 59.65	70%
9.14	Chemical toilet hire per toilet per day:				
	Fee	R 614.04	0%	R 614.04	0%
	Deposit per toilet	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 43.86	25%
	Local clubs per game	R 175.44	0%	R 219.30	25%
	Outside clubs per game	R 263.16	0%	R 328.95	25%
	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	0%	R 110.96	15%
9.17	Damage to any Council property	R 1 754.39	0%	R 1 754.39	0%
9.18	Cleaning of over grown property after failing to respond to council's instruction to clean this said property.	R 2 192.98	0%	R 2 631.58	20%

9.19	<i>Dog Licenses</i> Dogs	R 17.54	0%	R 17.54	0%
9.20	<i>Library Fines</i> Lost books + cost of the book. Book/s per day Video/s per day Photocopies per copy Internet per 30 minutes Internet E-Mail address per 6 months.	26.32 R 2.63 R 2.63 R 2.63 R 26.32 R 30.70	0% 0% 0% 0% 0% 0%	26.32 R 2.63 R 2.63 R 2.63 R 26.32 R 30.70	0% 0% 0% 0% 0% 0%
9.21	<i>Transport & Plant Hire</i> Bomag NCX 2721 Bobcat NCX 2661 JCB Bush Cutter Petrol Saw Wackier Lawn Mower Generator (without petrol) Water Pump Angle Grinder (230mm) Drill Welding Machine (220 amp) Welding Machine (250 amp) Compressor (380 Volt) High Pressure Washer Extension Lead Tar Spray	 R 43.86 R 175.44 R 307.02 R 263.16 R 394.74 R 175.44 R 175.44 R 219.30 R 219.30 R 87.72 R 131.58 R 219.30 R 219.30 R 219.30 R 131.58 R 13.16 R 394.74	 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%	 R 43.86 R 175.44 R 307.02 R 263.16 R 394.74 R 175.44 R 175.44 R 219.30 R 219.30 R 87.72 R 131.58 R 219.30 R 219.30 R 219.30 R 131.58 R 13.16 R 394.74	 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0% 0%
9.22	Tender Documents A fee of not less than R100 will be charged for a tender document. The fee will increase according to the size of the tender document.				

10 RANKS/STANDS FOR PUBLIC BUSES

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

ANNUAL RANK/STAND permits for Public buses making use of the MATATIELE BUS RANK.

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

11 BUSINESS LICENSES

11.1	Food Vendors in caravans & carts or similar vessel	R 150.00	New	R 150.00	New
11.2	General Dealers	R 500.00	New	R 500.00	New
11.3	Supermarkets, Wholesalers & Butcheries	R 500.00	New	R 500.00	New
11.4	Restaurants, B&B's, Hotels, Guest Houses, Lodges	R 500.00	New	R 500.00	New
11.5	Spaza Shops	R 300.00	New	R 300.00	New
11.6	Funeral Parlours	R 500.00	New	R 500.00	New
11.7	Hawker License: Trucks &Bakkies	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	0.015045056	4%	0.015646858	4%
12.2	<u>Vacant Land</u>	0.018054067	4%	0.01877623	4%
12.3	<u>Commercial</u> 10% Rebate	0.018054067	4%	0.01877623	4%
12.4	<u>Farms</u> Apply for R30 000 residential discount.	0.003761264	4%	0.003911715	4%

13 NATURE RESERVE

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

14 TAXATION

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

15 ADVERTISING & SIGNAGE

15.1	<u>Billboards</u>				
	non-refundable application fee per board/sign (annually)	R 1 315.78	0%	R 1 578.94	20%
	+ Approval fee per applicant	R 35.08	0%	R 42.10	20%

15.2	<u>Ground Signs</u>				
	non-refundable application fee per board/sign (annually)	R 219.29	0%	R 219.29	0%
	+ Approval fee per applicant	R 35.08	0%	R 35.08	0%
15.3	<u>Wall Sign - Flat</u>				
	non-refundable application fee per board/sign (annually)	R 394.73	0%	R 394.73	0%
	+ Approval fee per applicant	R 35.08	0%	R 35.08	0%
15.4	<u>Roof, Veranda, Balcony, Canopy and Under awning Sign</u>				
	non-refundable application fee per board/sign (annually)	R 394.73	0%	R 394.73	0%
15.5	<u>Estate Agent Boards</u>				
	non-refundable application fee (annually)	R 526.31	0%	R 526.31	0%
	+ per board/sign (annually)	R 43.85	0%	R 43.85	0%
15.6	<u>Portable Boards / Collapsible Structures / Signs</u>				
	non-refundable application fee per board/sign (annually)	R 219.29	0%	R 219.29	0%
15.7	<u>Aerial Advertisement</u>				
	non-refundable application fee per board/sign (annually)	R 438.59	0%	R 438.59	0%
15.8	<u>Advertising Vehicles</u>				
	non-refundable application fee per board/sign (annually)	R 1 052.63	0%	R 1 052.63	0%
15.9	<u>Temporary Signs (Posters, Flags & Others)</u>				
	non-refundable application fee per board/sign	R 43.85	0%	R 43.85	0%
	+ non-commercial fee per signs, posters, flags & others	R 2.19	0%	R 2.19	0%
	+ commercial fee per signs, posters, flags & others	R 4.38	0%	R 4.38	0%
15.10	<u>Banners</u>				
	non-refundable application fee per board/sign	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 30 Breakdown of the operating revenue over the medium-term

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue By Source										
Property rates	2	13 204	12 776	13 235	22 020	25 900	25 900	27 040	28 392	29 812
Service charges - electricity revenue	2	22 219	26 231	32 489	37 039	37 039	37 039	42 966	45 114	47 370
Interest earned - external investments	3210	3 306	3 880	5 257	4 000	5 800	5 800	5 500	5 775	6 064
Transfers recognised - operational	3410	101 036	134 243	125 711	173 072	170 631	170 631	207 606	188 586	198 015
Total Revenue (excluding capital transfers and contributions)		139 765	177 129	176 692	236 132	239 370	239 370	283 112	267 867	281 260

The following graph is a breakdown of the operational revenue per main category for the 2013/14 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 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 2013/14 MTREF on the different revenue categories are:

Table 31 Proposed tariff increases over the medium-term

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

Revenue to be generated from property rates is R22 million in the 2012/13 financial year and increases to R27 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 MatatieleLocalMunicipality 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 2013/14 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 32 MBRR SA15 – Detail Investment Information

