



Ngqushwa Municipality  
**BUDGET STRATEGY AND  
EXPENDITURE FRAMEWORK**

**TABLED  
FOR  
2009/10 – 2011/12**

**TABLED MAY 29, 2009**

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## **2. Mayoral Budget Speech**

**Honourable Speaker, Members of the Executive, Councillors, Management, Officials and General staff, Traditional leaders, Government Department Officials, members of the public.**

**Good service is the number one priority and influences the reputation of our organization.**

**Ngqushwa Local Municipality has successfully discharged of its constitutional mandate, having undergone a process driven IDP review and recognizes the positive and collective contribution made by both the elected structures, traditional authorizes, citizens of Ngqushwa, business, the administration, District, Provincial and National Government Departments in the overall development of the community and institution through the manifestation of a spirit of cooperation, communication and consultative engagement.**

**This IDP can be viewed as a declaration of intent entered into between the Ngqushwa Local Municipality and its people and is committed to:**

- i). Ensuring that broad based domestic economic investment and empowerment initiatives are undertaken and optimized;**
- ii). Fostering sustainable human settlements through the promotion of social development;**
- iii). Promoting a safe and healthy environment;**
- iv). Affirming democratic and accountable government principles;**
- v). Engaging with communities and community based organizations in matters of local government**

**Steps have been prescribed to establish a cooperative model for rural governance based on the promotion of social justice, economic prosperity and equity and achieved through the integration of rural and urban development initiatives.**

**The political leadership engenders on the promotion of good external relations and gives expression to the concept of co operative governance, strategically**

building an administrative capacity, thus contributing towards the devolution of a common vocabulary, understanding of concepts, issues, challenges and approaches towards evidence of good service delivery.

This has been achieved through the facilitation of a horizontal interaction with local citizens as well as vertical integration with nation and provincial policies and programmes relating to integrated development planning. The establishment of a system of municipal financial budgeting which adheres to the principles of revenue adequacy and certainty, sustainability, effective and efficient resource use, accountability, transparency, equity, redistribution, development and future investment opportunities has set a stronghold platform for building relationships grounded on the foundation of mutual respect and confidence thereby further advancing and attributing to service delivery excellence through commitment, dedication, diligence and accountability.

Chapter 4 of the Local Government Municipal Systems Act 32 of 2000 mandates the municipality to develop a culture of community participation through the establishment of mechanisms, processes and procedures for community participation. This is further emphasized in the Local Government Municipal Finance Act 56 of 2003 which requires that the development of the municipality be informed by community participation.

Ngqushwa Local Municipality has been committed to bringing participatory democracy closer to its citizens and communities at a principled level and goes beyond legislative prescripts, making public participation an integral part of the planning, budgeting and service delivery process thus ensuring sensitivity and responsiveness to community needs. Ngqushwa has successfully achieved this objective through public participative interventions, where community needs, challenges and real issues were identified in each ward. A true and accurate reflection of the situation, a description of real life experiences and challenges facing the community of Ngqushwa were accurately captured through community engagement, listening, reflecting, verifying and analyzing of information gathered. Qualitative data thus supported and supplemented the quantitative findings. In conclusion, objectives, strategies and projects were plotted with the involvement and acceptance of all stakeholders.

Linking to the Integrated Development Plan, Ngqushwa Local Municipality has formulated and prepared a realistic budget. The budget was developed in relation to policies, plans and programmes put forward in Ngqushwa's IDP and can be viewed as a critical tool for refocusing the resources and capacity of the municipality behind the developmental goals. The financial viability of Ngqushwa and its tax base for the performance of its functions will guide all development functions. The five year financial plan which includes the operating and capital budget is informed by the IDP priorities. All programmes contained in the budget are reflected in the IDP. The financial plan has been prepared in terms of Section 26(h) of the Local Government Municipal Systems Act as amended which stipulates that municipalities must prepare a financial plan as part of the IDP.

One must bear in mind that the Municipal fiscal environment is influenced by a variety of macro economic control measures. National Treasury determines the ceiling of year on year increases in the total operating budget, whilst the National Electricity Regulator (NER) regulates electricity tariff increases. Various Government Departments also affect municipal service delivery levels through the level of grants and subsidies received. The successful implementation of the IDP over the medium and long term therefore requires a proper alignment and harmonization between the IDP, Budget and Provincial and National Policy Frameworks.

Credit control has improved through the development and implementation of a revenue enhancement strategy. It is evident that information pertaining to development is presented on a regular basis in a clear and easy to understand format. Community members are involved in the prioritization of identified needs and are actively involved in presenting solutions to the challenges faced.

From the above, it becomes clear that the process of IDP review has a ripple effect of the budget.

Finally, in order to drive the process forward towards successful implementation, it gives me great pleasure to propose for the adoption of the Integration Development Plan 2008-2012 as well as the associated Financial Plan.

**2008-2012 (Capital and Operating budget).**

**The realization of effective implementation is dependant on enhanced intergovernmental financial and technical assistance. Continued on-demand-assistance and systematic capacity building interventions received from our District Municipality remain a key element in ensuring the observance and germination of legitimate integration of government activities and actions. A cooperative approach between the three spheres of government as well as the mobilization of the private sector funding becomes a crucial ingredient towards realizing and regulating development. The identification of alternative sources of funding relating to capital expenditure cannot be over emphasized. Sufficient financial and administrative capacity to perform functions efficiently and effectively remains a challenge.**

**It is my belief that Ngqushwa Local Municipality will succeed in realizing its vision and achieving service delivery excellence through the development of a cohesive, multi sectoral perspective on the interests of the country as a whole, respecting the discipline of national goals, policies and operating principles.**

**We thank you**

**Acting Mayor**

**B. Ntontela**

### **3. Budget Related Resolutions (approval at final budget)**

1. Council resolves that the annual budget of the municipality for the financial year 2009/10; and indicative for the two projected outer years 2010/11 and 2011/12 be approved as set-out in the following schedules:

- 1.1. Operating revenue by source reflected in **schedule 1**.
- 1.2. Operating expenditure by vote reflected in **schedule 2**.
- 1.3. Council resolves that multi-year capital appropriations by vote and associated funding reflected in **schedules 3, 4 and 5** be approved.
- 1.4. Capital funding by source reflected in **schedule 4**.
2. Council resolves that property rates and any other municipal taxes reflected in **annexure A** are approved
3. Council resolves that tariffs and charges reflected in **annexure A** are approved for the budget year 2009/10.
4. Council resolves that the measurable performance objectives for revenue from each source reflected in **table 10** are approved for the budget year 2009/10.
5. Council resolves that the measurable performance objectives for each vote reflected in **section 17** are approved for the budget year 2009/10
8. That the **10.5%** provided for salary increases for employees, 8.3% councillors and S57 are approved

## The Budget

### 4 Executive Summary (May 29<sup>th</sup>)

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The Municipal Finance Management Act (MFMA) and the related Circulars that have been distributed by the National Treasury require that the Mayor table a three year medium term budget strategy and expenditure framework to the Ngqushwa Municipal Council by the end of March 2009 for the financial year beginning July 1, 2009 and ending June 30, 2010. The first year of this expenditure framework (2009/10) constitutes the recommended budget for adoption before the end of May for the coming financial year.

The tabled budget has been taken out to the public for consultation and then with all revisions it is then brought back to the entire municipal council for approval before the beginning of the new financial year as required in the MFMA. This final budget which was tabled to council on (29 May 2009) has incorporated all of the submissions and changes that are deemed required by the Mayor.

Most of the requirements of the MFMA concerning the budget content and documentation are in place for this budget process and were incorporated into this budget document. Major requirements of the MFMA include: 1) the budget must set out 'realistically anticipated revenues' for the year by each revenue source; 2) the budget must be generally divided between capital and operating expenditures and each must be set out by 'vote'; 3) expenditures can only be funded by 'realistic' revenues, surplus cash carried forward and not committed to any other expenditure or borrowed funds (borrowed funds can only be used to fund capital projects). There are many other format requirements for the budget that are too numerous to mention here, however, a complete listing can be found in section 17 of the MFMA.

The preparation of this budget document evolved the making of critical policy decisions and key strategies and policy directions that were given by the Mayor over the past months. In August of 2008 the Council approved a set of assumptions and forecasts that were then used to prepare 'baseline' budgets. These 'baseline' budgets formed the basis for operating budget discussions and these were given to the Managers to review and revise within given guidelines. These revised baseline budgets returned by the managers then formed the basis for the budget that was built upon the key



assumptions and decisions (*see section 10 for a discussion of budget assumptions*).

The budget and financial policies used to develop this budget are focused on making Ngqushwa financially sustainable in the long run. One of the biggest challenges facing the municipality in the near future is maintaining an operating year end cash balance to allow for positive operating cash flows and unexpected contingencies. We must not only have sufficient cash available to pay all the creditors that we owe as required by the MFMA (which we are unable to do) but also to allow for a cash reserve to even out sporadic cash flows during the operating year. We have to work diligently toward this goal now and in future years, so that finally we can reach the point where we can anticipate enough cash to pay our creditors and still maintain some level of cash reserves.

As presented, the Budget for 2009/10 balances expenditures with revenues and available cash balances as required by the MFMA. In addition, we anticipate moving toward our goal of maintaining an operating cash reserve of 30 days.

Ngqushwa municipality is a medium capacity municipality which has 118 villages and two towns, which are Peddie and Hamburg. The budget comprises of 84% which is from grants and 16% is from rates, refuse and other income (hall hire, traffic fines etc). The function of water and sanitation is performed by Amathole District Municipality, the municipality is unable to fully implement its credit control policy, which translates to a low collection rate.

