

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

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
<i>Governance and administration</i>		109 158	132 508	167 849	229 175	234 489	234 489	210 119	222 499	242 224
Executive and council		107	85	11 312	130	130	130	-	-	-
Budget and treasury office		108 733	131 762	156 224	228 745	234 059	234 059	209 819	222 199	241 924
Corporate services		318	661	313	300	300	300	300	300	300
<i>Community and public safety</i>		5 285	4 936	7 012	16 310	17 341	17 341	18 160	19 048	20 059
Community and social services		996	826	520	12 292	12 278	12 278	12 815	13 459	14 128
Sport and recreation		741	508	641	864	991	991	675	675	702
Public safety		3 547	3 602	5 851	3 154	4 072	4 072	4 550	4 814	5 079
Housing		-	-	-	-	-	-	120	100	150
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 814	1 950	5 450	4 812	7 949	7 949	1 880	105	111
Planning and development		1 814	1 950	5 450	4 812	7 949	7 949	1 880	105	111
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		70 488	81 118	114 143	125 163	119 574	119 574	135 089	135 301	146 550
Electricity		59 909	74 707	103 533	125 163	119 574	119 574	135 089	135 301	146 550
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10 579	6 411	10 609	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	186 745	220 513	294 454	375 461	379 353	379 353	365 249	376 953	408 943
Expenditure - Standard										
<i>Governance and administration</i>		59 886	130 630	124 480	119 018	121 771	121 771	136 183	150 171	165 842
Executive and council		21 932	23 610	37 425	29 084	28 934	28 934	30 430	31 760	33 653
Budget and treasury office		26 706	90 322	63 044	59 920	58 258	58 258	58 880	68 261	78 631
Corporate services		11 249	16 697	24 011	30 014	34 579	34 579	46 873	50 151	53 557
<i>Community and public safety</i>		13 360	12 460	16 479	36 105	36 473	36 473	44 621	48 196	50 438
Community and social services		5 653	3 769	3 469	18 098	17 714	17 714	20 082	25 124	26 078
Sport and recreation		2 351	1 888	5 027	6 976	7 853	7 853	8 892	9 403	9 948
Public safety		5 356	6 803	7 983	11 030	10 906	10 906	13 234	10 390	10 770
Housing		-	-	-	-	-	-	2 413	3 279	3 643
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		10 215	15 717	19 855	25 456	33 313	33 313	24 811	26 608	30 874
Planning and development		10 215	15 717	19 855	25 456	33 313	33 313	24 811	26 608	30 874
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		68 204	94 886	88 674	77 301	72 693	72 693	84 364	91 631	99 927
Electricity		60 252	82 176	76 147	77 301	72 693	72 693	84 364	91 631	99 927
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7 952	12 710	12 528	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	151 666	253 693	249 489	257 881	264 250	264 250	289 979	316 607	347 081
Surplus/(Deficit) for the year		35 079	(33 180)	44 965	117 580	115 103	115 103	75 270	60 346	61 862

MATATIELE LOCAL MUNICIPALITY

BUDGET & TREASURY



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.
- 4.

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

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Vote 1 - Executive & Council		474	477	11 586	280	444	444	–	–	–
Vote 2 - Budget & Finance		108 733	131 762	156 224	228 745	234 059	234 059	209 819	222 199	241 924
Vote 3 - Corporate		318	661	313	300	300	300	300	300	300
Vote 4 - Development & Planning		1 447	1 558	5 176	4 662	7 634	7 634	100	105	111
Vote 5 - Community		15 864	11 347	17 622	16 310	17 341	17 341	19 820	18 948	19 909
Vote 6 - Infrastructure		59 909	74 707	103 533	125 163	119 574	119 574	135 209	135 401	146 700
Total Revenue by Vote	2	186 745	220 513	294 454	375 461	379 353	379 353	365 249	376 953	408 943
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		26 366	29 224	43 909	35 472	36 127	36 127	36 338	40 050	44 609
Vote 2 - Budget & Finance		26 706	90 322	63 044	59 920	58 258	58 258	58 880	68 261	78 631
Vote 3 - Corporate		11 249	16 697	24 011	30 014	34 579	34 579	46 873	50 151	53 557
Vote 4 - Development & Planning		5 781	10 104	13 370	19 069	26 120	26 120	13 576	14 542	15 904
Vote 5 - Community		21 312	25 170	29 007	36 105	36 473	36 473	47 535	48 694	50 809
Vote 6 - Infrastructure		60 252	82 176	76 147	77 301	72 693	72 693	86 777	94 910	103 570
Total Expenditure by Vote	2	151 666	253 693	249 489	257 881	264 250	264 250	289 979	316 607	347 081
Surplus/(Deficit) for the year	2	35 079	(33 180)	44 965	117 580	115 103	115 103	75 270	60 346	61 862

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

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

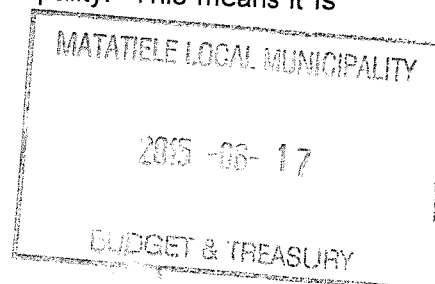


Table 20 Surplus/Deficit calculations for the trading services

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Electricity										
Total revenue	32 489	33 912	35 753	41 500	41 500	41 500	41 500	46 895	49 240	51 702
Operating expenditure	26 535	32 278	30 930	32 613	30 829	30 829	30 829	40 386	42 820	45 287
Surplus/(Deficit) for the year	5 954	1 634	4 822	8 887	10 671	10 671	10 671	6 509	6 420	6 415
Percentage Surplus	18.33%	4.82%	13.49%	21.42%	25.71%	25.71%	25.71%	13.88%	13.04%	12.41%

- The table highlights that this is the case for Electricity and Waste removal functions. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue.



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

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	13 235	15 501	22 600	30 729	32 729	32 729	32 729	34 365	30 729	32 265
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	32 489	33 912	35 753	41 500	41 500	41 500	41 500	46 895	49 240	51 702
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	5 773	6 411	6 609	7 190	7 190	7 190	7 190	7 550	7 927	8 324
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		483	534	566	561	561	561	561	729	734	764
Interest earned - external investments		5 257	5 572	5 414	4 200	4 200	4 200	4 200	3 500	4 200	4 200
Interest earned - outstanding debtors		1 669	2 289	2 464	1 943	3 943	3 943	3 943	4 081	4 285	4 500
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1 651	1 509	3 672	1 283	2 201	2 201	2 201	2 601	2 752	2 903
Licences and permits		1 897	2 094	2 189	1 872	1 872	1 872	1 872	1 950	2 063	2 177
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		100 717	120 143	139 932	154 135	157 385	157 385	157 385	183 173	197 637	216 792
Other revenue	2	794	5 296	16 038	54 949	56 263	56 263	56 263	1 319	1 361	1 472
Gains on disposal of PPE		(2 214)	(5 064)	537	39	39	39	39	3 824	4 015	4 215
Total Revenue (excluding capital transfers and contributions)		161 750	188 196	235 775	298 402	307 883	307 883	307 883	289 987	304 943	329 314
Expenditure By Type											
Employee related costs	2	46 429	57 395	69 115	89 429	84 507	84 507	84 507	96 711	104 599	112 077
Remuneration of councillors		13 276	13 900	14 807	17 177	17 177	17 177	17 177	15 891	16 685	17 520
Debt impairment	3	2 610	63 893	27 795	3 949	3 949	3 949	3 949	12 610	19 650	24 952
Depreciation & asset impairment	2	15 905	17 084	19 062	14 066	14 066	14 066	14 066	20 879	24 490	28 865
Finance charges		563	4 275	2	-	-	-	-	-	-	-
Bulk purchases	2	21 898	24 556	26 147	28 000	28 000	28 000	28 000	34 000	35 972	37 950
Other materials	8	9 450	10 293	10 751	11 315	11 424	11 424	11 424	10 466	11 286	11 989
Contracted services		9 363	12 329	13 389	15 987	15 687	15 687	15 687	19 956	21 037	22 144
Transfers and grants		6 734	23 663	32 778	27 144	31 470	31 470	31 470	20 333	19 870	22 835
Other expenditure	4, 5	23 704	26 305	35 643	50 814	57 971	57 971	57 971	59 134	63 017	68 749
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		149 931	253 693	249 489	257 881	264 250	264 250	264 250	289 979	316 607	347 081
Surplus/(Deficit)		11 819	(65 497)	(13 714)	40 521	43 633	43 633	43 633	8	(11 664)	(17 767)
Transfers recognised - capital	6	24 994	32 317	58 679	77 059	71 470	71 470	71 470	75 262	92 010	89 290
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		36 813	(33 180)	44 965	117 580	115 103	115 103	115 103	75 270	80 346	71 522
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		36 813	(33 180)	44 965	117 580	115 103	115 103	115 103	75 270	80 346	71 522
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		36 813	(33 180)	44 965	117 580	115 103	115 103	115 103	75 270	80 346	71 522
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		36 813	(33 180)	44 965	117 580	115 103	115 103	115 103	75 270	80 346	71 522