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

Table 33 MBRR SA16 – Investment particulars by maturity

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

2.6.2 Medium-term outlook: capital revenue

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

Table 34 Sources of capital revenue over the MTREF

Description R thousands	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure & funds sources									
Capital expenditure	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	33 170	27 561	25 932	52 816	43 390	43 390	81 629	55 000	50 000
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	98 700	60 000	60 000	11 500	25 000	10 000
Internally generated funds	2 676	8 055	10 565	28 453	54 407	54 407	46 510	40 055	62 456
Total sources of capital funds	35 846	35 616	36 498	179 969	157 797	157 797	139 639	120 055	122 456

Figure 7 Sources of capital revenue for the 2013/14 financial year

FUNDING OF CAPITAL BUDGET	R'000
DOE	35 000
Grants Available, carried forward from previous years.	3 000
Municipal Infrastructure Grant (MIG)	43 328
Capital Replacement Reserve (CRR)	46 510
External Loan (To be raised)	11 500
TOTAL	

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

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

Table 35 MBRR Table SA 17 - Detail of borrowings

[illegible]

Table 36 MBRR Table SA 18 - Capital transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Capital Transfers and Grants							–	–	–	–
		12 891	16 070	51 905	67 734	28 791	28 791	75 457	74 503	73 953
Municipal Infrastructure Grant (MIG)		12 891	16 070	20 905	29 598	28 791	28 791	40 457	44 503	48 953
Regional Bulk Infrastructure				31 000	38 136	–	–	35 000	30 000	25 000

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 37 MBRR Table A7 - Budget cash flow statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		45 297	40 333	66 684	66 684	66 684	66 684	66 684	66 684	66 684	66 684
Government - operating	1				-	-	-	-	-	-	-
Government - capital	1				-	-	-	-	-	-	-
Interest		4 970	6 424		-	-	-	-	-	-	-
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees		/2	(/85)		-	-	-	-	-	-	-
Finance charges											
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		50 339	45 972	66 684	66 684	66 684	66 684	66 684	66 684	66 684	66 684
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE					-	-	-	-	-	-	-
Decrease (increase) in non-current debtors					-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			(685)		-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(596)			-	-	-	-	-	-	-
Payments											
Capital assets		(35 612)	(35 616)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(36 208)	(36 301)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)	(37 286)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-	-	-	-	-	-	-
Borrowing long term/refinancing				(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)
Increase (decrease) in consumer deposits			239		-	-	-	-	-	-	-
Payments											
Repayment of borrowing					-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	239	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)
NET INCREASE/ (DECREASE) IN CASH HELD		14 131	9 910	29 363	29 363	29 363	29 363	29 363	29 363	29 363	29 363
Cash/cash equivalents at the year begin:	2	49 096	63 227	73 137	102 500	131 863	161 227	131 863	161 227	190 590	219 953
Cash/cash equivalents at the year end:	2	63 227	73 137	102 500	131 863	161 227	190 590	161 227	190 590	219 953	249 316

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

Table 38 MBRTable A8 - Cash backed reserves/accumulated surplus reconciliation

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

From the above table it can be seen that the cash and investments available total R67million in the 2011/12 financial year and progressively increase to R74million by 2013/14, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2011/12 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants.

There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2011/12 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The level of cash-backing progressively increasing over the period 2009/10 to 2010/11 escalating from R15million to R71million in 2010/11. It is aimed that by 2013/14 this surplus would stay consistent into a surplus of R82 million in 2013/14. The 2011/12 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.5 Funding compliance measurement

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

Table 39MBRR SA10 – Funding compliance measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Energy:										
Electricity (at least min.service level)		1	0	1	1	1	1	1	1	1
Electricity - prepaid (min.service level)		3	3	3	4	4	4	4	4	5
Minimum Service Level and Above sub-total		3 900	3 800	3 900	4 300	4 300	4 300	4 600	4 900	5 300
Total number of households	5	3 900	3 800	3 900	4 300	4 300	4 300	4 600	4 900	5 300
Refuse:										
Removed at least once a week		4	4	5	5	5	5	5	5	5
Minimum Service Level and Above sub-total		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Removed less frequently than once a week		4	4	5	5	5	5	5	5	5
Below Minimum Service Level sub-total		4 400	4 400	4 500	4 550	4 550	4 557	4 600	4 650	5 000
Total number of households	5	8 800	8 800	9 000	9 100	9 100	9 114	9 200	9 300	10 000
Households receiving Free Basic Service	7									
Electricity/other energy (50kw h per household per mo		0	1	2	4	4	4	9	12	18
Refuse (removed at least once a week)		0	1	2	4	4	4	9	12	18
Cost of Free Basic Services provided (R'000)	8									
Electricity/other energy (50kw h per household per mo		239	1 316	420	2 160	2 160	2 160	2 376	2 614	2 875
Refuse (removed once a week)		327	235	3 036	1 994	1 994	1 994	2 193	2 413	2 654
Total cost of FBS provided (minimum social packa		566	1 551	3 456	4 154	4 154	4 154	4 569	5 026	5 529
Highest level of free service provided										
Property rates (R v alue threshold)		–	–	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		37	40	44	89	89	89	95	102	109
Revenue cost of free services provided (R'000)	9									
Property rates (other exemptions, reductions and rebates)		–	–	5 588	5 812	6 044	–	6 649	7 314	8 045
Electricity/other energy		239	1 316	420	2 160	2 160	2 160	2 376	2 614	2 875
Refuse		327	235	3 036	1 994	1 994	1 994	2 193	2 413	2 654
Total revenue cost of free services provided (total social package)		566	1 551	9 045	9 966	10 198	4 154	11 218	12 340	13 574

1.1.1.1 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.

1.1.1.2 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 37. 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.

1.1.1.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2013/2014 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

1.1.1.4 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.

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 present). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 19, 2.2 and .080 per cent for the respective financial year of the 2012/13 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 9 per cent, with the increase in electricity at 11 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.1.1.6 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.

1.1.1.7 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.

1.1.1.8 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.

1.1.1.9 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.

1.1.1.10 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.

1.1.1.11 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.

1.1.1.12 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.