The municipality has developed a local economic development strategy, which agriculture and tourism sectors are identified as being major sources of generating income in the Ngqushwa area. The municipal agricultural enterprises that need to be promoted under the auspices of local economic development. The tourism industry has been identified as an industry that needs to be properly developed to reach its potential. There are historical sites and buildings identified as heritage sites to promote the tourism potential of Ngqushwa.

The municipality has allocated 8.6% of the capital budget to local economic development to address these needs.

**Operational Revenues** are anticipated to reach **R45.8 Million** (including currently known grants received for operational expenditures); **operational expenditures** funded from cash carry forwards and operating revenues.

**The Capital Budget** is funded from a blend of conditional grants and internal contributions. Capital expenditures for 2009/10 are estimated to total **R19 Million** for a variety of projects and purchases.

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions were incorporated into this budget document. The following list attempts to give the most significant of these.

### **Operating Revenues**

Revenues are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash actually collected on that billing. An offsetting bad debt expense is also included for each billed revenue vote. This expense must be considered in any revenue discussion. **Allocations for bad debt** include the following amounts.

- o Rates 3.4 million
- o Refuse 416 676.00

**Rates and tariffs** in most cases contain proposed increases. A detailed listing and explanation of these is included in this document (see appendix A). To summarize these recommended increases:

- o Refuse Collection 5.4% increase

The **Equitable Share** Allocation from the National Treasury is **R37, 180 000, 00**.

### **Operating Expenditures**

**Employee salaries** and related expenses are increased by the level indicated by correspondence from SALGA. This amount to a **10.5% increase in 2009/10**. Council salaries are also budgeted to increase by 8.3%. In addition, all positions are budgeted to be filled for the entire year. I.

An amount of **R300000** has been allocated in the operating budget for normal street maintenance and repairs material. This is R100, 000 more than 08/09 levels.

### **Capital Budget**

Major items include the allocation of almost **R12.9. Million** in conditional grant from MIG allocated to the municipality.

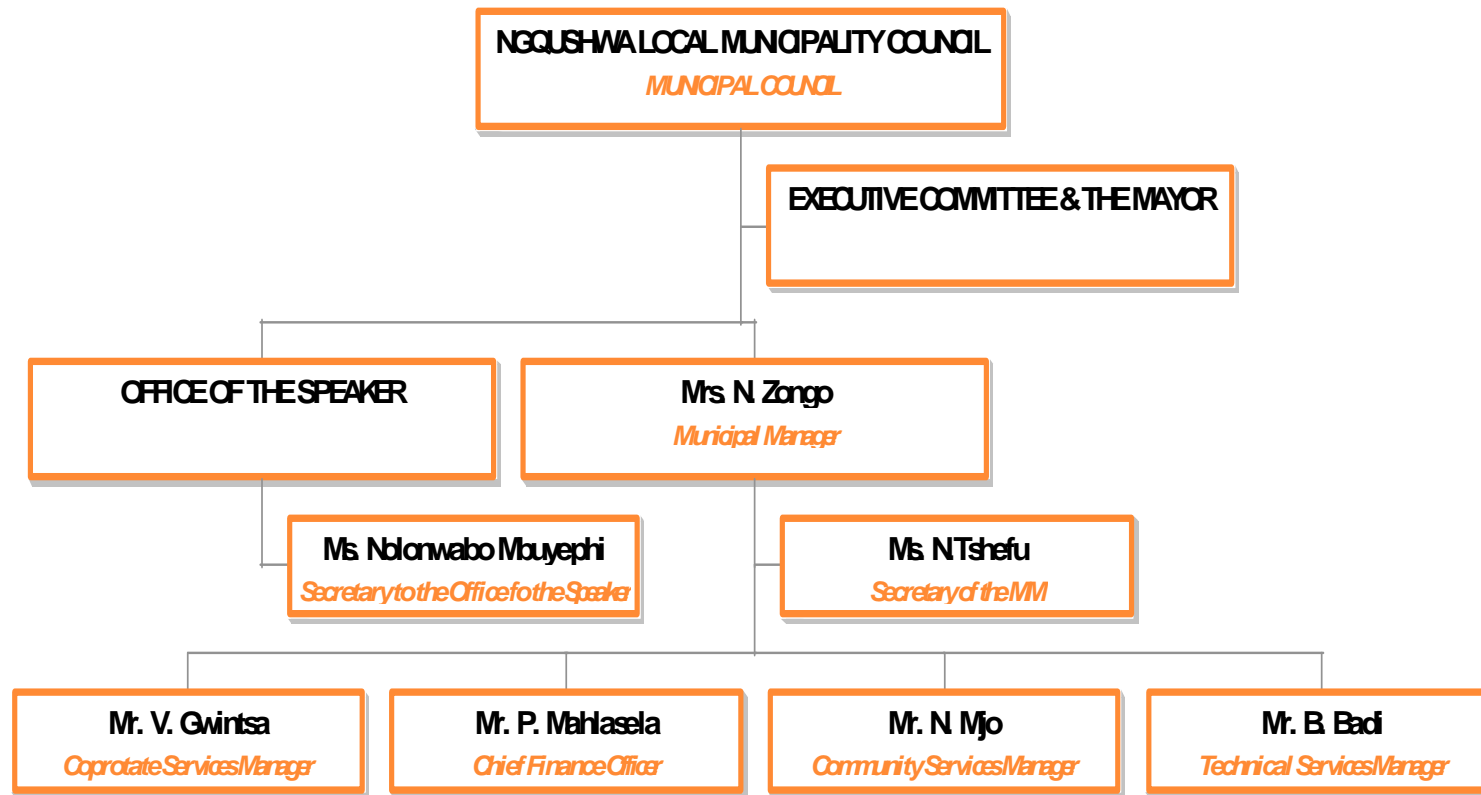
In addition to conditional capital grants, the municipality has budgeted to purchase additional machinery that will assist in service delivery amounting R700,000.

### **Conclusion**

The budget as presented in this document meets the requirements of the MFMA and is presented to Council for consideration and review.

As with any such endeavor, preparation of this document required the participation and time of many individuals. Appreciation and thanks are expressed to all those involved in making this possible.

The charts below show the percentage makeup of the revenue and expenditures for the 2009/10 Ngqushwa Budget.



## **5 Budget Schedules (Operating & Capital)**

These budget schedules are to be approved by resolution of Council and are contained in the following pages:

- 5.1 - Schedule 1 - Revenue by Source**
- 5.2 - Schedule 2 - Operating Expenditure by Vote**
- 5.3 - Schedule 3 - Capital Expenditure by Vote**
- 5.4 - Schedule 4 - Capital Funding by Source**
- 5.5 - Schedule 5 – Operating Expenditure by Type**

NGQUSHWA MUNICIPALITY	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F	Budget R'000 G
<u>Revenue by Source</u>							
Property rates	1,945,652	3,000,000	0	3,000,000	3,755,651	3,947,189	4,128,759
Property rates - penalties imposed and collection charges							
Service charges - electricity revenue from tariff billings							
Service charges - water revenue from tariff billings							
Service charges - sanitation revenue from tariff billings							
Service charges - refuse removal from tariff billings	376,032	450,000	0	450,000	416,676	437,926	457,633
Service charges - other	1,903,888	5,088,000	5,079,703	4,614,311	2,557,852	2,688,302	2,811,963
Regional Service Levies							
Rental of facilities and equipment		10,500	18,797	18,797	30,000	31,410	32,855
Interest earned - external investments							
Interest earned - outstanding debtors							
Fines	59,291	109,000	109,000	109,000	114,886	120,745	126,299
Licenses and permits		1,340,000	1,340,000	1,340,000	796,000	836,596	875,079
Government grants & subsidies	22,864,535	37,052,902	37,052,902	37,052,902	51,337,000	55,902,180	55,856,684
	-	-	-	-	-	-	-

	-	-	-	-	-		
<b>Total Revenue By Source</b>	<b>27,149,398</b>	<b>47,050,402</b>	<b>43,600,402</b>	<b>46,585,010</b>	<b>59,008,065</b>	<b>63,964,348</b>	<b>64,289,272</b>

Column Definitions:

A. The audited actual for 2007/08 as per the audited financial statements. If audit figures are not available for 2007/08, pre audit figures must be provided with a note stating these are pre audit.

B. The original budget approved by council for the 2008/09 budget year.

C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.

D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.