MATATIELE LOCAL MUNICIPALITY

2015 -06- 17

BUDGET & TREASURY

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

1. Total revenue is R365, 2 million (including capital and escalates to R408, 9million by 2017/18.
2. Revenue to be generated from property rates is R34 million in the 2015/16 financial year and decreases to R30 million by 2016/17 which represents 9 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R54,million for the 2015/16 financial year and increasing to R57million by 2016/17. For the 2015/16 financial year services charges amount to 15 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 each year as per the allocations on the DORA.
5. Bulk purchases have significantly increased over the 2011/12 to 2015/16 period escalating from R21 million to R34 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

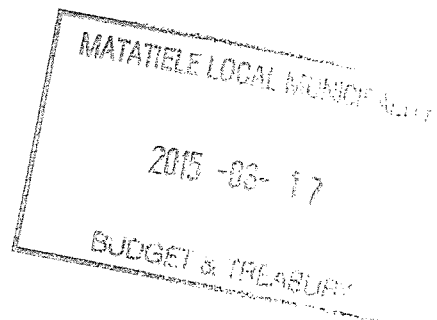


Table 8 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

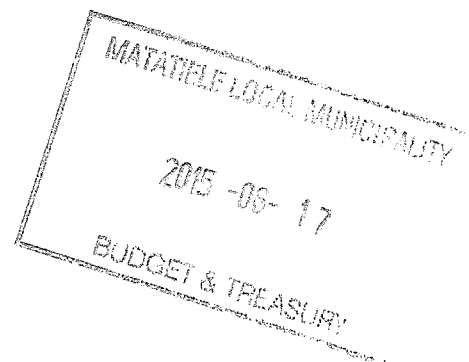
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	1 595	1 995	1 995	1 995	1 476	150	165
Vote 4 - Development & Planning		-	-	-	400	400	400	400	650	400	440
Vote 5 - Community		-	-	-	800	800	800	800	1 500	1 000	1 100
Vote 6 - Infrastructure		1 194	40 874	-	37 796	38 938	38 938	38 938	90 793	88 858	70 878
Capital multi-year expenditure sub-total	7	1 194	40 874	-	40 591	42 133	42 133	42 133	94 419	90 408	72 583
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		6	23	5 538	221	221	221	221	315	275	303
Vote 2 - Budget & Finance		527	11 900	4 603	7 156	2 344	2 344	2 344	2 300	300	25 723
Vote 3 - Corporate		36	638	214	528	528	528	528	522	422	464
Vote 4 - Development & Planning		498	786	2 794	515	515	515	515	700	-	-
Vote 5 - Community		4 304	2 178	12 639	6 543	6 553	6 553	6 553	5 895	2 012	2 223
Vote 6 - Infrastructure		29 933	4 336	64 648	92 024	74 272	74 272	74 272	39 455	7 155	10 560
Capital single-year expenditure sub-total		35 304	19 861	90 436	106 986	84 433	84 433	84 433	49 187	10 164	39 272
Total Capital Expenditure - Vote		36 498	60 735	90 436	147 577	126 566	126 566	126 566	143 606	100 572	111 855
Capital Expenditure - Standard											
Governance and administration		569	12 561	10 347	9 472	5 070	5 070	5 070	4 583	907	26 391
Executive and council		6	23	5 529	193	203	203	203	285	35	39
Budget and treasury office		527	11 900	4 603	7 156	2 344	2 344	2 344	2 300	300	25 723
Corporate services		36	638	214	2 123	2 523	2 523	2 523	1 998	572	629
Community and public safety		4 304	2 178	12 610	7 343	7 353	7 353	7 353	41 078	18 132	8 455
Community and social services		4 304	2 178	610	2 533	2 533	2 533	2 533	3 195	900	990
Sport and recreation		-	-	9 717	2 330	1 930	1 930	1 930	12	12	13
Public safety		-	-	2 283	2 480	2 890	2 890	2 890	4 188	2 100	2 320
Housing		-	-	-	-	-	-	-	33 683	15 120	5 132
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		498	786	2 803	943	933	933	933	1 380	640	704
Planning and development		498	786	2 803	943	933	933	933	1 380	640	704
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		31 127	45 210	64 677	129 820	113 210	113 210	113 210	96 565	80 893	76 305
Electricity		31 127	45 210	64 648	129 820	113 210	113 210	113 210	96 565	80 893	76 305
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	29	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	36 498	60 735	90 436	147 577	126 566	126 566	126 566	143 606	100 572	111 855
Funded by:											
National Government		25 932	33 118	58 679	77 059	71 470	71 470	71 470	75 262	92 010	89 290
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	25 932	33 118	58 679	77 059	71 470	71 470	71 470	75 262	92 010	89 290
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		10 565	27 617	31 757	70 518	55 096	55 096	55 096	18 157	8 562	22 565
Total Capital Funding	7	36 498	60 735	90 436	147 577	126 566	126 566	126 566	143 606	100 572	111 855

2015-06-17

BUDGET & TREASURY

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).



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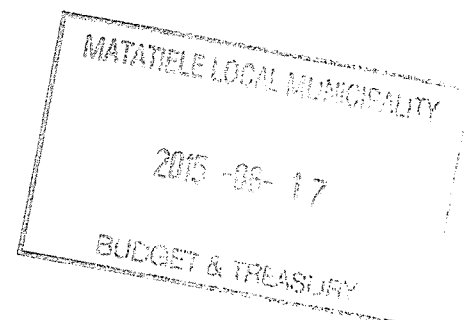
Table 23 MBRR Table A6 -Budgeted Financial Position
Explanatory notes to Table A6 - Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		1 981	4 623	3 256	42 464	42 464	42 464	42 464	2 827	29 028	32 714
Call investment deposits	1	100 519	72 612	54 310	93 719	93 719	93 719	93 719	18 914	(2 174)	(2 174)
Consumer debtors	1	2 879	4 877	2 699	10 971	10 971	10 971	10 971	4 702	4 938	5 185
Other debtors		14 435	22 784	21 554	10 145	10 145	10 145	10 145	10 512	11 008	11 656
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	599	545	547	545	545	545	545	580	626	665
Total current assets		120 413	105 442	82 366	157 844	157 844	157 844	157 844	37 536	43 426	48 045
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		6 085	6 989	-	-	-	-	-	-	-	-
Investment property		9 758	9 898	21 891	9 898	9 898	9 898	9 898	9 843	9 843	9 843
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	382 349	421 234	520 247	559 453	559 453	559 453	559 453	830 542	877 487	937 089
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		430	523	951	523	523	523	523	2 215	1 538	1 383
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		398 622	438 643	543 089	569 874	569 874	569 874	569 874	842 600	888 868	948 314
TOTAL ASSETS		519 035	544 085	625 455	727 718	727 718	727 718	727 718	880 136	932 294	996 359
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		242	240	238	240	240	240	240	331	347	364
Trade and other payables	4	39 852	30 097	28 187	21 082	21 082	21 082	21 082	27 287	29 000	31 103
Provisions		1 088	537	837	1 430	1 430	1 430	1 430	522	565	605
Total current liabilities		41 182	30 874	29 262	22 752	22 752	22 752	22 752	28 140	29 912	32 073
Non current liabilities											
Borrowing		-	-	-	30 000	30 000	30 000	30 000	10 282	831	-
Provisions		12 582	17 809	19 762	19 520	19 520	19 520	19 520	10 643	11 511	12 334
Total non current liabilities		12 582	17 809	19 762	49 520	49 520	49 520	49 520	20 926	12 342	12 334
TOTAL LIABILITIES		53 764	48 683	49 024	72 272	72 272	72 272	72 272	49 066	42 255	44 407
NET ASSETS	5	465 271	495 402	576 430	655 447	655 447	655 447	655 447	831 071	890 039	951 953
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		60 159	308 088	261 831	592 846	592 846	592 846	592 846	725 737	778 385	833 600
Reserves	4	405 111	187 314	314 600	62 601	62 601	62 601	62 601	105 334	111 654	118 353
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	465 271	495 402	576 430	655 447	655 447	655 447	655 447	831 071	890 039	951 953

- 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.

3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 104) 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.