1.1.1.13 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.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 40 MBRR SA19 - Expenditure on transfers and grant programmes

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

Table 41 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		97 028	101 036	135 377	182 615	155 498	155 498	173 072	152 524	170 815
Current year receipts		97 028	101 036	135 377	182 615	155 498	155 498	173 072	152 524	170 815
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities		97 028	101 036	135 377	182 615	155 498	155 498	173 072	152 524	170 815
Total operating transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total operating transfers and grants - CTBM	2									
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		44 583	33 170	27 561	90 849	43 076	43 076	52 816	67 656	77 083
Current year receipts		44 583	33 170	27 561	90 849	43 076	43 076	52 816	67 656	77 083
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities		44 583	33 170	27 561	90 849	43 076	43 076	52 816	67 656	77 083
Total capital transfers and grants revenue		-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 42MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		8 946	9 793	11 155	15 344	15 344	15 344	16 947	15 958	16 596
Sub Total - Councillors		8 946	9 793	11 155	15 344	15 344	15 344	16 947	15 958	16 596
% increase	4		9.5%	13.9%	37.6%	–	–	10.4%	(5.8%)	4.0%
% increase	4		25.0%	(16.9%)	57.9%	–	–	(4.1%)	10.0%	10.0%
Other Municipal Staff										
Basic Salaries and Wages		174 070	24 067	27 139	63 009	63 038	63 038	77 377	81 424	85 495
Pension and UIF Contributions										
Sub Total - Other Municipal Staff		174 070	24 067	27 139	63 009	63 038	63 038	77 377	81 424	85 495
% increase	4		(86.2%)	12.8%	132.2%	0.0%	–	22.7%	5.2%	5.0%
Total Parent Municipality		186 324	37 995	41 730	83 780	83 809	83 809	99 530	103 109	108 390
			(79.6%)	9.8%	100.8%	0.0%	–	18.8%	3.6%	5.1%
TOTAL SALARY, ALLOWANCES & BENEFITS		186 324	37 995	41 730	83 780	83 809	83 809	99 530	103 109	108 390
% increase	4		(79.6%)	9.8%	100.8%	0.0%	–	18.8%	3.6%	5.1%
TOTAL MANAGERS AND STAFF	5,7	177 378	28 202	30 575	68 436	68 465	68 465	82 583	87 151	91 794

Table 43MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

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

Table 44 MBRR SA24–Summary of personnel numbers

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

2.9 Monthly targets for revenue, expenditure and cash flow

Table 45 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source																
Property rates		2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	27 040	28 392	29 812
Property rates - penalties & collection charges		142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 785	1 874
Service charges - electricity revenue		3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	3 580	42 966	45 114	47 370
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		571	571	571	571	571	571	571	571	571	571	571	571	6 848	7 190	7 550
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		48	48	48	48	48	48	48	48	48	48	48	48	571	599	629
Interest earned - external investments		458	458	458	458	458	458	458	458	458	458	458	458	5 500	5 775	6 064
Interest earned - outstanding debtors		13	13	13	13	13	13	13	13	13	13	13	13	151	158	166
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		38	38	38	38	38	38	38	38	38	38	38	38	450	473	496
Licences and permits		225	225	225	225	225	225	225	225	225	225	225	225	2 704	2 839	2 981
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		17 300	17 300	17 300	17 300	17 300	17 300	17 300	17 300	17 300	17 300	17 300	17 300	207 606	188 586	198 015
Other revenue		133	133	133	133	133	133	133	133	133	133	133	133	1 595	1 692	1 776
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	5	6
Total Revenue (excluding capital transfers and contributions)		24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	297 130	282 609	296 740
Expenditure By Type																
Employee related costs		6 448	6 448	6 448	6 448	6 448	6 448	6 448	6 448	6 448	6 448	6 448	6 448	77 377	81 424	85 495
Remuneration of councillors		1 412	1 412	1 412	1 412	1 412	1 412	1 412	1 412	1 412	1 412	1 412	1 412	16 947	15 958	16 596
Debt impairment		250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 150	3 308
Depreciation & asset impairment		819	819	819	819	819	819	819	819	819	819	819	819	9 831	10 323	10 839
Finance charges		167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 100	2 205
Bulk purchases		2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	28 000	29 400	30 870
Other materials		938	938	938	938	938	938	938	938	938	938	938	938	11 250	11 812	12 403
Contracted services		1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	1 244	14 933	15 680	16 464
Transfers and grants		1 486	1 486	1 486	1 486	1 486	1 486	1 486	1 486	1 486	1 486	1 486	1 486	17 828	10 345	10 898
Other expenditure		2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	2 885	34 620	36 063	37 867
Loss on disposal of PPE		(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-	1
Total Expenditure		17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	215 786	216 255	226 944
Surplus/(Deficit)	1	6 779	6 779	6 779	6 779	6 779	6 779	6 779	6 779	6 779	6 779	6 779	6 779	81 344	66 354	69 795

Table 46MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

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

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue by Vote																
Council		31	31	31	31	31	31	31	31	31	31	31	31	371	389	408
Finance		12 200	12 200	12 200	12 200	12 200	12 200	12 200	12 200	12 200	12 200	12 200	12 200	146 402	153 722	161 408
Corporate		17	17	17	17	17	17	17	17	17	17	17	17	200	210	221
Community		1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	1 537	18 449	16 221	17 033
Economic & Development		333	333	333	333	333	333	333	333	333	333	333	333	3 993	67	70
Infrastructure		10 643	10 643	10 643	10 643	10 643	10 643	10 643	10 643	10 643	10 643	10 643	10 643	127 715	107 851	113 244
Total Revenue by Vote		24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	24 761	297 129	278 460	292 383
Expenditure by Vote to be appropriated																
Council		3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	36 419	37 187	39 047
Finance		3 551	3 551	3 551	3 551	3 551	3 551	3 551	3 551	3 551	3 551	3 551	3 551	42 613	41 469	43 542
Corporate		1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	23 628	13 192	13 851
Community		2 799	2 799	2 799	2 799	2 799	2 799	2 799	2 799	2 799	2 799	2 799	2 799	33 586	35 235	36 996
Economic & Development		1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	1 017	12 204	7 805	8 195
Infrastructure		5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	5 611	67 337	72 514	76 121
Total Expenditure by Vote		17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	17 982	215 787	207 401	217 753
Surplus/(Deficit) before assoc.		6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	81 342	71 059	74 631
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	6 778	81 342	71 059	74 631

Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Multi-year expenditure to be appropriated	1															
Council		113	113	113	113	113	113	113	113	113	113	113	113	1 355	1 423	1 451
BUDGET & FINANCE		442	442	442	442	442	442	442	442	442	442	442	442	5 300	5 565	5 676
CORPORATE		75	75	75	75	75	75	75	75	75	75	75	75	900	945	964
COMMUNITY		660	660	660	660	660	660	660	660	660	660	660	660	7 920	8 316	8 482
DEV & PLANNING		1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	1 688	20 255	21 268	21 693
CIVIL ENIGENERING		8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	8 634	103 608	108 788	110 964
Capital multi-year expenditure sub-total	2	11 612	11 612	11 612	11 612	11 612	11 612	11 612	11 612	11 612	11 612	11 612	11 612	139 338	146 305	149 231

Table 48MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard	1															
Governance and administration		2 613	2 613	2 613	2 613	2 613	2 613	2 613	2 613	2 613	2 613	2 613	(21 183)	7 555	7 933	8 091
Executive and council		77	77	77	77	77	77	77	77	77	77	77	507	1 355	1 423	1 451
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	(8 112)	5 300	5 565	5 676
Corporate services		1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	1 316	(13 578)	900	945	964
Community and public safety		264	264	264	264	264	264	264	264	264	264	264	5 017	7 920	8 316	8 482
Community and social services		264	264	264	264	264	264	264	264	264	264	264	5 017	7 920	8 316	8 482
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		12 121	12 121	12 121	12 121	12 121	12 121	12 121	12 121	12 121	12 121	12 121	(9 467)	123 863	130 056	132 657
Planning and development		1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	1 315	5 790	20 255	21 268	21 693
Road transport		10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	10 806	(15 257)	103 608	108 788	110 964
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	14 997	14 997	14 997	14 997	14 997	14 997	14 997	14 997	14 997	14 997	14 997	(25 634)	139 338	146 305	149 231

Table 46MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source													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	1 835	22 020	23 121	24 342
Property rates - penalties & collection charges	137	137	137	137	137	137	137	137	137	137	137	137	1 640	2 664	2 590
Service charges - electricity revenue	3 087	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 - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	549	549	549	549	549	549	549	549	549	549	549	549	6 585	7 243	7 967
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	46	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	292	3 500	3 675	3 859
Interest earned - outstanding debtors	12	12	12	12	12	12	12	12	12	12	12	12	145	160	175
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	14 423	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
Cash Receipts by Source	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	248 944	233 761	256 657
Total Cash Receipts by Source	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	20 745	248 944	233 761	256 657
Cash Payments by Type															
Employee related costs	4 889	4 889	4 889	4 889	4 889	4 889	4 889	4 889	4 889	4 889	4 889	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	1 279	15 344	15 958	16 596
Finance charges	167	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	1 049	12 584	13 222	13 893
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	2 358	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	1 113	13 362	13 931	14 640
Transfers and grants - other municipalities	861	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	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	3 252	39 024	40 341	41 261
Cash Payments by Type	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	16 339	(0)	-	1
Total Cash Payments by Type	(0)	(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	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:	20 745	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	739 361

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 50

Description	Ref	Preceding Years	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework			Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23
R thousand	1,3	Total	Original Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:													
Revenue Obligation By Contract	2												
<i>Contract 3 etc</i>													
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract	2												
<i>Aphendulwe Trading</i>			907	980	82	-							
<i>Batebank Bataung</i>			1 509	1 630	136								
<i>Bathokozeleni Trading</i>			1 079	1 166	1 166	-							
<i>Dumisa Nosapho Trading</i>			1 019	1 258	1 258	-							
<i>Modola Security Services</i>			3 000	3 600	4 800	-							
<i>Phakamisa Trading</i>	2		573	619	52	-							
<i>Contract 1</i>		-	8 087	9 253	7 493	-	-	-	-	-	-	-	-
<i>Contract 2</i>													
<i>Contract 3 etc</i>													
Total Capital Expenditure Implication													
Total Parent Expenditure Implication													
Entities:													
Revenue Obligation By Contract	2	-	8 087	9 253	7 493	-	-	-	-	-	-	-	-
<i>Contract 1</i>													
<i>Contract 2</i>													
<i>Contract 3 etc</i>													
Total Operating Revenue Implication													
Expenditure Obligation By Contract	2												
<i>Contract 1</i>		-	-	-	-	-	-	-	-	-	-	-	-
<i>Contract 2</i>													
<i>Contract 3 etc</i>													
Total Operating Expenditure Implication													
Capital Expenditure Obligation By Contract	2												
<i>Contract 1</i>		-	-	-	-	-	-	-	-	-	-	-	-
<i>Contract 2</i>													
<i>Contract 3 etc</i>													
Total Capital Expenditure Implication													
Total Entity Expenditure Implication													

2.11 Capital expenditure details

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

Table 51MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		309 457	328 964	345 852	202 380	224 553	224 553	199 553	198 303	197 253
Infrastructure - Road transport		309 457	328 964	345 852	202 380	224 553	224 553	199 553	198 303	197 253
Roads, Pavements & Bridges		309 457	328 964	345 852	202 380	224 553	224 553	199 553	198 303	197 253
Storm water										
Total Capital Expenditure on new assets	1	309 457	328 964	345 852	202 380	224 553	224 553	199 553	198 303	197 253

Table52 MBRR SA35 - Future financial implications of the capital budget

Vote Description	Ref	2013/14 Medium Term Revenue & Expenditure Framework		
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure	1			
Council		1 355	1 423	1 451
BUDGET & FINANCE		5 300	5 565	5 676
CORPORATE		900	945	964
COMMUNITY		7 920	8 316	8 482
DEV & PLANNING		20 255	21 268	21 693
CIVIL ENIGENERING		103 608	108 788	110 964
Total Capital Expenditure		139 338	146 305	149 231

2.12 Legislation compliance status

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

1. In year reporting

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

2. Internship programme

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

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/2014 MTREF in March 2013 directly aligned and informed by the 2012/13 MTREF.