E. The amount to be appropriated for the 2009/10 budget year.

F. The indicative projection for  
2010/2011

G. The indicative projection for  
2011/12

Notes:

1. Property rates has increase from previous year because of supplementary valuation

NGQUSHWA MUNICIPALITY	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework	
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F
Municipal Council	7,225,960	5,719,799	6,252,801	6,252,801	6,999,602	7,356,582
Office Of the Accounting Officer	1,236,245	2,535,477	2,062,858	2,062,858	3,543,089	3,712,396
Budget and Treasury	3,138,636	5,561,561	4,210,664	4,210,664	4,641,008	4,877,699
Technical Services	7,514,866	7,701,597	8,802,587	8,802,587	9,580,975	10,069,604
Community & Social Services	5,271,359	4,848,663	4,811,471	4,811,471	7,167,327	7,532,860
Corporate Services	7,507,499	6,642,305	6,403,629	6,403,629	7,213,814	7,581,718
Public Safety	0	0	0	0	0	0
Sport and Recreation	0	0	0	0	0	0
Environmental Protection	0	0	0	0	0	0
Waste Management	0	0	0	0	0	0
Waste Water Management	0	0	0	0	0	0
Road Transport	0	0	0	0	0	0
Water	0	0	0	0	0	0
Electricity	0	0	0	0	0	0



<b>OPERATING EXPENDITURE BY VOTE</b>	<b>31,894,565</b>	<b>33,009,402</b>	<b>32,544,010</b>	<b>32,544,010</b>	<b>39,145,815</b>	<b>41,130,859</b>

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- B. The original budget approved by council for the 2008/09 budget year.
- C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.
- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/2011
- G. The indicative projection for 2011/12

NGQUSHWA MUNICIPALITY  CAPITAL EXPENDITURE BY VOTE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework	
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F
Municipal Council	0	0	0	0	300,000	315,300
Office Of the Accounting Officer	0	0	0	0	0	0
Budget and Treasury	0	35,000	0	35,000	35,000	36,645
Technical Services	0	10,506,000	0	10,506,000	17,077,250	17,948,189
Community & Social Services	0	2,980,000	0	2,980,000	1,900,000	1,989,300
Corporate Services	0	520,000	0	520,000	550,000	157,050
Public Safety	0	0	0	0	0	0
Sport and Recreation	0	0	0	0	0	0
Environmental Protection	0	0	0	0	0	0

Waste Management	0	0	0	0	0	0
Waste Water Management	0	0	0	0	0	0
Road Transport	0	0	0	0	0	0
Water	0	0	0	0	0	0
Electricity	0	0	0	0	0	0
<b>CAPITAL EXPENDITURE BY VOTE</b>	<b>0</b>	<b>14,041,000</b>	<b>0</b>	<b>14,041,000</b>	<b>19,862,250</b>	<b>20,446,484</b>

Column Definitions:

- A. The audited actual for 2007/08 as per the audited financial statements. If audit figures are not available for 2007/08, pre audit figures must be provided with a note stating audit.
- B. The original budget approved by council for the 2008/09 budget year.
- C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.
- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/2011
- G. The indicative projection for 2011/12

NGQUSHWA MUNICIPALITY  CAPITAL FUNDING BY SOURCE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework	
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F
<b>National Government</b>						
Amounts allocated / gazetted for that year	0	8915000	0	8915000	12907000	15076000
Amounts carried over from previous years	0	0	0	0	0	0
<b>Total Grants &amp; Subsidies - National Government</b>	<b>0</b>	<b>8915000</b>	<b>0</b>	<b>8915000</b>	<b>12907000</b>	<b>15076000</b>
<b>Provincial Government</b>						
Amounts allocated / gazetted for that year	0	0	0	0	0	0
Amounts carried over from previous years	0	0	0	0	0	0
<b>Total Grants &amp; Subsidies - Provincial Government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>District Municipality</b>						
Amounts allocated for that year	0	0	0	0	0	0
Amounts carried over from previous years	0	0	0	0	0	0

<b>Total Grants &amp; Subsidies - District Municipalities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Government Grants &amp; Subsidies</b>	<b>0</b>	<b>8915000</b>	<b>0</b>	<b>8915000</b>	<b>12907000</b>	<b>15076000</b>
<b>Public Contributions &amp; Donations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Accumulated Surplus (Own Funds)</b>	<b>0</b>	<b>5126000</b>	<b>0</b>	<b>5126000</b>	<b>6955250</b>	<b>7309967</b>
<b>External Loans</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FUNDING OF CAPITAL EXPENDITURE</b>	<b>0</b>	<b>14041000</b>	<b>0</b>	<b>14041000</b>	<b>19862250</b>	<b>8817567</b>

Column Definitions:

A. The audited actual for 2007/08 as per the audited financial statements. If audit figures are not available for 2007/08, pre audit figures must be provided with a note stating audit.

B. The original budget approved by council for the 2008/09 budget year.

C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.

D. An estimate of final actual figures (pre audit) for the 2005/06 budget year at the point in time of preparing the budget for the 2006/07 budget year. This may differ from C.

E. The amount to be appropriated for the 2006/07 budget year.

F. The indicative projection for 2010/11

G. The indicative projection for 2011/12

OPERATING EXPENDITURE BY TYPE	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework	
	2007/08	2008/09			Budget Year 2009/10	Budget Year +1 2010/11
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget R'000 E	Budget R'000 F
<u>Operating Expenditure by Type</u>						
Employee related costs	12,220,908	14,922,501	14,245,405	14,245,405	18,066,250	18,987,628
Remuneration of Councillors	3,990,058	4,981,440	5,060,299	4,981,440	5,462,602	5,741,194
Bad debts	3,351,120	450,000	0	450,000	474,300	498,489
Collection costs	0	0	0	0	421,600	443,102
Depreciation	0	0	0	0	0	0
Repairs and maintenance	428,039	823,500	890,308	890,308	2,144,025	2,253,370
Interest paid	85,267	35,000	0	35,000	36,890	38,771
Bulk purchases - Electricity	0	500,000	500,000	500,000	600,000	628,200
Bulk purchases - Water	0	0	0	0	0	0
Contracted services	0	0	0	0	0	0
Grants and subsidies paid	0	0	0	0	0	0
Advertising	0	83,000	0	83,000	143,960	151,303

Audit fees	453,000	400,000	0	400,000	421,600	443,102
Bank charges	137,107	50,000	0	50,000	52,700	55,388
Communications	0	100,000	0	100,000	30,000	31,530
Insurance	90,766	150,000	0	150,000	200,000	210,200
Legal fees	346,968	200,000	0	200,000	200,000	210,200
Seminar / Conferences	0	20,000	0	20,000	16,000	16,816
Travel and Accommodation	255,754	350,000	0	350,000	501,620	527,203
<b>Total Operating Expenditure By Type</b>	<b>21,358,987</b>	<b>23,065,441</b>	<b>20,696,012</b>	<b>22,455,153</b>	<b>28,771,547</b>	<b>30,236,496</b>

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B. The original budget approved by council for the 2008/09 budget year.

C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.

D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.

E. The amount to be appropriated for the 2009/10 budget year.

F. The indicative projection for 2010/11

G. The indicative projection for 2011/12

Notes

1. Audit fees have decreased from previous year because we will respond within 2 days to auditor 's request



## **6 Budget Related Charts and Explanatory Notes**

These charts tie with the budget schedules presented above and are presented to illustrate the related numerical schedule.

**6.1 - Chart 1 - Revenue by Source**

**6.2 - Chart 2 - Operating Expenditure by Vote**

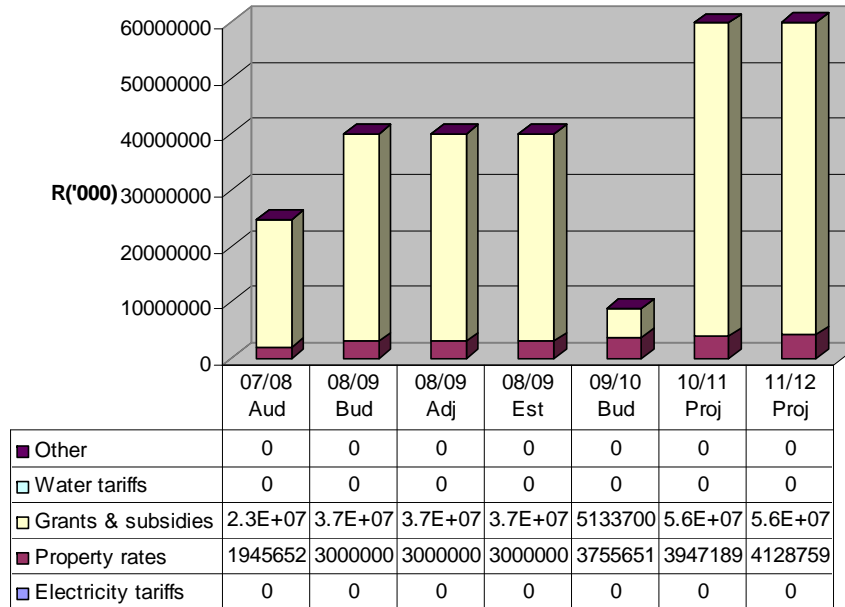
**6.3 - Chart 3 - Capital Expenditure by Vote**

**6.4 - Chart 4 - Capital Funding by Source**

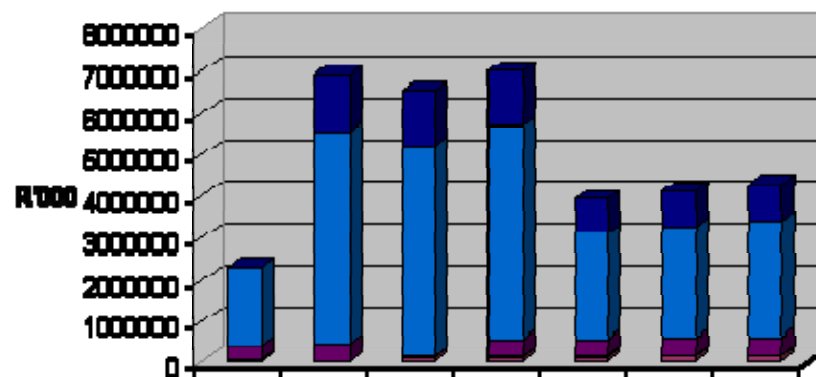
**6.5 - Chart 5 – Operating Expenditure by Type**



Revenue by Major Source (see next chart for break down of other)