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Table 24MBRRTable A7 - Budgeted Cash Flow Statement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		13 235	15 501	22 600	30 729	32 729	32 729	32 729	25 087	22 432	23 554
Service charges		38 262	32 601	28 468	48 690	48 690	48 690	48 690	39 745	41 732	43 819
Other revenue		15 521	12 120	9 904	60 648	58 648	58 648	58 648	6 568	6 878	7 283
Government - operating	1	125 711	120 143	139 932	166 683	166 683	166 683	166 683	183 173	195 163	214 147
Government - capital	1		24 765	50 965	64 511	64 511	64 511	64 511	75 262	74 484	82 242
Interest		6 927	7 861	7 878					7 581	8 485	8 700
Dividends									-	-	-
Payments											
Suppliers and employees		(132 407)	(151 255)	(164 496)	(211 993)	(207 667)	(207 667)	(207 667)	(236 157)	(252 597)	(270 429)
Finance charges		(564)	(7)	(2)	-	-	-	-	-	-	-
Transfers and Grants	1		(23 663)	(32 778)	(27 144)	(31 470)	(31 470)	(31 470)	(6 333)	(4 870)	(6 835)
NET CASH FROM/(USED) OPERATING ACTIVITIES		66 684	38 066	62 471	132 125	132 125	132 125	132 125	94 926	91 708	102 479
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			1 307	40	350	350	350	350	3 824	4 015	4 215
Decrease (Increase) in non-current debtors			25 798	(19 713)					-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(37 286)	(90 436)	(62 467)	(147 577)	(147 577)	(147 577)	(147 577)	(143 606)	(80 572)	(102 195)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(37 286)	(63 331)	(82 140)	(147 227)	(147 227)	(147 227)	(147 227)	(139 783)	(76 557)	(97 980)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing		(34)							18 157	-	-
Increase (decrease) in consumer deposits									91	17	17
Payments											
Repayment of borrowing									(9 216)	(10 054)	(831)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(34)	-	-	-	-	-	-	9 031	(10 038)	(814)
NET INCREASE/ (DECREASE) IN CASH HELD		29 363	(25 265)	(19 669)	(15 103)	(15 103)	(15 103)	(15 103)	(35 826)	5 113	3 686
Cash/cash equivalents at the year begin:	2	73 137	102 500	77 235	57 566	57 566	57 566	57 566	57 566	21 741	26 854
Cash/cash equivalents at the year end:	2	102 500	77 235	57 566	42 464	42 464	42 464	42 464	21 741	26 854	30 540

MATATIELE LOCAL MUNICIPALITY

2015-06-17

BUDGET & TREASURY

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 2011/2012 to 2015/2016 period owing directly to a well-oiled finance department.
4. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R21, 7 million as at the end of the 2015/16.

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

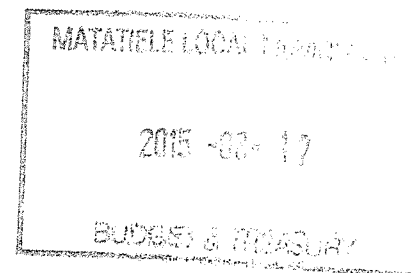
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	102 500	77 235	57 566	42 464	42 464	42 464	42 464	21 741	26 854	30 540
Other current investments > 90 days		0	(0)	(0)	93 719	93 719	93 719	93 719	-	-	-
Non current assets - investments	1	6 085	6 989	-	-	-	-	-	-	-	-
Cash and investments available:		108 585	84 224	57 566	136 183	136 183	136 183	136 183	21 741	26 854	30 540
Application of cash and investments											
Unspent conditional transfers		23 779	16 227	8 697	12 582	12 582	12 582	12 582	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(3 936)	(10 792)	3 040	(12 622)	(11 722)	(11 722)	(11 722)	16 368	17 568	19 027
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		19 843	5 435	11 737	(40)	860	860	860	16 368	17 568	19 027
Surplus(shortfall)		88 742	78 789	45 829	136 223	135 323	135 323	135 323	5 373	9 286	11 513

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 2011/12 the surplus increased from R88million to R135million in 2014/15. 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 2015/16 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a surplus of R88 million in 2011/12 to R135million by 2014/15.



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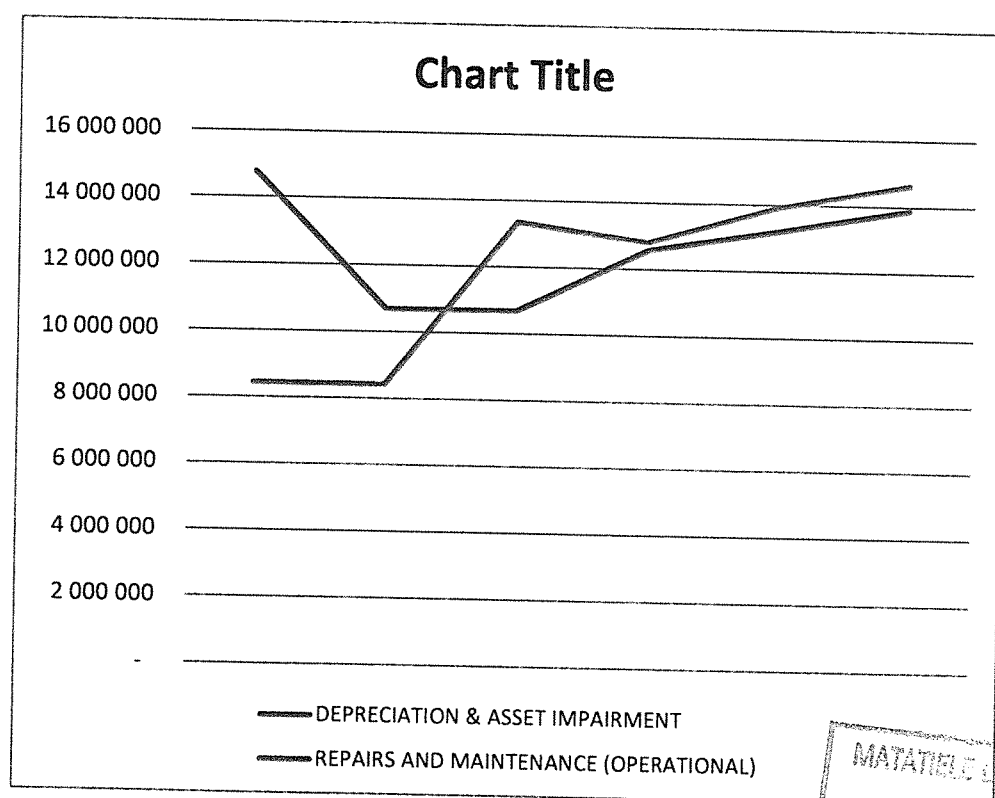
Table 26 MBRR Table A9 - Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
Total New Assets										
Infrastructure - Road transport	1	36 498	60 735	90 436	147 577	126 566	126 566	143 606	80 572	102 195
Infrastructure - Electricity		30 535	35 295	48 604	35 684	34 876	34 876	35 177	50 288	38 388
Infrastructure - Water		-	4 216	12 517	53 929	36 291	36 291	50 737	10 180	15 320
Infrastructure - Sanitation		-	-	-	-	186	186	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	313	6 058	4 305	4 305	6 718	-	-
Community		30 535	39 511	61 434	95 671	75 657	75 657	92 632	60 468	53 708
Heritage assets		2 859	7 561	10 109	17 450	16 178	16 178	14 632	1 200	2 570
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	122	-	-	-	-	-	-	-
Agricultural Assets	6	3 061	13 381	18 272	34 456	34 731	34 731	33 993	18 904	45 524
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		42	160	621	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	2 350	-	393
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets	6	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	36 498	60 735	90 436	147 577	126 566	126 566	143 606	80 572	102 195
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	282 730	288 166	326 098	385 883	385 131	385 131	407 465	442 647	464 688
Infrastructure - Electricity		26 849	28 170	39 695	97 303	79 611	79 611	128 142	134 978	146 644
Infrastructure - Water		-	-	-	-	181	181	172	163	153
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		8 760	11 161	11 377	19 633	17 910	17 910	24 011	23 201	22 391
Infrastructure		318 339	327 498	377 170	502 820	482 834	482 834	559 790	600 988	633 876
Community		82 551	83 843	84 677	110 572	109 283	109 283	118 707	113 778	110 045
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		9 703	9 843	9 843	9 843	9 843	9 843	9 843	9 843	9 843
Other assets		73 107	81 241	95 811	125 639	125 792	125 792	152 046	162 721	193 167
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		127	204	635	361	361	361	2 215	1 538	1 383
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	483 827	502 629	568 135	749 234	728 113	728 113	842 600	888 868	948 314
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment										
Repairs and Maintenance by Asset Class										
Infrastructure - Road transport	3	15 905	17 084	19 062	14 066	14 066	14 066	20 879	24 490	28 865
Infrastructure - Electricity		9 450	10 293	10 751	11 315	11 424	11 424	10 466	11 286	11 989
Infrastructure - Water		2 040	2 399	4 380	2 070	2 050	2 050	3 845	4 068	4 292
Infrastructure - Sanitation		524	288	392	360	580	580	1 030	1 090	1 150
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		5 248	6 250	4 020	-	-	-	-	-	-
Community		7 811	8 937	8 792	2 430	2 630	2 630	4 875	5 758	5 447
Heritage assets		189	262	223	4 450	4 450	4 450	1 850	1 957	2 065
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	1 450	1 094	1 736	4 435	4 344	4 344	3 741	4 171	4 483
TOTAL EXPENDITURE OTHER ITEMS		25 355	27 377	29 813	25 381	25 490	25 490	31 345	35 776	40 854
Renewal of Existing Assets as % of total capex										
Renewal of Existing Assets as % of deprecn		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		2.5%	2.4%	2.1%	2.0%	2.0%	2.0%	1.3%	1.3%	1.3%
Renewal and R&M as a % of PPE		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%

2015-06-17

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.