6. Annual Report

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

7. MFMA Training

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

8. Policies

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

2.13 Other supporting documents

Table 53MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates	3010	13 204	12 776	13 235	22 020	25 900	25 900		27 040	28 392	29 812
less Revenue Foregone											
Net Property Rates		13 204	12 776	13 235	22 020	25 900	25 900	–	27 040	28 392	29 812
Service charges - electricity revenue											
Total Service charges - electricity revenue	6										
less Revenue Foregone	3061	22 219	26 231	32 489	37 039	37 039	37 039		42 966	45 114	47 370
Net Service charges - electricity revenue		22 219	26 231	32 489	37 039	37 039	37 039	–	42 966	45 114	47 370
Service charges - refuse revenue											
Total refuse removal revenue	6										
Total landfill revenue	3060	2 306	5 743	5 773	6 585	6 585	6 585		6 848	7 190	7 550
less Revenue Foregone											
Net Service charges - refuse revenue		2 306	5 743	5 773	6 585	6 585	6 585	–	6 848	7 190	7 550
Other Revenue by source											
List other revenue by source	3510	1 136	1 412	783	1 389	1 731	1 731		1 595	1 692	1 776
Total 'Other' Revenue	1	1 136	1 412	783	1 389	1 731	1 731	–	1 595	1 692	1 776
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	4010	20 772	28 676	34 762	45 973	45 973	45 973		60 253	63 266	66 429
Pension and UIF Contributions	4210	2 936	4 814	4 808	8 598	8 598	8 598		7 649	8 209	8 619
Medical Aid Contributions	4070	1 132	1 623	1 712	3 321	3 167	3 167		2 568	2 696	2 831
Overtime	4040	178	287	466	791	851	851		638	670	703
Performance Bonus	4030	1 056	1 297	1 163	1 587	1 709	1 709		3 255	3 418	3 589
Motor Vehicle Allowance	4061	456	629		1 500	1 500	1 500		1 650	1 733	1 819
Cellphone Allowance	4065	27	72	488	280	280	280		308	323	340
Housing Allowances	4060	424	538	636	680	680	680		748	785	825
Other benefits and allowances	4066	158	(164)	2 396	280	280	280		308	323	340
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	4										
sub-total	5	27 139	37 771	46 429	63 009	63 038	63 038	–	77 377	81 424	85 495
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	27 139	37 771	46 429	63 009	63 038	63 038	–	77 377	81 424	85 495
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment	4570	10 656	14 784	15 905	9 584	12 893	12 893		9 831	10 323	10 839
Lease amortisation											
Capital asset impairment											

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Council	Finance	Corporate	Community	Economic & Development	Infrastructure	Total
R thousand	1							
Revenue By Source								
Property rates			22 020					22 020
Property rates - penalties & collection charges			1 640				145	1 785
Service charges - electricity revenue							37 039	37 039
Service charges - refuse revenue					6 585			6 585
Rental of facilities and equipment					556			556
Interest earned - external investments			4 000					4 000
Fines					403			403
Licences and permits					2 600			2 600
Other revenue			196		851	76	260	1 383
Transfers recognised - operational		371	105 546	200	2 027	3 177	61 753	173 072
Total Revenue (excluding capital transfers and contributions)		371	133 402	200	13 021	3 253	99 197	249 444
Expenditure By Type								
Employee related costs		6 408	11 119	14 196	12 709	5 150	13 274	62 856
Remuneration of councillors		15 498						15 498
Debt impairment			2 000					2 000
Depreciation & asset impairment		76	185	512	3 603	91	8 116	12 584
Finance charges								-
Bulk purchases							28 300	28 300
Other materials		85	264	460	1 143	30	10 836	12 818
Contracted services		80	2 259	775	6 701		515	10 330
Transfers and grants		371	3 365		1 955	3 177	7 586	16 454
Other expenditure		8 635	15 777	1 653	3 046	4 338	2 335	35 783
Total Expenditure		31 152	34 969	17 595	29 158	12 785	70 962	196 622
Surplus/(Deficit)		(30 782)	98 432	(17 395)	(16 137)	(9 532)	28 235	52 822
Surplus/(Deficit) after capital transfers & contributions		(30 782)	98 432	(17 395)	(16 137)	(9 532)	28 235	52 822

Table 55MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Stats SA	–	16	267	267	267	267	267	307	353	406
Females aged 5 - 14		Stats SA	–		44	44	44	44	44	51	58	67
Males aged 5 - 14		Stats SA	–		36	36	36	36	36	42	48	55
Females aged 15 - 34		Stats SA	–		44	44	44	44	44	51	59	68
Males aged 15 - 34		Stats SA	–		36	36	36	36	36	42	48	55
Unemployment		Stats SA	–		12	12	12	12	12	12	12	12
Monthly household income (no. of households)	1, 12											
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
Household/demographics (000)												
Number of people in municipal area			16 100	194 630	258 758	258 758	258 758	258 758	258 758	258 758	258 758	258 758
Number of poor people in municipal area				46 610	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

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2.14 Municipal manager's quality certificate

I, Damian Crysgonous Tsepang Nakin, Municipal Manager of Matatiele Local Municipality, hereby certify that the draft 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 Tsepang Nakin

Municipal manager of Matatiele Local Municipality (EC 441)

MATATIELE LOCAL MUNICIPALITY 2013/16 DRAFT MEDIUM TERM EXPENDITURE REVENUE FORCAST REPORT

MAYORAL EXECUTIVE SUMMERY ON DRAFT ANNUAL BUDGET FOR 2013/2014 PRESENTED ON THE COUNCIL MEETING OF 26 FEBRUARY 2013

HONOURABLE SPEAKER

HONOURABLE EXECUTIVE COMMITTEE MEMBERS

HONOURABLE COUNCILLORS

COMMUNITY MEMBERS

MANAGEMENT AND STAFF

I greet you all in the name of service delivery!

As required by the Municipal Finance Management Act to coordinate the processes of annual budget preparations and ensure that annual budget is tabled to council at least 90 days before the start of the budget year which is 31 March, the annual budget has been prepared to day I table it to council for consideration.

Once council have considered it, all the comments will be taken into account towards finalisation of the budget which will be tabled for approval in May which will be before the start of the budget year.

The approval of this draft annual budget will then authorise the public consultations for further comments, suggestions and additions from our communities and such meetings are planned to take place during April month from the 10th to 13th, and during this period, fellow councillors are encouraged to participate on presentation of annual budget to communities.

This annual budget is also presented with budget related policies for review and also these will be subjected to public consultations for comments and suggestions.

Executive committee set and deliberated on the draft annual budget and I therefore present to council as follows,

Income

Budgeted income inclusive of government grants, subsidies and external loan is R343, 6 million as follows,

- Grants and subsidies excluding Capital Grants are R126, 2 million,
- Capital Grants are R81, 3 million,
- Capital Replacement Reserve is R46, 5 million

MATATIELE LOCAL MUNICIPALITY 2013/16 DRAFT MEDIUM TERM EXPENDITURE REVENUE FORCAST REPORT

- External loan to be secured R11, 5 million
- Council revenue inclusive of property rates is R78, 1 million.