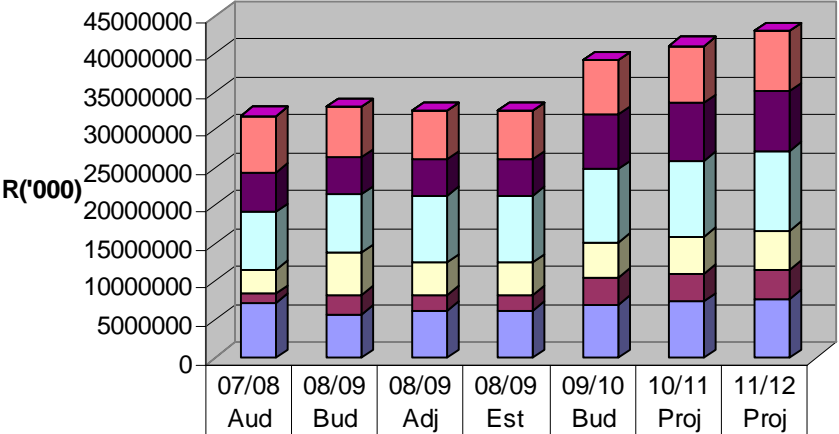


**Revenue By Minor Source (break down of other from previous chart)**



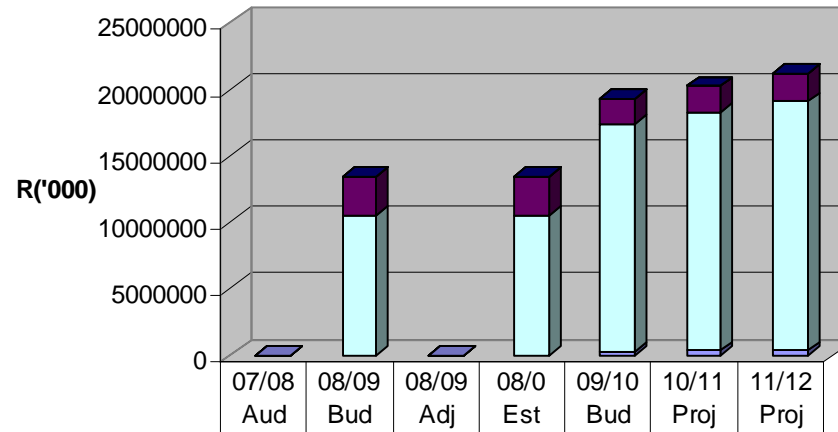
	07/08 Aud	08/09 Bud	05/08 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
■ License and permits	0	1E+08	1E+08	1E+08	798000	838698	876079
□ Interest earned - outstanding debtors	0	0	0	0	0	0	0
■ Other service charges	2E+08	6E+08	6E+08	6E+08	3E+08	3E+08	3E+08
■ Sanitation tariffs	0	0	0	0	0	0	0
■ Refuse tariffs	378032	460000	0	460000	418878	437928	457833
□ Interest earned - external investments	0	0	0	0	0	0	0
□ Rental of facilities and equipment	0	10500	18797	18797	30000	31410	32855

**Operating Expenditure by Major Vote (see next chart for breakdown of other)**



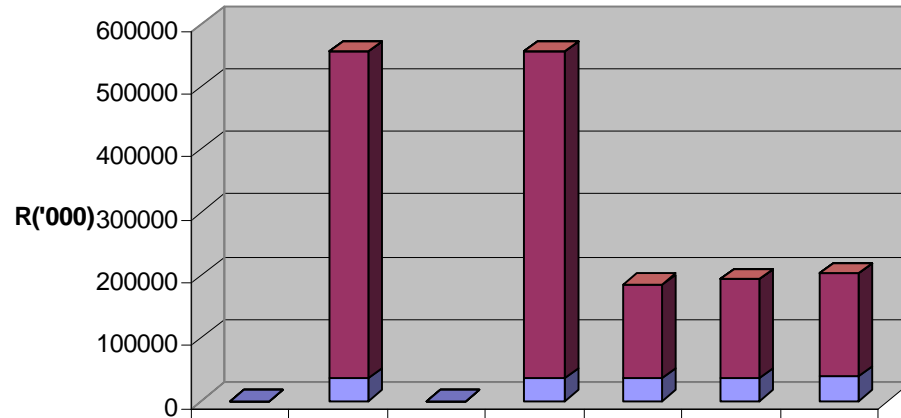
■ Housing	0	0	0	0	0	0	0
■ Sport and Recreation	0	0	0	0	0	0	0
□ Executive & Council	0	0	0	0	0	0	0
■ Health	0	0	0	0	0	0	
■ Corporate Services	8E+06	7E+06	6E+06	6E+06	7E+06	8E+06	8E+06
■ Community & Social Services	5E+06	5E+06	5E+06	5E+06	7E+06	8E+06	8E+06
□ Technicl Services	8E+06	8E+06	9E+06	9E+06	1E+07	1E+07	1E+07

**Capital Expenditure by Major Vote (see next chart for breakdown of other)**



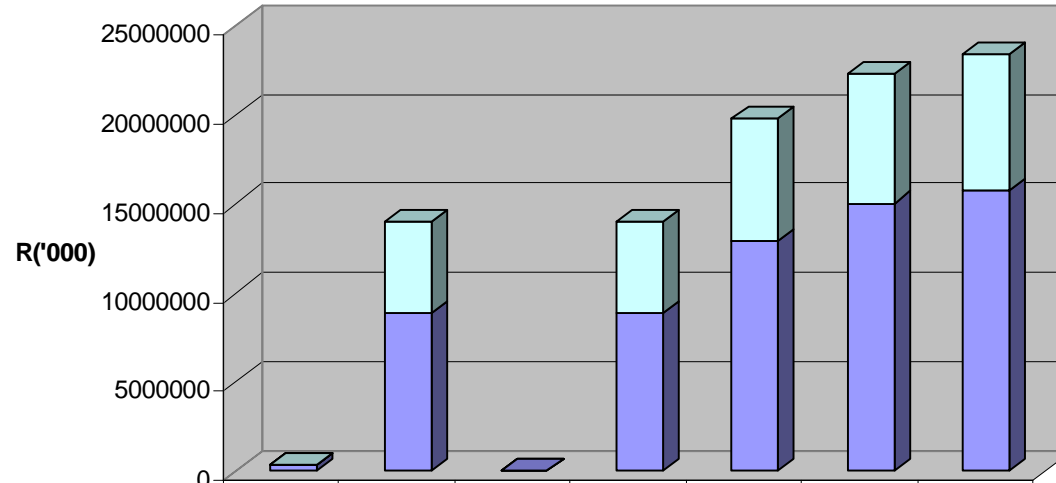
	07/08 Aud	08/09 Bud	08/09 Adj	08/0 Est	09/10 Bud	10/11 Proj	11/12 Proj
■ Sport and Recreation	0	0	0	0	0	0	0
□ Public Safety	0	0	0	0	0	0	0
■ Housing	0	0	0	0	0	0	0
■ Corporate Services	0	0	0	0	0	0	0
■ Community & Social Services	0	3E+06	0	3E+06	2E+06	2E+06	2E+06
□ Technical Services	0	1E+07	0	1E+07	2E+07	2E+07	2E+07
□ Budget and Treasury	0	0	0	0	0	0	0

**Capital Expenditure by Minor Vote (breakdown of other from previous chart)**



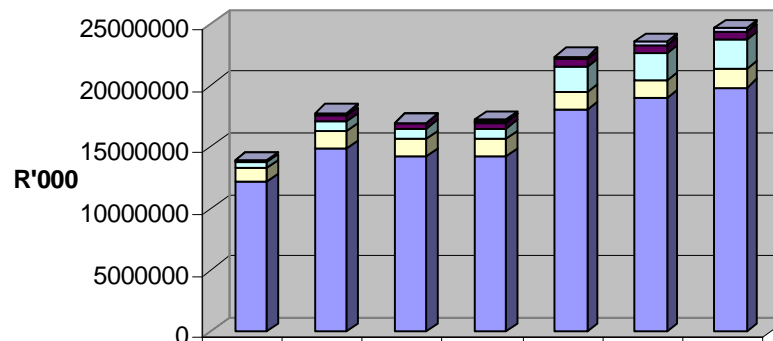
	07/08 Aud	08/09 Bud	08/09 Adj	08/0 Est	09/10 Bud	10/11 Proj	11/12 Proj
█	0	0	0	0	450	0	0
█	0	0	0	0	0	0	0
█	0	0	0	0	0	0	0
█	0	0	0	0	0	0	0
█ Corporate Services	0	520000	0	520000	150000	157050	164274
█ Budget and Treasury	0	35000	0	35000	35000	36645	38331

### Capital Funding by Source



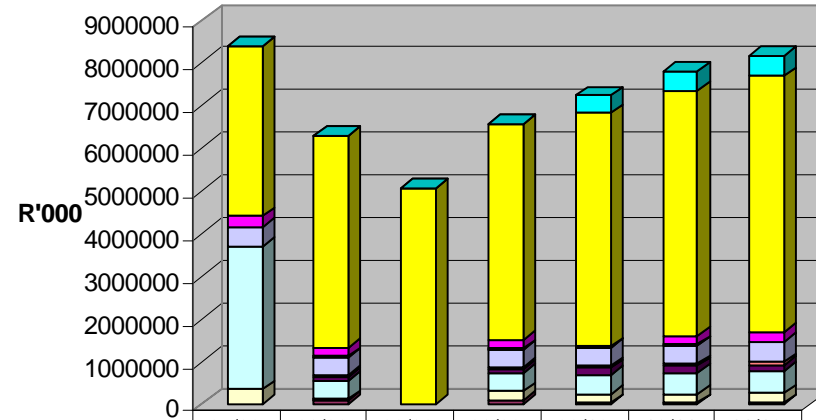
	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
Accumulated Surplus	0	5126000	0	5126000	6955250	7309967	7646227
External Loans	0	0	0	0	0	0	0
Grants - Provincial Government	0	0	0	0	0	0	0
Grants - National Government	400000	8915000	0	8915000	12907000	15076000	15769496