MATATIELE LOCAL MUNICIPALITY
2015-03-17
BUDGET & TREASURY

Table 9 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling	2									
Piped water inside yard (but not in dwelling)	4									
Using public tap (at least min.service level)										
Other water supply (at least min.service level)										
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5									
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5									
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>										
Electricity (< min.service level)	3									
Electricity - prepaid (< min. service level)	4									
Other energy sources										
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5									
Refuse:										
Removed at least once a week										
<i>Minimum Service Level and Above sub-total</i>										
Removed less frequently than once a week	4									
Using communal refuse dump	4									
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5									
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									
Refuse (removed at least once a week)	0									
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									
Refuse (removed once a week)	327									
Total cost of FBS provided (minimum social package)	566									
Highest level of free service provided										
Property rates (R value threshold)										
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									
Refuse (average litres per week)	37									
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy	239									
Refuse	327									
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	566									

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 12000 households to be registered as indigent in 2015/16, 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 R14 million in 2015/16, increasing to R15 million in 2016/17. This is covered by the municipality's equitable share allocation from national government.

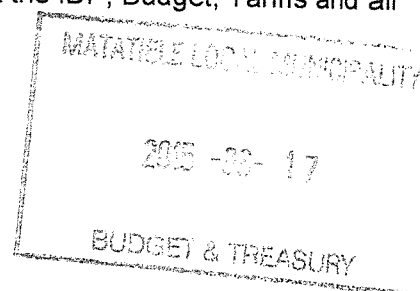


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2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the 2015/16 Budget can be summarised as follows:
 - a) Council Adopted a Budget Timetable in August 2014.
 - 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 September 2014;
 - d) IDP / Budget Outreaches were held in September 2014. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.
 - e) In February 2015 a Strategic Planning Workshop was held in Durban during which Standing Committees in their various commissions developed their respective KPA's and objectives for 2015/2016;
 - f) The Budget Office compiled a Draft Budget which was present to Management, the Budget & Finance Standing Committee and EXCO during March 2014;
 - g) The Draft Budget for 2015/2016 was table at Council by the Mayor on 30 March 2015;
 - h) The Draft Budget was submitted to Provincial Treasury and to National Treasury during March 2015;
 - i) On the 30 March 2015 Council will consider and adopt the IDP, Budget, Tariffs and all budget related schedules and policies.



2. Input from Stakeholders

The following input was received:

a) General Input during Outreaches

- i. The Budget must provide for the ward priorities as per the IDP

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2015-2018 and the 2015/2016 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 2015/2016 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

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

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

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

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

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

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

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

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

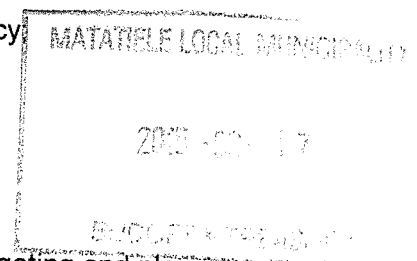
Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment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

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

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

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National 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 2015/2016 MTREF and further planning refinements that have directly informed the compilation of the budget:

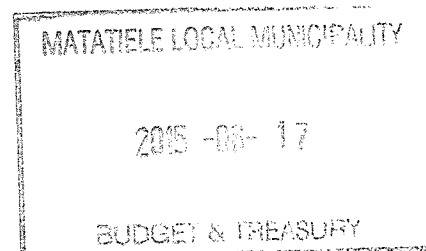
Table 28 IDP Strategic Objectives

2014/2015 Financial Year		2015/2016 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.

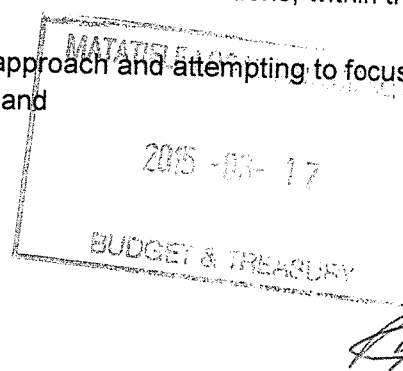
In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure 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 10MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
1. Reduction of Service Delivery Backlogs										
1.1 PMU										
	Sports Fields	24 994	29 263	48 775	57 759	49 170	49 170	47 644	49 484	52 242
	Community Hall	Ensure that sporting facilities are available in communities								
	Upgrading Of Access Roads	Ensure accessibility to all communities of Matatiele Local Municipality								
	Bridges	Ensure that gravel roads in all 03 towns of Matatiele Local Municipality are upgraded to tarred roads								
1.2 Electricity										
		33 963	38 242	51 916	67 383	70 383	70 383	87 422	85 793	94 283
	Rural Electrification	To Provide households with access to basic electricity								
	Substation	To provide additional capacity in Matatiele town								
	Procurement Of Crane Truck	Procure equipment to replace ageing infrastructure in order to replace streetlights and distribution poles								
	Additional Facilities	Provide additional facilities at electrical depot								
	Working Tools	To improve working condition by Procuring tools and equipment (Prepaid meter tester, spiking gun)								
	Vehicles	To provide additional transport for electrical staff								
	High Mast Light	To install high mast light to provide area lighting								
1.3 Civil										
		11 531	7 203	2 843	22	22	22	23	24	25
	Storm Water And Drainage	To ensure that all communities are protected against flooding								
	Maintenance Of Tarred Roads	To ensure that existing surfaced roads are maintained.								
	Maintenance Of Gravel Roads	To ensure that existing gravel roads are maintained.								
	Kerbing And Channeling	To ensure that roads and assets are maintained								
	Acquisition Of Additional Plant									
1.4 Human Settlement										
		-	-	-	-	-	-	120	100	150
	Damaged Halls	Ensure that damaged community halls are rehabilitated								
	Fresh Produce Market	To create conducive environment to fresh produce market								
	Building Of Offices	To provide sufficient office space and improve working conditions								
	Procurement Of A0 Plotter	To introduce paperless system								
	Registration Of Housing Beneficiaries	Ensure registration of beneficiaries for the development of Human Settlements								
1.5 Public Amenities										
		1 736	7 739	11 769	13 156	13 269	13 269	13 490	14 134	14 830
	Maintenance Of Community Facilities	To ensure that existing community facilities are maintained								
2. Local Economic Development, Rural Development and Employment Creation through the EPWP and CWP										
2.1 LED										
		1 155	1 186	249	112	1 646	1 646	-	-	-
	Grain Storage	To provide agriculture infrastructure – grain storage facilities								
	Smm Support	To support SMMEs in crop production								
	Arable Lands	To provide security for arable lands.								
	Poverty Relief	To support poverty relief								
	Forestry	To support forestry enterprises with Environmental Impact assessments (EIAs) studies								
	Training For Cooperatives	To support Cooperatives with training.								
	Informal Sector Support	Infrastructure support for Informal Sector								
	Destination Marketing	To market Matatiele as an destination of choice								
	Mountain Lake Chalets	To co ordinate and monitor the functioning of the Mountain lake chalet								
	Research	To identify tourist attractions around Matatiele								
	Funding Support	To assist local SMMEs and Coops with funding support								
2.2 EPWP										
		-	-	4 564	4 485	4 485	4 485	1 780	-	-
	EPWP	130 Nkhosha' Mofokeng; 78 Rea Hoekisa, 52 Food for Waste								