Expenditure

The operating budget is R215, 7 million as follows,

- Salaries, wages and allowances are R77 million,
- Councillors allowances are R17 million,
- Repairs and maintenance are R11, 2 million
- Other general expenditure is R110, 5 million and this includes electricity bulk purchases of R28 million, contracted services of R15 million and general expenditure of R35 million.

Tariff of Charges

For the council revenue to be raised, the tariff of charges are proposed to increase as follows,

Property rates to increase by 4%, and rates rebates to remain at 35% for residential properties and 10% for commercial properties.

The property rate exemption will remain at first R30 000 for all residential properties.

On farms and agricultural properties, the rates ratio of 1:0, 25 will be maintained which means their rates charges will be kept at 25% limit of what is charged on residential properties.

Other charges will be increased by 5% for municipal services and rentals excluding electricity which will be subject to approval of NERSA.

Capital Budget

Capital budget is proposed to be R139, 3 million as follows,

- For Executive and Council Departments is R1, 3 million.
- For Budget and Treasury Department is R5, 3 million.
- For Cooperate Services Department is R900 thousand.
- For Community Services Department is R6, 6 million.
- For Economic Development and Planning is R20, 2 million
- For Infrastructure and Housing Development is R79, 9 million.

Total Draft Annual Budget

MATATIELE LOCAL MUNICIPALITY 2013/16 DRAFT MEDIUM TERM EXPENDITURE REVENUE FORCAST REPORT

This then translates to the total budget proposed of R355 million as follows,

- Operating Budget of R215, 7 million.
- Capital Budget of R139, 3 million.

Conclusion

It is then recommended that, the council must consider the draft budget as proposed for approval to be presented to communities and stake holders for comments, suggestions.

Once public participation has been done, the budget committee and executive committee to consider the received comments and prepare for the final budget which will be tabled to council for final approval.

The detailed budget report and documents are attached in the council agenda and I therefore draw council's attention to the recommendations as presented in the report.

Thank you

Mayor

26/03/2013

MATATIELE LOCAL MUNICIPALITY 2013/16 DRAFT MEDIUM TERM EXPENDITURE REVENUE FORCAST REPORT

MATATIELE LOCAL MUNICIPALITY

COUNCIL RESOLUTIONS

RESOLUTION NUMBER	DATE OF THE MEETING	ITEM DISCUSSED	RESOLUTIONS
CR 341/26/03/2013	26 March	<u>2011/2012 ANNUAL REPORT</u> <u>2013/2014 DRAFT IDP & BUDGET</u>	<p>Council RESOLVED:</p> <ol style="list-style-type: none"> 1. That Council approves the Revised 2013/2014 IDP/Budget Process Plan; 2. That the 2013/14 Draft IDP be approved; 3. That the 2013/14 Draft Budget be approved as per section 21 of the MFMA. and indicative for the two projected outer years 2014/2015 and 2015/2016 be approved as set out in the following; <ul style="list-style-type: none"> - Operating Revenue by Source 1.4 - Operating Expenditure by Source 1.5 - Capital Expenditure by vote 1.6 - Capital Funding by source 2.6.2 4. That the Council approves the 2011/12 Draft Annual Report and Oversight Report of the Municipality 5. That Council approves the property rates

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	2013		<p>reflected in item number 1.4.1 and any other municipal taxes reflected in item number 1.4.1 are imposed for the budget year 2013/14.</p> <p>6. Council approves that the Tariffs of Charges reflected in item number 2.5 are approved for the budget year 2013/14.</p> <p>7. Council approves that the measurable performance objectives for each vote reflected in item number 2.2 are approved for the budget year 2013/14.</p> <p>8. Council approves that the other proposed amended budget related policies reflected in item number 2.4 are approved for the budget year 2013/14 public consultation.</p> <p>9. That the Council approves the budget consultative meetings as set out in the revised budget process plan.</p>
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MATATIELE LOCAL MUNICIPALITY 2013/16 DRAFT MEDIUM TERM EXPENDITURE REVENUE FORCAST REPORT

BUDGET AND TREASURY OFFICE: 2013/2014 TO 2015/16 MTREF REPORT FOR MARCH 2013

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2 PURPOSE

To advise Council about the budget process for 2013/2014 to 2015/2016 MTREF (Medium Term Revenue and Expenditure Framework).

To submit the 2013/2014 Draft Capital and Operating budget; proposed tariff increases and budget related policies for tabling by Council.

To advise council about items affecting budget and service delivery.

To provide budget information to council for more discussions to achieve approved budget within the legislative required time.

3 LEGAL / STATUTORY REQUIREMENTS

Municipal Finance Management Act 56 of 2003, Chapter 4.

Local Government Municipal System Act 32 of 2000.

National Treasury Regulations, MFMA Circulars and other relevant Guidelines.

MFMA Municipal Budget and Reporting Regulation.

4 BACKGROUND AND REASONING

The preparation process of the Medium Term Expenditure Revenue Forecast for 2013/2014 and Two Outer years 2014/2016 has commenced as required by Municipal Finance Management Act by submitting the Budget and IDP Review process plan to Council for approval before 31 August 2012.

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During these Budget and IDP Reviews the communities and other stakeholders have submitted their needs to be included in the IDP and their priorities to be budgeted for of which the Management have consolidated those budget proposals with alignment with the IDP to advise Council on Budget product.

5 BUDGET PREPERATION ASSUMPTIONS

The following assumptions have been used to prepare the proposed final budget,

5.1 Headline inflation forecasts

On setting up increases on tariffs and increasing of budget expenditures, the National Treasury issued inflation forecast through MFMA circular No 66 for 2013/14 of 6.5% has been well considered and this resulted to all tariffs except electricity to be increased below 5.4%.

5.2 Revision of rates, tariffs, and other charges

As detailed on paragraph 1 above, when revising tariffs, rates and other charges, inflation forecast has been considered to ensure that all are proposed to increase not above 6.4%.

Further to the above, the labour and other input costs of services have been taken into account to ensure financial sustainability, local economic conditions and the affordability of services and also taken into consideration the municipality's indigent policy.

The proposed rates, tariffs and other charges have been tried to be kept as as low as practically possible.

5.3 Eskom bulk tariff increases

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On announcement of Eskom bulk increases by NERSA, the municipality proposed increases on electricity tariffs is 14% as guided by NERSA and MFMA circular No 66 and final approved tariffs will be subject to NERSA. These will be only tariffs to increase above 5.4% and this is beyond municipality as electricity is purchased in bulk from Eskom.