**Operating Expenditure by Major Type (see next chart for break down of other)**



	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
Insurance	90766	2E+05	0	2E+05	2E+05	2E+05	2E+05
Interest paid	85267	35000	0	35000	36890	38771	40555
Bulk purchases - Water	0	0	0	0	0	0	0
Depreciation	0	5E+05	5E+05	5E+05	6E+05	6E+05	7E+05
Repairs and maintenance	4E+05	8E+05	9E+05	9E+05	2E+06	2E+06	2E+06
Other	1E+06	1E+06	1E+06	1E+06	1E+06	1E+06	2E+06

**Operating Expenditure by Minor Type (break down of other from previous chart)**



	07/08 Aud	08/09 Bud	08/09 Adj	08/09 Est	09/10 Bud	10/11 Proj	11/12 Proj
Collection costs	0	0	0	0	421600	443102	463484
Remuneration of Councillors	3990058	4981440	5060299	5060299	5462602	5741194	6005288
Travel and Accommodation	255754	200000	0	200000	20000	210200	219869
Seminar / Conferences	0	20000		20000	16000	16816	17589
Audit fees	453000	400000	0	400000	421600	443102	463484
Grants and subsidies paid	0	0	0	0	0	0	0
Bank charges	0	50000	0	50000	52700	55388	57936
Advertising	0	83000	0	83000	143960	151303	158263



## Supporting Documentation

Section 17(3) of the MFMA requires certain documents must accompany the budget.

### 7. Budget Process Overview

The following schedule was adopted by the Council in August 2008 and was followed in the preparation of the 2009/10 medium term budget document.

ACTIVITY	DATE
<p><b>1. Develop Budget &amp; IDP Process Plan</b></p> <ul style="list-style-type: none"> <li>• Review previous years budget process</li> <li>• Complete Budget Evaluation Check list</li> <li>• Mayor present Time Schedule outlining key deadline to Council</li> <li>• Review options and contracts for service deliver</li> <li>• Mayor establishes committees and consultation forums for the budget process</li> <li>• IDP training by GTZ (2 officials and a Cllr)</li> </ul>	<p><b>July to August 2008</b></p>
<p><b>2. Analysis Phase</b></p> <ul style="list-style-type: none"> <li>• Council determine strategic objectives for service delivery and development for next three year budget through IDP review</li> <li>• Review of Provincial and National government sector and strategic plans.</li> <li>• Determine revenue projections and proposed rates and services charges.</li> <li>• Draft initial allocation to functions and departments for the next financial year.</li> <li>• Engage with Provincial and National sector departments on sector specific programmes for alignment with municipality's plans</li> <li>• Accounting Officer does initial review of national policies and budget plans</li> </ul>	<p><b>September -October 2008</b></p>

<p>and potential price increase of bulk resources with function and department officials</p> <ul style="list-style-type: none"> <li>• IDP training by GTZ (2 officials and a Cllr)</li> </ul>	
<p><b>3. Strategies , Projects Phase &amp; MFMA Draft Budget</b></p> <ul style="list-style-type: none"> <li>• Consultation with Wards to collect needs</li> <li>• IDP Steering Committee meeting</li> <li>• Prepare Draft Strategies &amp; Analysis</li> <li>• Workshop for Strategies, budgets &amp; Projects</li> <li>• IDP Rep Forum Meeting</li> <li>• IDP Steering Committee Meeting</li> <li>• Workshop for Draft IDP</li> </ul>	<b>November 2008</b>
<p><b>4. Integration &amp; Draft Multi –year Budget</b></p> <ul style="list-style-type: none"> <li>• Invite public comments &amp; incorporate changes on IDP &amp; Budget</li> <li>• Council finalizes tariff policies for next financial year</li> <li>• IDP training by GTZ (2 officials and a Cllr)</li> </ul>	<b>December 2008</b>
<p><b>5. Draft IDP and Multi-year Budget</b></p> <ul style="list-style-type: none"> <li>• Review proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling</li> <li>• Prepare annual report for tabling to council</li> <li>• IDP training by GTZ (2 officials and a Cllr)</li> </ul>	<b>January 2009</b>
<p><b>6. Finalization of draft Budget</b></p> <ul style="list-style-type: none"> <li>• AO finalizes the draft budget and budget plans for the next three years</li> <li>• AO finalizes revised budget</li> <li>• AO submits the draft new budget and he revised budget to the Mayor for tabling.</li> </ul>	<b>February 2009</b>
<p><b>7. Tabling of Draft and Revised Budgets</b></p> <ul style="list-style-type: none"> <li>• The Mayor tables the draft and revised budgets, resolutions, plans and proposed revisions to IDP</li> <li>• Revised budget adopted</li> <li>• AO invites local community comments and submits to NT, PT</li> </ul>	<b>March 2009</b>

<ul style="list-style-type: none"> <li>and others as prescribed</li> <li>• AO reviews any changes in prices for bulk resources as communicated by 15<sup>th</sup> March</li> </ul>	
<p><b>8. Consultation Process</b></p> <ul style="list-style-type: none"> <li>• Consultation with NT and PT and finalize sector plans for electricity, refuse and roads</li> <li>• AO revises budget documentation in accordance with consultative process</li> </ul>	<b>April 2009</b>
<p><b>9. Public Participation</b></p> <ul style="list-style-type: none"> <li>• Council consider views of local community , NT, PT and other provincial and national organs of state and municipalities</li> <li>• Preparation of the final multi-year budget</li> <li>• Final Budget tabled before Council to consider adoption</li> </ul>	<b>May 2009</b>
<p><b>10. Approval of Budget</b></p> <ul style="list-style-type: none"> <li>• Council approves annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year</li> <li>• AO submits to mayor draft SDBIP and annual performance agreements, within 14 days after adoption of budget</li> <li>• Mayor approves SDBIP within 28 days after approval of annual budget</li> <li>• Mayor ensures that annual performance contracts are linked to the measurable performance objectives approved with the budget and SDBIP</li> <li>• Mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes it public within 14 days after the approval</li> <li>• Council finalizes a system of delegation</li> </ul>	<b>June 2009</b>

### ***Political Oversight***

The Budget is a political document. Although most of the technical preparation of the document is performed by staff, the budget is, in accordance with the MFMA, the Mayor's document. The Mayor and the Council were involved with the budget at every step.

In July 2007 the mayor appointed a 'Budget' Steering committee to assist in the political oversight of the budget process. This committee met regularly to review each step of the budget's development. It was this committee that made the major political decisions regarding policies, tariffs and funding issues.

### ***Budget Development Overview***

The 2009/10 budget process began in July 2008 with the development of a Budget Schedule. This schedule outlined the key steps, milestones and timetables for the budget process. The Council also reviewed and approved the 'Budget Preparation and Financial Guidelines' that list the assumptions, goals and roles and responsibilities used in preparing the new budget.

In August 2008 the Council approved the budget preparation schedule.

During the months of September thru November 2008 the baseline budget was prepared using the approved guidelines and assumptions. Each directorate was given the opportunity to make changes within their operating budgets. Directorates were also requested to submit capital requests and supplemental operating requests on items such as personnel and new programs.

Concurrent with this process various committees were appointed to review and make recommendations on the municipalities various budget related policies.

In January the mid year assessment was prepared and based on that report an adjustments budget was submitted to and approved by council.

In February 2009 a draft budget was presented to the steering committee along with a list of recommendations for items such as tariff increases and miscellaneous items. The draft budget was then prepared in conformance with circular 28 from National Treasury and was tabled to the entire council on March 31, 2009.

After being tabled to the council, the budget and IDP documents will be submitted to the National and Provincial Treasuries and made available at both municipal offices in Hamburg and Peddie.

A formal consultation schedule was developed by the Community Services Directorate in conjunction with the Speaker. This schedule appears below.

**DRAFT BUDGET AND IDP PUBLIC HEARINGS**

DATE	WARD	VENUE	TIME
28 April 2009	1	Tyeni Community hall	09:00 – 12:30
28 April 2009	2	Dubu Community Hall	12:30 – 17:00
29 April 2009	3	Dlova Community Hall	09:00 - 12:30
29 April 2009	5	Phole Community Hall	12:30 – 17:00
30 April 2009	13 & 14	Emabaleni	09:00 – 17:00
04 May 2009	8	Mankone Community Hall	09:00 – 12:30
04 May 2009	9	Pikoli Community Hall	12:30 – 17:00
05 May 2009	4	Ncumisa Kondlo Indoor Sport Centre	09:00 – 12:30
05 May 2009	10	Ncumisa Kondlo Indoor Sport Centre	12:30 – 17:00
06 May 2009	6	Tuku Community Hall	09:00 – 12:30
06 May 2009	7	Cisira Community Hall	12:30 – 17:00
07 May 2009	12	Mgababa Community Hall	09:00 – 12:30
07 April 2009	11	Humburg and Wesly	12:30 – 17:00

From this plan workshops were held in every ward cluster within the municipality during the period of the first week in April thru mid May. These consultative meetings were attended by Mayor and council members, Ward Councillors, municipal officials and ward committee members. Both verbal and written submissions were performed at those meetings and were recorded and maintained in the Community Services Directorate.