MATATIELE LOCAL MUNICIPALITY
2015-06-17
BUDGET & TREASURY

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
3. Proper Spatial Development Planning through the SDF for the Nodal Areas of Maluti, Cedarville and Matatiele										
3.1 LED		292	372	363	65	1 504	1 504	100	105	111
	Middle Income Housing									
	Commercial & Industrial Development									
	Rezoning Process									
	Applications									
	Town Planning Scheme									
	Land Tenure Rights									
	Policies									
	Out-Door Advertising									
4. Good Governance and Public Participation										
4.1 Communications, IGR, Protocol & Migration		3 656	3 694	17 035	3 284	4 202	4 202	4 550	4 814	5 079
	Communication Strategy									
	Inter-Governmental Relations									
	Inter-Governmental Relations									
	Mayoral Projects									
	Mayoral Projects									
	Marketing And Branding									
	Marketing And Branding									
	Access To Information									
	Migration Services									
4.2 IDP/M&E		266	392	274	150	314	314	-	-	-
	Idp Development									
	Performance Management									
4.3 Internal Audit		-	-	-	-	-	-	-	-	-
	Governance Issues: Internal Audit									
	Governance Issues: Internal Audit									
	Governance Issues: Internal Audit									
	Governance Issues: Internal Audit									
	Governance Issues: Internal Audit									
4.4 SPU		100	-	-	-	-	-	-	-	-
	Youth Development And Protection Of Children'S Rights									
	Women Empowerment And Protection Of Elder Person'S									
	Hiv/Aids Management									
	People Living With Disabilities									
4.5 Administrative Support		91	237	-	-	-	-	-	-	-
	Proper Record-Keeping									
	Governance And Oversight Structures Meeting									
	Safe And Secure Environment For Municipal Property									
	Rendering Of All Auxiliary Services									
	Efficient And Effective Implementation Of Governance System									
5. Municipal Institutional Transformation and Development										
5.1 Human Resources Management		227	424	313	300	300	300	300	300	300
	Staff Establishment									
	Human Capital: Capacity Building									
	To Have A Conducive Working Environment									
	Employee Health, Safety, Wellness And Assistance									
	Human Capital Development Plan									
5.2 ICT		-	-	-	-	-	-	-	-	-
	Efficient And Balanced Ict Governance Framework									
	Efficient And Balanced Ict Governance Framework									
	Effective And Reliable User Support Environment									
	Efficient And Balanced Ict Governance Framework									
	Efficient And Balanced Ict Governance Framework									
	Efficient And Balanced Ict Governance Framework									
	Efficient And Balanced Ict Governance Framework									
	Efficient And Balanced Ict Governance Framework									
	Efficient And Balanced Ict Governance Framework									
5.3 Legal Services		-	-	-	-	-	-	-	-	-
	Proper Contractual Management And Consistent Legal Environment									
	Compliance With Legal Requirements									
	Litigation Services									
	Risk Assessment And Management									
5.4 Council Support		-	-	129	-	-	-	-	-	-
	Mechanisms For Public Participation									
	Community Engagements									
	Complaints Management									
	Workshop For Public Participation Drivers									

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
6. Municipal Financial Viability										
6.1 Budget Planning and Financial Reporting										
	Submission Of Monthly Reports As Per Section 71 Of	88 523	104 030	125 459	191 678	192 992	192 992	167 595	182 693	200 653
	Submission Of Quarterly Reports As Per Section 52 (D) Of	Ensure All We Fully Comply With Mma – With Regards To Reports That Need To Be Submitted								
	Submission Of Banking Details As Per Section 6 Of Mma	Ensure All We Fully Comply With Mma – With Regards To Reports That Need To Be Submitted								
		Fully Compliance With The Requirements Of The Mma								
	Submission Of Quarterly Reports As Per Section 52 (D) Of	Ensure All We Fully Comply With Mma – With Regards To Reports That Need To Be Submitted								
	Submission Of Annual Report In Terms Of Section 121 Of	Compliance With The Requirements Of The Mma Annual Report								
	Submission Of Monthly Reports	Ensure All We Fully Comply With Mma – With Regards To Reports That Need To Be Submitted								
	Submission Of Monthly Reports	Ensure All We Fully Comply With Mma – With Regards To Reports That Need To Be Submitted								
	Submission Of Reviewed Policies	Fully Compliance With The Requirements Of The Mma On Monthly, Quarterly And Mid-Year Reports								
	Loan Register	Ensure That Loans That Were Taken Are Being Serviced								
	Submission Of Monthly Financial Statements As Per	Fully Compliance With The Requirements Of The Mma On Monthly, Quarterly And Mid-Year Reports								
	Training Of Unit Staff Within The Municipality	Capacity Building								
	Multi-Year Budget As Per Section 28 Of The Mma	Ensure That The Municipality Reports On The Reviewed Or Adjusted Budget As Per Expenditure Pertains As At 31st December 2014								
	Multi-Year Budget As Per Section 21 (B) Of The Mma	Ensure That The Municipality Reports On The Tabled Budget Process Plan For 2015/2017								
	Multi-Year Budget As Per Section 21 Of Mma	Ensure That The Municipality Reports On The Tabled Draft Budget								
	Multi-Year Budget As Per Section 23 Of The Mma	Ensure That The Municipality Reports On The Public Participation Held								
	Multi-Year Budget As Per Section 22 Of The Mma	Ensure That The Municipality Reports On The Set Tariff Of Charges								
	Multi-Year Budget	Ensure That The Municipality Reports On Date Of Submission Of The Aligned Budget With Idp								
	Standard Budget Return Form	Provide The Managers With Template Or Guidance On Budgeting For Each Year								
	Budget Control	Ensure That Departments Don'T Spend More Than What They Have Budgeted For								
	Annual Financial Statements	Ensure That The Municipality Is Able To Fairly Produce Its Annual Financial Statements								
	Roll Over Application	Ensure That A An Application Is Done And Submitted To National Treasury On Amount Not Spent In The 2015/2016 Financial Year								
	Audit Report	Ensure That The Municipality Is Able To Fairly Produce Its Annual Financial Statements								
	Compliance With Scaa Regulations	Implementation Of And Adherence To Scaa Regulations								
6.2 Supply chain - Asset & Fleet Management										
	Municipal Annual Procurement Plan	-	-	-	-	-	-	-	-	-
	Improved Compliance With Scm Regulations & Council Policies	Preparation Of Integrated Procurement Plan								
	Asset Management	Ensure That The Monthly Reports Are Prepared And Submitted To Management Team Meeting (Mtm) And Council								
	Maintenance Of Service Providers Contracts	To Ensure That The Gap Compliant Updated Register Is Reconciled To General Ledger								
6.3 Income and Expenditure										
	Outstanding Debtors Reduction	20 209	27 732	30 765	37 067	41 067	41 067	42 224	39 506	41 271
	Reconciliation Of Debtors	Reduction Debt To Be Within Ageing Of 60 Days								
	Indigent Support	Align The Age Analysis With The General Ledger – Ensure That There Are No Variances								
	Indigent Support	Identify And Support Households That Are Indigent In A Municipal Jurisdiction								
	Collection Of Rental Income I.E. Transido, Isokolele Hostel, Stores, Commonages	Establish Free Basic Services Steering Committee								
	Interest On Outstanding Debt	Ensure All Municipal Properties That Are Leased Are Paid For								
	Staff Training	Encourage Customers That Owe Municipal Services To Make Payment Before Their Debt Incurs Interest								
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)										
		186 745	220 513	294 454	375 461	379 353	379 353	365 249	376 953	408 943

MATATIELE LOCAL MUNICIPALITY

2015-06-17

BUDGET & TREASURY

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

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
1. Reduction of Service Delivery Backlogs										
1.1 PMU		906	2 181	7 975	4 425	2 911	2 911	6 323	7 779	9 546
	Sports Fields	Ensure that sporting facilities are available in communities								
	Community Hall	Ensure accessibility to all communities of Mafatfele Local Municipality								
	Upgrading Of Access Roads	Ensure that gravel roads in all 03 towns of Mafatfele Local Municipality are upgraded to tarred roads								
	Bridges	Ensure that communities are accessible								
1.2 Electricity		27 782	39 880	38 130	39 813	42 029	42 029	52 186	55 724	59 296
	Rural Electrification	To Provide households with access to basic electricity								
	Substation	To provide additional capacity in Mafatfele town								
	Procurement Of Crane Truck	Procure equipment to replace ageing infrastructure in order to replace streetlights and distribution poles								
	Additional Facilities	Provide additional facilities at electrical depot								
	Working Tools	To improve working condition by Procuring tools and equipment(Prepaid meter tester, spiking gun)								
	Vehicles	To provide additional transport for electrical staff								
	High Mast Light	To install high mast light to provide area lighting								
1.3 Civil		39 308	39 279	28 786	31 137	25 863	25 863	20 450	21 881	23 384
Civil		31 356	39 279	28 786	31 137	25 863	25 863	20 450	21 881	23 384
Solid Waste		7 952	-	-	-	-	-	-	-	-
	Storm Water And Drainage	To ensure that all communities are protected against flooding								
	Maintenance Of Tarred Roads	To ensure that existing surfaced roads are maintained.								
	Maintenance Of Gravel Roads	To ensure that existing gravel roads are maintained.								
	Kerbing And Channeling	To ensure that roads and assets are maintained								
	Acquisition Of Additional Plant									
1.4 Human Settlement		-	-	-	-	-	-	2 413	3 279	3 643
	Damaged Halls	Ensure that damaged community halls are rehabilitated								
	Fresh Produce Market	To create conducive environment to fresh produce market								
	Building Of Offices	To provide sufficient office space and improve working conditions								
	Prucurement Of A4 Plotter	To introduce paperless system								
	Rehistration Of Housing Beneficieries	Ensure registration of beneficiaries for the development of Human Settlements								
1.5 Public Amenities		6 482	16 765	19 682	23 479	24 047	24 047	27 044	28 278	29 712
Public Amenities		2 351	1 888	5 027	-	-	-	8 892	9 403	9 948
Enviromental Service		3 954	1 964	2 127	16 503	16 194	16 194	18 152	18 875	19 765
Museum		177	202	-	-	-	-	-	-	-
Solid Waste		-	12 710	12 528	-	-	-	-	-	-
Public Amenities		-	-	-	6 976	7 853	7 853	-	-	-