5.4 Funding choices and management matters

Tough decisions on the expenditure side have been made by giving priority to ensure that service delivery is improved in all aspects as follows,

- 5.4.1 Supports of meaningful local economic development initiatives that foster micro and small business opportunities and job creation.
- 5.4.2 Day to day operations for provision of service delivery.
- 5.4.3 That there is expediting spending on capital projects that are funded by conditional grant and council revenue.
- 5.4.4 Supports of meaningful special programs for community groups.

5.5 The Municipal Budget and reporting Regulations

Since 1 July 2009, the budgets have been prepared as per requirements of the regulations. The municipality have complied with the formats set out in schedule A, B and C and the relevant attachments to each of the schedules.

5.5.1 MFMA Circular No. 66 and 67

Circular No. 66 has provided guidance on budget preparations on many aspects on this current budget preparations, the inflation forecast for increases have been considered.

Circular No. 67 provides further guidance to municipalities for the preparation of 2013/14 Budgets and Medium Term Revenue and Expenditure Framework.

Main guidance provided is on need to ensure that the inputs into 2013/14 budget and MTREF safeguard the financial sustainability of the municipality.

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More specifically, the council is advised against unrealistically low tariff increases and over-ambitious capital expenditure programmes.

6 DRAFT OPERATING INCOME AND EXPENDITURE BUDGET

Draft operating income projected inclusive of grants, subsidies and investment transfers from Capital Replacement Reserve to be R 343, 6 million as tabulated below:

Table 1: Draft Income Budget

<i>DESCRIPTION</i>	<i>ADJUSTMENT BUDGET 2012/2013</i>	<i>DRAFT BUDGET 2013/2014</i>	<i>NET-CHANGES</i>	<i>%</i>
Property Rates	R 25 900 000	R 27 040 000	R 1 140 000	4
Service Charges	R 43 624 028	R 49 813 718	R 6 189 690	14
Rentals of Facilities & Equipment	R 555 570	R 570 633	R 15 063	3
Interest Earned - External Investments	R 5 800 000	R 5 500 000	-R 300 000	-5
Interest Earned - Outstanding Debtors	R 2 095 000	R 1 850 800	-R 244 200	-12
Fines	R 483 000	R 450 000	-R 33 000	-7
Licenses & Permits	R 3 150 000	R 2 704 000	-R 446 000	-14
Government Grants & Subsidies	R 127 240 780	R 126 277 001	-R 963 779	0
Capital Grants	R 43 390 026	R 81 328 800	R 37 938 774	0
Other Income	R 1 731 296	R 1 595 145	-R 136 151	-8
TOTAL REVENUE	R 253 969 700	R 297 130 097	R 43 160 397	17

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Draft operating expenditure is projected at R215, 8 million and this include the Capital transfers from Capital Replacement Reserve for to Capital Expenditure as tabled below.

Table2: Draft Operating Expenditure Budget Summery

DESCRIPTION	ADJUSTMENT BUDGET 2012/2013	DRAFT BUDGET 2013/2014	NET-CHANGE	%
Employee Related Costs	R 63 037 806	R 77 377 533	R 14 339 727	23
Remuneration of Councillors	R 15 344 136	R 16 947 355	R 1 603 219	10
Bad Debt Provision	R 2 000 000	R 3 000 000	R 1 000 000	50
Depriciation	R 13 892 626	R 9 834 848	-R 4 057 778	-29
Repairs & Maintanance	R 12 933 500	R 11 250 000	-R 1 683 500	-13
Interest - External Borrowings	R 3 000 000	R 2 000 000	-R 1 000 000	-33
Bulk Purchases - Electricity	R 28 300 000	R 28 000 000	-R 300 000	-1
Contracted Services	R 11 351 438	R 14 932 984	R 3 581 546	32
Grants & Subsidies Paid	R 24 860 370	R 17 828 001	-R 7 032 369	-28
General Expenses	R 35 739 550	R 34 616 158	-R 1 123 392	-3
Internal Charges	R 28 000	R 0	-R 28 000	-100
Sub-Total	R 210 487 426	R 215 786 879	R 5 299 453	3
Capital Grants	R 43 390 026	R 81 328 800	R 37 938 774	87
Total	R 253 877 452	R 297 115 679	R 43 238 227	17

7 FUNDING FOR DRAFT CAPITAL BUDGET

Draft capital budget is projected at R114, 3 million and this is inclusive of council revenue allocated for capital projects from operating budget as tabulated below:

Table 3: Summary of draft Capital Budget

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DESCRIPTION	ADJUSTMENT BUDGET 2012/2013	DRAFT BUDGET 2013/2014	NET-CHANGE	%
Grants Rolled Over	R 31 282 370	R 3 000 000	-R 28 282 370	-90
Electrification - DoE	R 4 000 000	R 35 000 000	R 31 000 000	775
Municipal Infrastructural Grant - MIG	R 38 107 656	R 43 328 800	R 5 221 144	14
Sub-Total	R 73 390 026	R 81 328 800	R 7 938 774	11
Capital Replacement Reserve	R 54 406 509	R 46 510 000	-R 7 896 509	-15
External Loans	R 30 000 000	R 11 500 000	-R 18 500 000	-62
Total	R 157 796 535	R 139 338 800	-R 18 457 735	-12

8 SALARIES BUDGET

Salaries, wages and allowances are to increase from R14, 3 million (2012/2013) to R77, 3 million (2013/2014) which is 23% increase on employee costs.

Councillor's allowances are projected at an increase of 10% which will be subject to the approval of upper limits as per requirements of Remuneration Public Office Bearers Act.