From these public consultations submissions are to be received and reviewed by the Mayor. Along with consultative inputs from the national and provincial treasurers, these submissions were included in this final budget approved by council, in May 29, 2009.

**8 Alignment of Budget with Integrated Development Plan**

*Each year the IDP must be reviewed as required by the Municipal Systems Act and MFMA. It should be reviewed in terms of performance in achieving outcomes and outputs, since the current financial position and the future fiscal outlook for the municipality will have a direct bearing on delivery. The review*

*should ensure that the plans are still within the financial capacity of Ngqushwa. This section should give readers a good understanding of what is contained in the IDP and how that guides the allocations in the budget. The intention is not to attach the IDP as an annexure or to repeat everything in the IDP. However, it is critical that the user of the budget documentation obtains a good high-level overview of the IDP and be referred to the detailed IDP documentation.*

## **Vision**

Ngqushwa will be a socio-economic developed area, where communities interact through healthy relations and enjoy best quality services in an environment of good governance and efficiency.

## **Mission**

Ngqushwa Local Municipality will strive to become a benchmark institution in the country in respect of good quality and affordable services, through efficient resource mobilization and management, stimulation of economic growth and good governance practices

## **Strategic Focus Areas**

<b>Ngqushwa Municipality GOALS (Strategic Focus Areas) (deducted from Municipal Mission statement)</b>	
<b>Number (not order of significance / priority)</b>	<b>Description</b>
1	Establish, sustain and develop capacity of an effective, financially stable, democratic, accountable, and ethical Local Government.
2	Improve Intergovernmental Relations, continuously align with the National Strategy and with those of other Government institutions and improve linkages with others outside Government, for improvement of the potential to grow internally, for participation and collective results
3	Maintain and provide affordable and high quality Services and Infrastructure in an effective and efficient manner to support the improvement of the quality of life
4	Develop through integrated planning, the opportunities to improve the quantity, quality and sustainability of Services and Infrastructure in a safe, participative, innovative and entrepreneurial manner.
5	Facilitate and promote sustainable and market-related local economic development and promotion of partnerships in Tourism, Agriculture and

	Industry / Business sectors to improve the potential for growth and the quality of life for all
6	Integrated development and spatial planning to facilitate environmental management, ensure the sustainable use of natural resources for both functional and geographical purposes in all sectors of society and a sustainable and equitable distribution of resources including land

The overall National Strategic Focus Areas up to the year 2014 are as follows:

1. Reduce unemployment by half
2. Reduce poverty by half
3. Provide the skills required by the economy
4. Ensure that all South Africans are able to fully exercise their constitutional rights and enjoy the full dignity of freedom
5. Provide a compassionate government service to the people
6. Improve services to achieve a better national health profile and reduction of preventable causes of death, including violent crime and road accidents
7. Significantly reduce the number of serious and priority crimes and cases awaiting trial
8. Position South Africa strategically as an effective force in global markets

The overall Eastern Cape Provincial Strategic Focus Areas by which to address the National Focus areas are as follows:

1. Systematic poverty eradication
2. Agrarian transformation and household food security
3. Development of Manufacturing and tourism sectors
4. Infrastructure Development
5. Human resource development
6. Public sector transformation

### **Long-term goals or outcomes for the community**

The value that citizens in communities would experience from Municipal service delivery is listed as the Municipal Objectives and are categorised per KPA. The three KPA's summarise the National and Provincial Strategic Focus Areas as well as the Municipal Goals. Objectives are derived from Ngqushwa Municipality's Goals and are collected under each KPA's.

The three KPA's also make up the three pillars for sustainable development in the local area.

**Ngqushwa Municipality  
OBJECTIVES (long term)  
Listed per KPA**

Description:

- Key Performance Areas (KPA's) summarises strategic focus areas (Goals) and supply categories for Objectives.
- Objectives are derived from Goals and are the stated outputs of strategic focus areas and facilitate the reaching of the Municipality's Goals.
- Objectives are the strategic reasons why functional activities, i.e. operations, programmes and projects are identified.
- Objectives are general categories from which to select Key Performance Indicators (KPI's), i.e. deliverables that are objectively measurable and visible to communities.
- The KPI's / deliverables are tangible results of the objectives and are made possible (delivered) by the selection of activities, i.e. operations, programmes and projects.
- Objectives could stay basically the same throughout the years, while KPI's (deliverables) and related activities may change in every year's IDP.
- The objectives are not listed in order of importance. Only on the activities level could / should operations, programmes and projects be arranged in order of importance, i.e. prioritised.

**KPA 1: SPATIAL DEVELOPMENT**

Development	Objective	Strategy
<b>Land and Housing</b>	Identify available land for rural housing development.	<ol style="list-style-type: none"> <li>1. Conduct a land audit within Ngqushwa.</li> <li>2. Integrate the processes of rapid land release with the spatial development framework.</li> </ol>
	Improved management of housing projects.	<ol style="list-style-type: none"> <li>1. Unblock all housing projects and complete.</li> <li>2. Provide necessary project management training to municipal officials and councillors.</li> <li>3. Strengthen existing housing unit to meet accreditation standard.</li> </ol>
	Improved communication between housing development stakeholders.	Plan and organise a rural housing development summit.



Development	Objective	Strategy
	Facilitate the process of rapid land release.	<ol style="list-style-type: none"> <li>1. Communicate with the Office of the Premier to assist in accessing funding from national government for the transfer of state land for housing purposes.</li> <li>2. Approach DLA to assist in speedy land claims.</li> <li>3. Implement the Land Reform and Settlement Plan of Ngqushwa and the ADM.</li> <li>4. Address the land administration issues in communal land with the District in partnership with relevant government departments and other stakeholders.</li> </ol>
<b>Engineering and infrastructure</b>	Provide and maintain appropriate, affordable and sustainable levels of engineering services and transportation facilities in existing and new development areas in order to achieve a healthy and prosperous living environment.	<p><b>Roads and stormwater.</b></p> <ol style="list-style-type: none"> <li>1. Conduct a needs analysis in order to ascertain the areas requiring construction of new roads, upgrading of intersections, upgrading of streets, areas requiring sidewalks, provision of new streets, streets requiring maintenance, maintenance of sidewalks and future road planning.</li> </ol> <p><b>Electricity</b></p> <ol style="list-style-type: none"> <li>1. To maintain electricity infrastructure and prevent regular power failures through the preparation of a maintenance programme and through the identification of power needs and problem areas.</li> </ol> <p><b>Waste Management</b></p> <ol style="list-style-type: none"> <li>1. To create a litter free environment and ensure sustainable use of resources through the supply of refuse containers in strategic locations.</li> <li>2. Involve local business as an alternative source of funding for the provision of refuse containers.</li> <li>3. Involve schools and churches in refuse collection and recycling projects.</li> <li>4. Educate community to sort their waste before disposal thereof.</li> <li>5. Investigate commercial composting opportunities and link these to economic development initiatives.</li> </ol>

Development	Objective	Strategy
		<p>6. Investigate contracting refuse removal to the community in place of municipality and link to local economic development initiatives.</p> <p><b>Water</b></p> <p>1. Improve water quality through constant monitoring and testing.</p> <p><b>Sewerage</b></p> <p>1. Improve sewerage infrastructure</p>
	Improve payment levels for all services.	<p>Introduce a programme to educate the community with respect to supply of services. Actively involve all councillors. Provide accurate invoices and ensure that all consumers receive their invoices. Install pre paid electricity meters in areas where payment levels are low. Establish a customer care call centre for registering engineering complaints and emergencies. (Link to public telephone provision)</p>

## KPA 2: BASIC SERVICES

Development Priority	Objectives	Strategy
<b>Health</b>	Nurturing healthy communities in NLM.	<p>Promote and develop healthy lifestyles among the people of Ngqushwa through:</p> <ol style="list-style-type: none"> <li>1. The facilitation of hygiene workshops with members of the community in collaboration with the Department of Health.</li> <li>2. Developing learning material with the Department of Education which is focused on personal and domestic hygiene.</li> </ol>

Development Priority	Objectives	Strategy
		<ol style="list-style-type: none"> <li>3. Support the Department of Health on the provision of nutritional programmes for communities.</li> <li>4. Develop a poverty alleviation strategy for vulnerable groups within the community and investigate and support alternative sources of feeding schemes and NGO's within the surrounding areas to meet the needs of the vulnerable groups.</li> <li>5. Combat diseases through the facilitation of awareness and prevention campaigns in collaboration with the Department of health and the Department of Education.</li> </ol>
	Provision of safe and reliable and affordable transport to clinics.	Facilitate the provision of public transport between villages and clinics through the transport forum.
	Better planning of healthcare interventions (HIV/AIDS)	<ol style="list-style-type: none"> <li>1. Gather statistics on HIV/AIDS status in Ngqushwa.</li> <li>2. Encourage voluntary counselling and testing.</li> <li>3. Development of an HIV/AIDS eradication strategy.</li> </ol>
	Improved service and quicker intervention and turn around.	<ol style="list-style-type: none"> <li>1. IGR strengthening towards improving protocol issues on emergency services.</li> <li>2. Review the staff organogram and investigate the future appointment of additional nurses and a full time doctor.</li> <li>3. Facilitate home care capacity building training programmes.</li> </ol>
<b>Education</b>	Children have access to information.	<ol style="list-style-type: none"> <li>1. Facilitate with the Department of Education and NGO's in making sure that learners are provided with learning materials in schools.</li> <li>2. Bursary committees in schools to identify high potential students for tertiary studies and learnership enrolments.</li> </ol>
	Improved education for our children	Acquire assistance from the Department of education in future possible appointment of assistant teachers to assist in guiding learners with homework, projects and examination preparations.
	Improved and conducive	1. Facilitate with Department of