MATATIELE LOCAL MUNICIPALITY

2015-03-17

BUDGET & TREASURY

2015-06-17

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
5. Municipal Institutional Transformation and Development										
5.1 Human Resources Management										
HR Governance		4 493	5 154	6 195	6 839	7 925	7 925	11 690	12 506	13 332
		1 361	1 932	3 712	5 180	4 833	4 833	7 968	8 536	9 105
		3 132	3 222	2 483	1 658	3 092	3 092	3 722	3 970	4 227
	Staff Establishment	To Plan, Design And Provide A Sustainable Human Capital Establishment As Well As Quality Human Resources For The Municipality								
	Human Capital: Capacity Building	To Capacitate, Develop, Manage And Maintain Municipal Human Capital								
	To Have A Conducive Working Environment	To Capacitate Staff On Hr Policies								
	Employee Health, Safety, Wellness And Assistance	To Provide A Healthy, Safe, Secure And A Productive Work Environment								
	Human Capital Development Plan	To Develop An Annual Workplace Skills Plan(Wsp)								
5.2 ICT										
	Efficient And Balanced Ict Governance Framework	225	75	-	2 295	3 815	3 815	6 718	7 136	7 557
		To Provide Effective And Efficient Ict Governance								
	Efficient And Balanced Ict Governance Framework	To Ensure Effective And Efficient Ict Oversight								
	Effective And Reliable User Support Environment	To Provide Timely, Efficient And Effective User Support Services								
	Efficient And Balanced Ict Governance Framework	To Ensure Offsite Disaster Recovery Site								
	Efficient And Balanced Ict Governance Framework	To Provide Computer Network To All Users In All Offices								
	Efficient And Balanced Ict Governance Framework	To Provide Secure Information And Robust Ict Service								
5.3 Legal Services	Efficient And Balanced Ict Governance Framework	To Provide Shared Service Through Virtual Private Network								
	Efficient And Balanced Ict Governance Framework	To Provide Infrastructure To Traffic Department Offices								
		-	-	-	1 533	2 067	2 067	3 057	3 268	3 488
	Proper Contractual Management And Consistent Legal Environment	To Provide Effective Legal Drafting And Contract Management Services For The Municipality								
	Compliance With Legal Requirements	To Foster Compliance With Legal Requirements Of The Law								
	Litigation Services	To Provide An Effective Litigation Services In Defending The Interests Of The Municipality								
	Risk Assessment And Management	To Render Effective Municipal Risk Management								
5.4 Council Support										
	Mechanisms For Public Participation	15 726	16 636	18 367	19 148	19 238	19 238	18 445	19 464	20 522
	Community Engagements	To Promote Community Participation In Decision Making Processes Within The Municipality								
	Complaints Management	To Provide Access For Community To Participate In Municipal Programmes And Affairs								
	Workshop For Public Participation Drivers	Improve Turnaround Time And Procedures For The Handling Of Complaints And Petitions								
6. Municipal Financial Viability										
6.1 Budget Planning and Financial Reporting										
Budget & Reporting Financial Reporting & Governance		20 667	84 048	30 668	30 674	29 449	29 449	27 921	29 427	33 055
		12 388	73 881	19 893	16 912	16 638	16 638	11 551	12 750	15 291
		661	1 176	257	2 389	1 726	1 726	1 840	2 180	2 371
		7 618	8 991	10 518	11 372	11 084	11 084	14 531	14 496	15 392
	Submission Of Monthly Reports As Per Section 71 Of	Ensure All We Fully Comply With Mfma - With Regards To Reports That Need To Be Submitted								
	Submission Of Quarterly Reports As Per Section 52 (D) Of	Ensure All We Fully Comply With Mfma - With Regards To Reports That Need To Be Submitted.								
	Submission Of Banking Details As Per Section 8 Of Mfma	Fully Compliance With The Requirements Of The Mfma								
	Submission Of Quarterly Reports As Per Section 52 (D) Of	Ensure All We Fully Comply With Mfma - With Regards To Reports That Need To Be Submitted.								
	Submission Of Annual Report In Terms Of Section 121 Of	Compliance With The Requirements Of The Mfma Annual Report								
	Submission Of Monthly Reports	Ensure All We Fully Comply With Mfma - With Regards To Reports That Need To Be Submitted								
	Submission Of Monthly Reports	Ensure All We Fully Comply With Mfma - With Regards To Reports That Need To Be Submitted.								
	Submission Of Reviewed Policies.	Fully Compliance With The Requirements Of The Mfma On Monthly, Quarterly And Mid-Year Reports								
	Loan Register	Ensure That Loans That Were Taken Are Being Serviced								
	Submission Of Monthly Financial Statements As Per	Fully Compliance With The Requirements Of The Mfma On Monthly, Quarterly And Mid-Year Reports								
	Training Of Unit Staff Within The Municipality	Capacity Building								
	Multi-Year Budget As Per Section 28 Of The Mfma	Ensure That The Municipality Reports On The Reviewed Or Adjusted Budget As Per Expenditure Pertains As At 31st December 2014								
	Multi-Year Budget As Per Section 21 (B) Of The Mfma	Ensure That The Municipality Reports On The Tabled Budget Process Plan For 2016/2017								
	Multi-Year Budget As Per Section 21 Of Mfma	Ensure That The Municipality Reports On The Tabled Draft Budget								
	Multi-Year Budget As Per Section 23 Of The Mfma	Ensure That The Municipality Reports On The Public Participation Held.								
	Multi-Year Budget As Per Section 22 Of The Mfma	Ensure That The Municipality Reports On The Set Tariff Of Charges								
Multi-Year Budget	Ensure That The Municipality Reports On Date Of Submission Of The Aligned Budget With Idp									
Standard Budget Return Form	Provide The Managers With Template Or Guidance On Budgeting For Each Year									
Budget Control	Ensure That Departments Don't Spend More Than What They Have Budgeted For									
Annual Financial Statements	Ensure That The Municipality Is Able To Fairly Produce Its Annual Financial Statements									
Roll Over Application	Ensure That A An Application Is Done And Submitted To National Treasury On Amount Not Spent In The 2015/2016 Financial Year									
Audit Report	Ensure That The Municipality Is Able To Fairly Produce Its Annual Financial Statements									
Compliance With Scaa Regulations	Implementation Of And Adherence To Scaa Regulations									
6.2 Supply chain - Asset & Fleet Management										
		3 413	1 661	7 285	9 236	8 938	8 938	8 457	9 231	9 922
	Municipal Annual Procurement Plan	Preparation Of Integrated Procurement Plan								
	Improved Compliance With Scm Regulations & Council Policies	Ensure That The Monthly Reports Are Prepared And Submitted To Management Team Meeting (Mtm) And Council.								
	Asset Management	To Ensure That The Grap Compliant Updated Register Is Reconciled To General Ledger.								
	Maintenance Of Service Providers Contracts	To Ensure There Are Slas/Contracts In Place For All The Awarded Bids								
6.3 Income and Expenditure										
		2 625	4 613	25 092	20 009	19 872	19 872	22 502	29 603	35 654
	Outstanding Debtors Reduction	Reduction Debt To Be Within Ageing Of 60 Days.								
	Reconciliation Of Debtors	Align The Age Analysis With The General Ledger - Ensure That There Are No Variances								
	Indigent Support	Identify And Support Households That Are Indigent In A Municipal Jurisdiction.								
	Indigent Support	Establish Free Basic Services Steering Committee								
	Collection Of Rental Income I.E. Transido, Itsokelele Hostel, Stores, Commonages.	Ensure All Municipal Properties That Are Leased Are Paid For.								
	Interest On Outstanding Debt	Encourage Customers That Owe Municipal Services To Make Payment Before Their Debt Incurs Interest								
Staff Training	Ensure That The Staff In The Department Are Trained For Relevant Courses									
Allocations to other priorities										
Total Expenditure										
		151 668	233 493	248 489	257 881	264 250	264 250	289 979	316 607	347 081