Table 4: Salaries, Wages and Allowances Draft Budget Summery

DESCRIPTION	ADJUSTMENT BUDGET 2012/2013	DRAFT BUDGET 2013/2014	NET-CHANGE	%
Employee Costs	R 63 037 806	R 77 377 533	R 14 339 727	23
Councillors Remuneration	R 15 344 136	R 16 947 335	R 1 603 199	10
Total	R 78 381 942	R 94 324 868	R 15 942 926	20

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9 DRAFT OPERATING AND CAPITAL BUDGET SUMMARY BY MAIN VOTES

Draft operating and capital budget is tabled as follows:

Table 5: Total Draft Budget Summery

DEPARTMENT	EXPENDITURE	INCOME	CAPITAL
Executive & Council	R 36 692 818	R 370 501	R 1 355 000
Budget & Treasury	R 39 572 872	R 146 401 500	R 5 300 000
Corporate Services	R 23 627 869	R 200 000	R 900 000
Community Services	R 34 775 559	R 15 448 978	R 6 620 000
Economic Development & Planning	R 13 779 914	R 6 993 404	R 20 255 000
Infrastructure & Housing Development	R 67 337 826	R 127 715 713	R 104 908 000
Total	R 215 786 858	R 297 130 096	R 139 338 000
Capital Grants		-R 81 328 800	
Surplus/(Deficit)		R 14 438	

10 GRANTS AND SUBSIDIES

The municipal allocations from grants and subsidies for conditional purposes and operational purposes are tabled as follows for the medium term expenditure revenue forecast,

Table 6: Grants and Subsidies for MTERF

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GRANT DESCRIPTION	DORA 2013/2014	DORA 2014/2015	DORA 2015/2016
Equitable Share	R 118 249 000	R 139 223 000	R 177 399 000
MSIG	R 890 000	R 934 000	R 967 000
FMG	R 1 550 000	R 1 600 000	R 1 650 000
MIG	R 40 457 000	R 45 792 000	R 49 174 000
EPWP	R 3 946 000	R 0	R 0
DOE	R 35 000 000	R 30 000 000	R 25 000 000
Total	R 200 092 000	R 217 549 000	R 254 190 000

11 DRAFT TOTAL CAPITAL AND OPERATING BUDGET

Total draft capital and operating budget for 2013/2014 is R436, 5 million and reflects as reduction of R25 million which is 6% from the 2012/2013 adjustment budget.

Table 7: Total Draft Budget

DESCRIPTION	2012/2013 ADJUSTMENT BUDGET	2013/2014 DRAFT BUDGET	NET-CHANGE	%
Operating Budget	R 210 487 426	R 215 786 858	R 5 299 432	3
Capital Budget	R 157 796 535	R 139 338 800	-R 18 457 735	-12
Total Budget	R 368 283 961	R 355 125 658	-R 13 158 303	-4

12 PROPOSED TARIFFS OF CHARGES

Municipal tariffs are proposed to increase as follows:

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12.1 Property Rates

Table 8: Summary of Proposed Tariffs

Categories	Rate Randages/Rand Value – c/R	Ratio in relation to residential property
Residential property	0.01565	1:1
Farm property as defined in Section 8(2) (d)(i) and 8 (2) (f) (i) of the Act (being Farm property used for agricultural purposes and smallholdings used for agricultural purposes)	0.003912	1: 0.25
Agricultural property used predominantly for commercial and / or industrial purposes	0.003912	1:1.2
Smallholdings used predominantly for commercial and / or industrial purposes	0.003912	1: 1.2
Commercial / Business properties	0.01878	1: 1.2
Industrial properties	0.01878	1:1.2
Public Service Infrastructure properties	0.01878	1:0.25
Municipal properties	0.01878	1:0

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Mining properties	0.01878	1:1.5

Rebates are to remain for residential properties at 35%, for business and industrial at 10%.

Rates exemptions for residential properties will remain at first R30, 000(Thirty Thousand Rand) of the property value as determined in the rolls.

This final budget will translate to the following increases, Residential Properties will be 4%, and also Business, Multi-purposes and Industrial will be 4%.

The tariff increases for 2013/2014 budget year is detailed as follows,

Details	2013/2014
Percentage	4%
Revenue	R27 040 000

12.2 Electricity Tariffs

Electricity is estimated to increase by 14% as per MFMA circular 66 and this will be subject to NERSA approval as will be determined on consideration of the municipal application and Eskom bulk electricity increase.

The electricity tariff increase for 2013/2014 budget year are detailed as follows,

Details	2012/2013
Percentage	14%
Revenue	R42 965 713

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12.3 Refuse Removal and Fire Levy

On consideration of inflation forecast and the provisioning of the cleansing and safety services in ensuring that the municipal citizens are leaving in a clean and healthy environment also are safe from fire damages, the charges on refuse removals, general cleaning and fire of the municipal area are proposed to increase by 4%.

The refuse removal tariff increase for 2013/2014 budget year are detailed as follows,

Details	2013/2014
Percentage	5%
Revenue	R6 848 005

12.4 Other Municipal Charges

All other municipal charges will remain unchanged from previous year, with an exception of the following:

13 EXTERNAL LOANS

The loan of R11, 5 million is budget to be raised for the servicing of land identified for development of residential purposes known as Area M.

Description	Amount
Servicing of Sites in Area M (217)	R11 500 000
Total	R11 500 000

14 PUBLIC CONSULTATION

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The public consultative outreach has been done in all wards and comments received are tabulated and summarised as follows,

15 STAFF IMPLICATIONS

Budget preparations have been done by the municipal management with Budget and Treasury Staff and there was no external support provided by any organ of state.

16 FINANCIAL IMPLICATIONS

No additional funding has been utilised in preparation of the budget, since all budget processes were done internally by council management with Budget and Treasury Staff.

17 SERVICE DELIVERY IMPLICATIONS

The approval and implementation of the final budget will ensure that the service delivery in respect of roads infrastructure, housing development, electricity supply, municipal area cleansing and other services facilities are improved.

18 ANNEXURES

“A” MFMA Circulars (no 66 & 67)

“B” Budget Report

“C” National Treasury A1 Schedules

“D” Revised Process Plan

‘E’ Tariffs Schedules

‘F’ Listing of All Budget policies

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19 AUTHORITY

- MFMA – Municipal Finance Management Act
- MSA – Municipal Systems Act
- Council
- Republic of South Africa Constitution Act
- Municipal Property Rates Act

20 RECOMMENDATIONS

The Council resolves that:

1. The draft annual Budget of the Municipality for the financial year 2013/2014; and indicative for the two projected outer years 2014/2015 and 2015/2016 be tabled as set out in the following:
 - Operating Revenue by Source 1.4
 - Operating Expenditure by Source 1.5
 - Capital Funding by Source 1.3
 - Capital Expenditure by Vote 1.6
2. That the council consider the property rates reflected in item number 2.5 and any other municipal taxes reflected in item number 2.5 are proposed for the budget year 2013/2014;
3. Council consider that the Tariffs of Changes reflected in item number 2.5 are proposed for the budget year 2013/2014;
4. Council consider that the proposed amendments on policies for Credit, Debt Collection and Indigent as reflected in item 2.4 are approved for public consultation for the budget year 2013/2014
5. Council notes the proposed draft budget for public consultations.