Development Priority	Objectives	Strategy
	learning environment.	Education to provide more classrooms and educators to schools. 2. Improved ablution facilities. 3. Improved playground facilities. 4. Prepare a maintenance programme for present education facilities. 5. Facilitate with the Department of Education and the school governing bodies to provide schools with appropriate technologies namely computer laboratories, photocopying machines, facsimile machines, telephones, overhead projectors, PowerPoint projectors, teaching aids and literature.
	Well informed skills development plans.	1. Conduct a skills audit. 2. Engage in vocational training and learnership career pathing in projects undertaken in Ngqushwa.
	Well maintained schools.	1. Schools to focus on maintenance of the buildings, ablution facilities, ensuring the provision of clean drinking water and acceptable sanitation. 2. An emphasis to be placed on the provision of clean and aesthetically pleasing school grounds.
	Reliable, safe and affordable transport to schools.	Facilitate with the Department of Education and the school governing body to provide more busses, mini busses and bicycles.
	Improved good quality sport in our schools.	Facilitate with the Department of Education and the school governing bodies to upgrade sports facilities.
<b>Environment</b>	Improved service and quicker intervention.	Mobilise more police reservists from villages.
<b>Safety and security</b>	Decrease high crime levels, especially gender based violence.	Instil a strong sense of community and family orientated life.
	Improve communication between communities and police stations.	1. Recruit and train volunteers to serve as Community Police Force members. 2. Implementation of a safety and security communication programme.
	Create a user friendly police service.	1. Establish and co-ordinate a responsive municipal public safety committee.

Development Priority	Objectives	Strategy
		2. Mobilise the awareness and involvement of street committees in problem identification, security services available, reporting and information sharing.
	To reduce crime and ensure a safe and secure environment.	<ol style="list-style-type: none"> <li>1. Develop and implement a crime prevention strategy.</li> <li>2. Install CCTV cameras in crime hotspots, municipal buildings and multi purpose stadiums.</li> <li>3. Provision of public telephones or emergency telephones to ensure quick response to emergencies.</li> <li>4. Establish satellite police stations or mobile units in problem areas. Mobile units to move to different problem areas in villages.</li> <li>5. Liaise with the electricity department and identify areas of high crime incidences for the erection of additional street lighting for increased visibility.</li> </ol>
	To increase visible traffic policing in order to reduce accidents and fatalities on our roads.	Develop and implement a traffic safety enforcement and management programme.
	To promote community safety awareness.	Develop and implement an integrated educational programme on fire safety, traffic safety, crime prevention and disaster management.
	To ensure compliance with municipal by laws.	Develop and implement a by law enforcement programme.
	Ensuring safety and security measures conducive for agricultural sector.	Erection of electric fencing, adequate lighting facilities, alarm systems, look out towers, appointment of security personnel to protect farmers, crops, farming equipment, livestock and municipal boundaries.
	Ensuring safety and security measures conducive for tourism sector.	<ol style="list-style-type: none"> <li>1. Recruit and train tour guides.</li> <li>2. Create community awareness within the hospitality industry.</li> </ol>
	Improved sustainable human settlements.	Develop and implement the housing sector rural development plan. Provide housing for physically disabled. Provide housing for 2000 rural households by 2012 in:

Development Priority	Objectives	Strategy
		Mpekweni (500) Gcinisa South (500) Hamburg (500) Qaga (500) Provide rental housing.
<b>Community facilities</b>	User friendly community halls.	Upgrading of community halls.
	Encourage sports development in the community.	Upgrading sports facilities in our communities.
	Maintain and demarcate cemeteries and sacred sites.	1. Regulation of burial sites. 2. Upgrading of cemeteries.
	Art and craft centre used to its full potential.	Take over administration of art and craft centre.
	Improved access to literature.	1. Assistance to libraries through the purchasing of new and updated reading material. 2. Computer and internet access in libraries.
<b>Social Welfare</b>	Reduce number of old aged people living in debt and relying on loan sharks.	Regulate operations of loan sharks.
	To provide more crèche facilities.	1. Extensions to existing crèches. 2. Determine the actual need for additional crèches in conjunction with communities.
	To provide adequate welfare facilities for children and adults and to improve existing facilities.	Provide adequate housing and education facilities for street children.
	Manage and reduce poverty.	1. Develop a poverty alleviation strategy for implementation. 2. Identify vulnerable groups. 3. Communicate with NGO's, churches, the department of social development and business in order to meet the needs of the vulnerable.
	Improve facilities for the disabled.	Upgrade and build user friendly public toilet facilities for the disabled.

## KPA 3: LOCAL ECONOMIC DEVELOPMENT

Development	Objective	Strategy
<b>Local economic development and the environment</b>	Ensure that Ngqushwa receives maximum benefit from economic resources within its jurisdiction.	<ol style="list-style-type: none"> <li>1. Facilitate with the Department of Agriculture for the revitalization of irrigation schemes.</li> <li>2. Establishment of an economic development steering committee.</li> <li>3. Alignment of economic development plans of the department of agriculture and Ngqushwa LM.</li> <li>4. Facilitate with the Department of Environment and Trade for the issuing of fishing licenses.</li> <li>5. Facilitate processing of pineapples and citrus with DOA, growers and business. Investigate tunnel farming within Ngqushwa.</li> <li>6. Conduct research in collaboration with the surrounding universities in order to establish an agricultural, soil, fish and livestock farming and exporting plan for implementation.</li> </ol>
	Create a favourable business environment.	Facilitate stakeholder meeting and communication.
	Attract tourists.	<ol style="list-style-type: none"> <li>1. Marketing Ngqushwa as a tourist destination.</li> <li>2. Facilitate or engage ADM and DEAT in tourism activities.</li> <li>3. Train tour guides and develop tour routes and packages.</li> </ol>
	Create self sufficient communities.	<ol style="list-style-type: none"> <li>1. Involvement of DoL and business people in skills development in our communities.</li> <li>2. Involvement of surrounding universities in vocational training to support local economic development initiatives in the area.</li> <li>3. Initiate fund raising initiatives to support social welfare services.</li> </ol>

## KPA 4: GOOD GOVERNANCE

Development	Objective	Strategy
<b>Good governance</b>	The provision of local democracy through encouraging the involvement of communities and community organizations in matters of local government,	<ol style="list-style-type: none"> <li>1. Create an administrative data base of all organizations, civil societies, NGO's, traditional leaders, municipal institutions, municipal associations, community based organizations, business organizations, trade unions and marginalized groups thereby bringing together coalitions and networks of local interests that cooperate to realize a shared vision.</li> <li>2. Enhancing local democracy through raising public awareness of human rights issues, legislative prescripts, policy frameworks and promoting constitutional values and principles.</li> <li>3. Investing in youth development and building on their creativity and motivation through active involvement in civic and development programmes.</li> <li>4. Empowering ward councillors, ward committee members, traditional leaders and civic organizations as community leaders through active participation in decision making in a purpose driven environment exercising trust, accountability, mutual respect, confidence, transparency and accommodating relationships between all stakeholders.</li> <li>5. Facilitating candidate support programmes which provides information regarding electoral systems, processes, functions and operations of local government building skills in areas such as public speaking, planning and budgeting, organizing public meetings, fundraising and political campaigning.</li> <li>6. Develop a cooperative model for rural governance.</li> </ol>
	Formalising local government capacity building initiatives towards the establishment of a cooperative model for rural	<ol style="list-style-type: none"> <li>1. Develop and display strategic, integrating and community orientated capacity building interventions focused on duty, delegation of legislative, executive and administrative power,</li> </ol>



Development	Objective	Strategy
	governance.	reporting, financial regulation and oversight, macro economic management, trade and investment. 2. Develop internal as well as external service delivery capacity to enhance the quality of life of citizens thereby increasing social and economic opportunities.
	The promotion of equity, social justice and economic prosperity.	1. Ensure the establishment of appropriate structures to engage with forums, civil societies, organizations, traditional leadership and political parties in order to enhance participatory governance representing the diverse interests and rights of communities in Ngqushwa.
	The establishment of a system of municipal financial budgeting which adheres to the principles of revenue adequacy and certainty, sustainability, effective and efficient resource use, accountability, transparency, equity, redistribution, development and investment.	1. Ensure value-for-money of services provided and revenue adequacy through the provision of an accurate billing, debt management, and provision of customer care and call centers. 2. Establish a data collection system monitoring sources of revenue generation (consumers, intergovernmental, private investors, business, grants and subsidies) which identifies consumers qualifying for ATTP through the implementation of poverty eradication and job creation strategies. 3. Developing and implementing a consumer education program which fosters responsible consumer behavior.
	To promote good external relations and give expression to the concept of co-operative governance.	Implementation of intergovernmental and inter municipal relations programme,