2.3 Measurable performance objectives and indicators

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

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

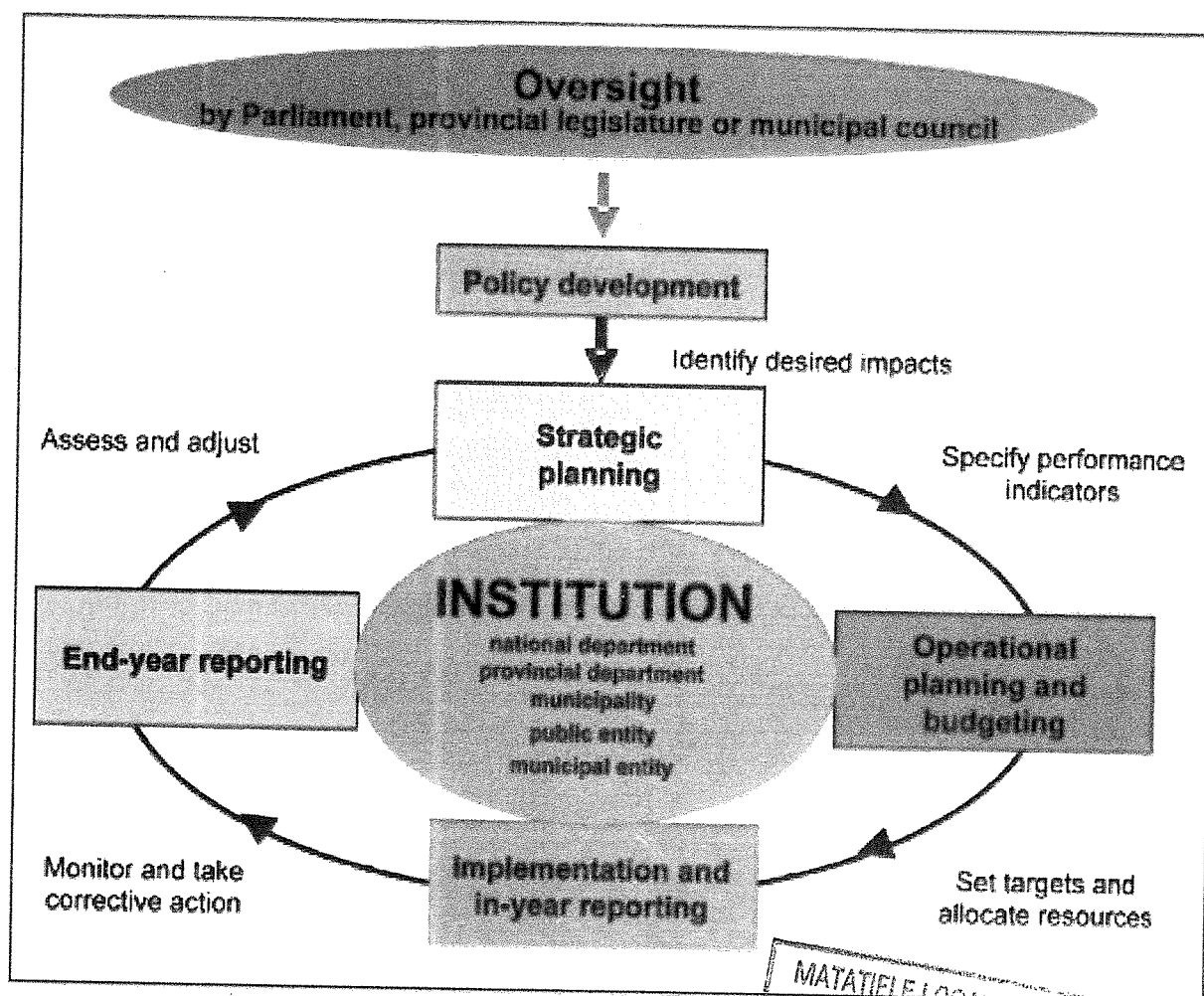


Figure 5 Planning, Budgeting and Reporting Cycle

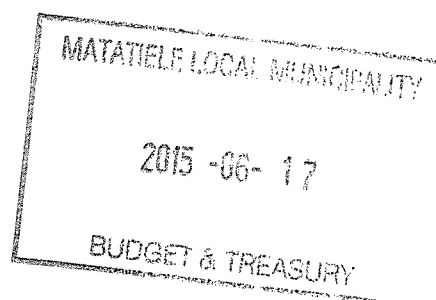
The performance of the Municipality relates directly to the extent to which it has achieves success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which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

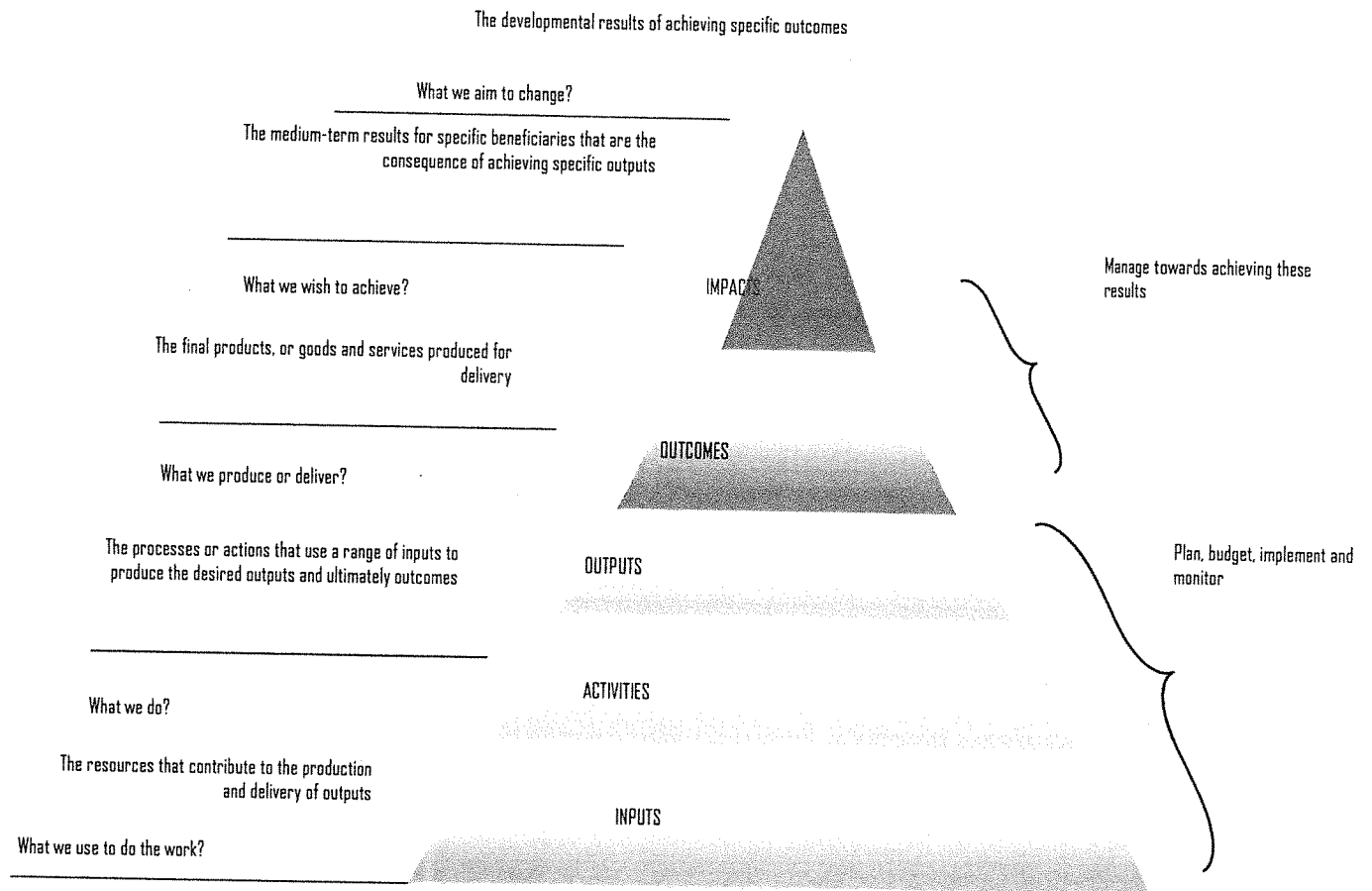
The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 6 Definition of performance information concepts

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



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MATATIELE LOCAL MUNICIPALITY

2015 -06- 17

BUDGET & 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 11MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Borrowing Management											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.4%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	3.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.9%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%	9.4%	0.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.6%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	47.9%	47.9%	47.9%	47.9%	9.8%	0.7%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	2.9	3.4	2.8	6.9	6.9	6.9	6.9	1.3	1.5	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.9	3.4	2.8	6.9	6.9	6.9	6.9	1.3	1.5	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	2.5	2.5	2.0	6.0	6.0	6.0	6.0	0.8	0.9	1.0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	132.4%	48.3%	100.0%	100.0%	100.0%	100.0%	73.0%	73.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	86.2%	78.6%	100.0%	100.0%	100.0%	100.0%	73.0%	73.0%	73.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.7%	14.7%	10.3%	7.1%	6.9%	6.9%	6.9%	5.2%	5.3%	5.2%
Creditors Management											
Creditors to Cash and Investments		15.7%	18.0%	33.9%	20.0%	20.0%	20.0%	20.0%	125.5%	108.0%	101.8%
Other Indicators											
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.7%	30.5%	29.3%	30.0%	27.4%	27.4%	27.4%	33.4%	34.6%	34.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.9%	37.9%	35.6%	35.7%	33.0%	33.0%		41.5%	41.6%	41.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.8%	5.5%	4.6%	3.8%	3.7%	3.7%		3.6%	3.7%	3.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.2%	11.3%	8.1%	4.7%	4.6%	4.6%	4.6%	7.2%	8.1%	8.8%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.8	8.6	-	-	-	-	9.0	5.8	11.3	11.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	33.3%	49.1%	37.0%	26.4%	25.8%	25.8%	25.8%	17.0%	18.0%	18.1%
iii. Cost coverage	(Available cash + investments)/monthly fixed operational expenditure	10.9	4.5	3.6	2.6	2.6	2.6	2.6	1.3	1.4	1.4

MATATIELE LOCAL MUNICIPALITY

2015 -06- 17

BUDGET & TREASURY

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayment. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/2016 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to

The operating expenditure. It can be seen that the cost of borrowing has steadily increased from 0.4 per cent in 2011/12 to 3.3 per cent in 2015/16. This increase can be attributed to the raising of loans to fund portions of the capital programme. 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.

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.

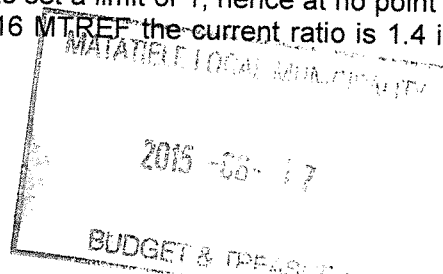
In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2014/15 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 1.4 in the 2015/16 financial



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year and 1.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

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

2.3.1.5 Creditors Management

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

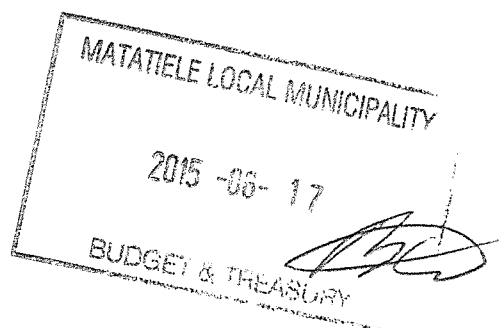
2.3.1.6 Other Indicators

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

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

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

For the 2015/16 financial year 15 500 registered indigents have been provided for in the budget with this figured increasing to 21 000 by 2016/17. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.



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

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

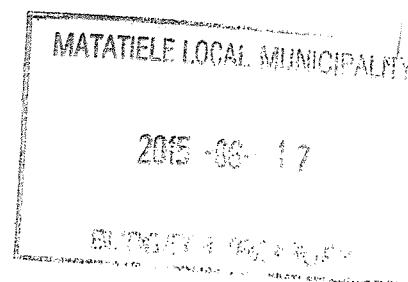
2.4 OVERVIEW OF BUDGET RALATED POLICIES

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

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

Budget Related Policies

- 1 Credit Control & Debt Collection Policy
- 2, Banking & Investment Policy & Implementation Guide
- 3 Fixed Asset Management Policy & Implementation Guide
- 4 Budget Policy & Implementation Guide
- 5 Property Rates Policy
- 6 Transport Policy
- 7 Tariff Policy
- 8 Supply Chain Management Policy
- 9 Indigent Policy
- 10 GRAP Framework Policy
- 11 Data Backup Policy
- 12 Cash Management Policy
- 13 Special Service Tariff Policy
- 14 Grant & Donation Policy
- 15 Donor Finance Policy
- 16 Payment Policy
- 17 Virement Policy
- 18 Cash-Up Policy
- 19 Cash Shortage Policy
- 20 Electricity Policy
- 21 Credit Card Policy
- 22 Entertainment / Refreshment Policy
- 23 Customer Incentive Scheme Policy
- 24 Strategy to Improve Debtor Payment Policy
- 25 Customer Care Policy
- 26 Fraud Prevention & Response Plan Policy
- 27 Debt Capacity Policy
- 28 Unknown Deposits Policy
- 29 Consultants 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 2015/16 budget:

✚ Estimate Salary Increases

- 2014/15 – 8%
- 2015/16 – 8%
- 2016/17 – 8%

✚ Debt Impairment: the overall collection levels are estimate around 85% overall for the MLM.

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

- Property Rates 85% (89% in 2015 / 2016)
- Electricity 90% (66% in 2015 / 2016)
- Refuse 90% (65% in 2015 / 2016)

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

✚ Bulk Electricity purchases: MLM has assumed no tariff increase from Eskom and will increase its tariffs with 14% as determined by NERSA;

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

✚ Matatiele Local Municipality will continue with its current powers and functions;

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

✚ Government grants for the years 2015/2016 to 2017/2018 are as per the Division of Revenue Act, assuming that all allocations will be received;

✚ 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 5% per annum; and

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

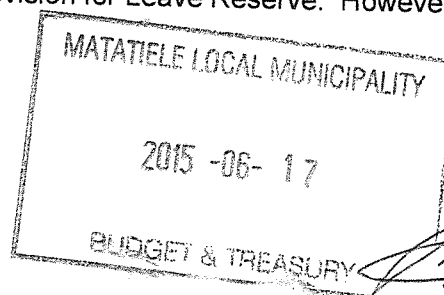
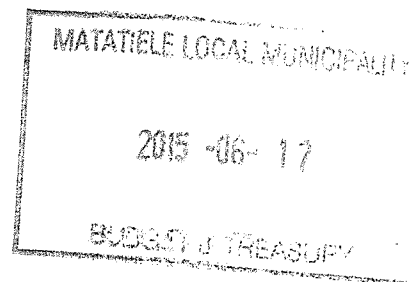


Table 34 Credit Rating outlook

Security class	Currency	Rating	Annual rating	Previous Rating
			Oct-13	
Short term	Rand	Prime -1	20-Apr-14	Prime -1
Long-term	Rand	Aa3	20-Apr-14	Aa3
Outlook	Rand	Negative	20-Apr-14	Negative



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	WITHOUT VAT	Current Tariff Vat Excluded	Increase	New Tariff Vat Excluded	Increase
1	REFUSE REMOVAL CHARGES	2014/2015		2015/16	
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 98.15	5%	R 103.06	5%
1.2	<i>Commercial Removals</i>				
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 147.21	5%	R 154.57	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 147.21	5%	R 154.57	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.		0%	R 100.00	0%
2	BUILDING PLAN FEES				

MATATIELE LOCAL MUNICIPALITY
R 100.00

2015-06-17

BUDGET & TREASURY

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 m ² . This calculation is used to calculate the building plan fees for buildings in excess of 100m ² and major alterations to existing buildings.					
2.1.1	Building less than 80m ² .	R 201.75	R 0.00	R 625.43	210%
2.1.2	Building less than 100m ² .				
2.1.3	Building more than 100m ² .	R 543.86	R 0.00	R 1 577.19	190%
2.1.4	Tariff 2.1 is applicable				
	Hoarding Permit				
	Commercial (for 3 months)			R 203.00	
	Residential (for 3 months)			R 180.00	
	Industrial (for 3 months)			R 350.00	
	CBD Buildings (for 3 months)			R 550.00	
2.1.5	Demolishing fee for all buildings			R 350.00	
2.1.6	Copy of Building Fee				
	A4				
	A3			R 5.00	
	A2			R 10.00	
	A1			R 20.00	
	A0			R 30.00	
				R 40.00	
2.1.7	Boundary Wall				
	Boundary Wall (Brick or Blocks) 1800mm high			R 603.48	
	Boundary Wall (Precast) 1800mm high			R 603.48	
	Boundary Wall (Palisade Fencing) 1800mm high.			R 603.48	
	Identification of site beacons must be done by professional land surveyor. The Municipality will provide technical advice only.				
2.1.8	Minor Works in terms of section 13 of the act (valid for 6 months only)				
	Residential				
	None Residential			R 316.72	
2.1.9	Temporal Structures			R 550.00	
	Tent				
	Carport			R 250.00	
	Container for site office or site storage during construction only			R 600.00	
2.1.10	Building Plan Fee			R 600.00	
	Pre-Scrutiny Plan				
	Swimming Pool			R 222.83	
	Occupational Certificate			R 603.48	
				R 150.00	

MATATIE LOCAL MUNICIPALITY

2015-03-17

BUDGET 2015/2016

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				
3.3	Schedule E: Pound Fees	R 8.77	0%	R 8.77	0%
	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	Single Tickets				
	Entrance, per occasion				
(a)	Adults				
(b)	Scholars and Children	R 12.63	20%	R 10.00	-21%
4.2	Season Tickets	R 6.32	20%	R 5.00	-21%
	Bath only, not transferable				
(a)	Adult (Full Season)	R 189.47	20%	R 189.47	0%
(b)	Adult (Part Season - valid for one month from day issue)	R 94.74	20%	R 94.74	0%
(c)	Scholars and children (Full Season)	R 94.74	20%	R 94.74	0%
(d)	Scholars and children (Part Season valid for one month from day of issue)	R 37.89	20%	R 37.89	0%
	For the purposes of this Section "scholars" shall mean any scholars attending a primary or secondary school and "children" shall mean any children who have not reached the age of 17 years; provided that children have not reached the age of five years may be admitted free of charge if accompanied and under the care of a responsible adult.				
	School Swimming Classes				

MATATIE LOCAL MUNICIPALITY

2015-06-17

BUDGET & TREASURY