## KPA 5: FINANCIAL MANAGEMENT AND VIABILITY

Objective	Strategy
Communication	Ensure that all correspondence marked out to the Financial Department receives attention within seven (7) working days after receipt from the registration office Conduct departmental meetings, at least once a month.
All council resolutions relating to Finance adhered to	Ensure that all council resolutions assigned to Financial division are executed/received attention within 3 working days after such decision is forwarded to MM
Limit debt	To ensure that NLM is in a position to pay its debt
Reduce debtors	To reduce the debt of debtors
Positive cash flow	To ensure sufficient cash flow
Financial recovery plan	Improvement in financial position, Long-term finance strategy in place Reducing recurring debt, recovery of funds outstanding from government department.
Annual reports	Draft of annual report by 31 December 2009. Including Financial Plan and Audit Report
Review of organogram	Ensure that the organizational structure of the department relates to the budget and functions identified in the IDP
Adhered to MFMA prescriptions	Compilation and implementation of MFMA Policies
Increase municipal resources	Revenue enhancement strategy Ensure a 3 month cash back-up
Monthly closing procedure done on time	Monthly closing within (10) working days after month end
Customer care	Enquiries answered within (10) working days
Control account balanced	Balance income control accounts within (10) working days after month end
Payments	100% invoices paid on time-within 30 days of invoice or statement All salaries and third party payments paid on time
Effective utilization of discounts	Discounts 100% utilized Investment income according to best quotations
Financial capturing	Month end within (10) working days after month end
Expenditure control	Expenditure and salaries control accounts balanced within (10) working days after month end Delivery of 95% correct accounts
Vat review	A review of all Vat submissions to SARS for possible repayment of returns submitted
AFS	Financial Statements by 31 August 2009 and submitted to the Auditor - General Draft and submit and item regarding the AFS to Council by 30 September 2009
	Publication of financial statements to all stakeholders and community on request Fully implement GRAP on all financial transactions and records
	50

Audit	Compiling an audit audit file as prescribed by the Auditor-General and attending to Management letter supplying all document and relevant information
Budget	Draw up 2009/2010 budget within time frame-Budget time frame by 31 August 2009
	Draw up 2009/2010 draft budget by 31 March 2009 to Council
	Publication of draft budget for inputs and comments for a six week period after council noted draft budget
	Draw up 2009/2010 final budget submitted to Council by 31 May 2009
	Submission of budget to NT,PT & other stakeholders
	Capturing of budget and actual figures-SDBIP on the financial system
	Budget in 2009/2010 financial year to implement Strategic Planning session strategies
	Compilation and implementation of the following policies: Budget Policies
Investment and banking control	Investment income according to best quotations according to Investment Policy
	Bank reconciliations
Finance systems	Coordinate wit IT the update and safeguarding of all financial records back-ups
Budget control	Monthly distribution of Financial Report (expenditure and revenue report ) to Departmental Heads and Mayor
Maintenance of correspondence file for grants and subsidies	Monthly distribution of Financial Report (expenditure and revenue report ) to Departmental Heads and Mayor. Implementing virement on over expenditure votes
	Implementing virement on over expenditure votes and draft Adjustment Budget with Mid-Year Report
Assets	Implement and maintain complete asset register according to GRAP
	%Assets on the register valued
	%compliance with asset management policy
	Develop an integrated asset management system
	Arrange auction for obsolete stock disposal as per policy
Insurance	Insurance of municipal assets
	Capacitate the municipality to improve asset registers and be GRAP compliant
	Keep insurance claims up to date

<b>Supply Chain Management</b>	Reporting and contract performance	Compile and submit to the Municipal Manager a Report on the implementation of the supply chain management policy to be reported to the Council in accordance with the regulations
		Compile monthly report as required by NT in electronic format System to be developed to track the performance of contracts
	SCM Training	Capacitating Officials in Supply Chain Management Issues by attending Training Sessions
	SCM services	To improve the average time of tender cycle completion to within 60 days of notice been given. In line with the MFMA and Supply Chain Regulations
		Review Supply chain processes to build efficiencies in the system
		Annual stock taking procedures as per policy and MFMA prescriptions before 30 June 2009
	Local economic development	Develop a strategy to encourage suppliers to plough back to community
		Register local suppliers on databases

**NGQUSHWA MUNICIPALITY  
OPERATING BUDGET  
FOR 2009/2010 FINANCIAL YEAR**

**TARIFF STRUCTURE**

The following tariffs are to be charged and if needed by Council may by Council Resolution be amended during the course of the current financial year.

**1. RATES**

Annual rates of per rand will be levied on all valued properties as follows.

1.1 Commercial, Industrial and Special Properties	0.011
1.2 Residential	0.011
1.3 Municipal	
(NB. Municipal Buildings, Public Open Space & Municipal Public Service Infrastructure must be totally exempt from rates)	
1.4 Farming	
1.4.1 Bona -fide agricultural land	0.003
1.4.2 Eco Tourism	0.024
1.4.3 Game / Hunting	0.024
1.4.4 Farms ( with Housing or another non- agricultural property development) (residential - as per normal residential housing in 2 above)	0.011
1.4.41 Other development - as per business in 1 above)	0.011
1.4.5 Farms ( non-agricultural with mixed usage e.g. school, clinics & informal)	0.003
1.5 Public Service - Infrastructure (PSI) and State-owned Property, Institutions	0.003
1.6 Vacant Land	0.011
1.7 Informal properties ( those without or secure title deeds )	0.011
1.8 HIV/AIDS Households & Hospice	0
1.9 Property Owners who are 100% indigent	0
1.10 Property owners who are 60yrs or older & earn R42 000 or less per annum	0
1.11 Bell/ Bodium	0
1.12 Places of Worship	0

**2. REFUSE REMOVAL SERVICE**

Exclusive of vat:	R17.62
Refuse removal: Basic charge/month	
Refuse removal: Businesses/month	R64.65

Refuse removal: Households/month R46.17

### 3. CEMETERY FEES

Person resident in the town at the time of death

Adult per site R248.78

Child per site R165.85

For purposes of this publication "adult" means a person who at the time of death has reach the age of 12 years

**NGQUSHWA MUNICIPALITY  
OPERATING BUDGET  
FOR 2009/2010 FINANCIAL YEAR**

### TARIFF STRUCTURE (CONT.)

#### 4. HALL HIRE

Hall Hire R368.98

Refundable deposit R268.78

#### 5. COMMONAGE GRAZING/DIPPING

##### Grazing

Grazing per month: 1 to 20 head per beast R11.31

Grazing per month: Additional over 20, per beast R3.54

Calves (from 2 months up to 8 months) per head per month R3.36

Horses and Donkeys/head per month R13.44

Pigs per head per month R4.04

##### Dipping

All animals per head per month

#### 6. BUILDING INSPECTION FEES

Dwelling R2635.00

Outbuilding	R2155.43
Flat, Townhouse and Hotels	R2872.15
Shops	R2872.15
Offices	R2872.15
Carports	R727.26
Pools	R727.26
Patios, Pergolas and Sun Decks	R727.26
Factories and warehouses	
First 5000m2	R1812.88
Over 5000m2	R1581.00
Drainage only plans	R616.59
Street Deposit	R151.75
Minimum Building Plan fee Excl. VAT	R685.10

The fee is calculated on the basis of a flat rate of 0.5% of the project value based on the above values with a minimum building plan fee of R650.00 excluding vat

#### 7. CARAVAN PARK

Rentals and leases are pre-determined per lease agreement

#### 8. HUNTING FEES

To be determined at a future date

#### 9. ENCROACHMENTS

To be determined at a future date

#### 10. GROUND AND BUILDINGS

Rentals and leases are pre-determined per lease agreement

#### 11. VALUATION AND RATES CLEARANCE CERTIFICATES

Issue of Valuation certificates R16.06 plus vat	R18.31
Search fees rates clearance certificates R16.06 plus vat	R18.31

#### 14. RENTAL OF VEHICLES AND IMPLEMENTS

Tractor (per load and inclusive of vat)	R	-
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Other to be determined at a future date

#### 15. DUPLICATE DOCUMENTS

A charge of R36.72 shall be payable on application for the issuing of a duplicate of any document previously issued by this municipality

#### 16. BILLBOARDS

1.8mX1.2m (Super Six) =R84.32 per structure p.m.

2mx3m (16 Sheet) =R105.40 per structure p.m.

3mx1.5m (Consumer Ad) =R189.72 per structure p.m.

3mx6m (48 Sheet) =R231.88.00 per structure p.m.

3mx12m (96 Sheet) =R358.36 per structure p.m.

6mx4m =R474.30 per structure p.m.

9mx6m (144 Sheet) =R896.00 per single side, R1054.00 for a single sided & R1581.00 for a triangular sided per structure

#### 17. Map Copies

AO =R74.00

A1 = R63.00

A2 = R53.00

A3 = R21.00

A4 = R11.00

Rental will escalate by 8% per month

## 9 Budget Related Policies Overview and Amendments

The **detailed policies** are not included in the budget documentation, however they are available on request to councillors and are to be made publicly available when the budget is tabled for consultation, tabled for consideration of approval and finally approved.

This section attempts to give a **broad overview** of the budget policy framework and highlight the amended policies to be approved by council resolution.

Budget related policies may include, but are not limited to:

- Revenue related policies tariffs, credit control, revenue collection , indigents , write off policy
- Investment of funds, reserves, borrowing and cash management



- Supply chain management policy

### ***Revenue Related Policies***

The municipality need to draw and approved several revised revenue related policies and other policies. That is anticipated to take place as from July 2009, these included a revised credit control and supply chain management policy etc.

No policies are submitted for revision in with the 2009/10 tabled budget

### ***Credit Control Policy***

This policy lays out the framework and the principles by which the municipality deals with those citizens that either want to connect to the municipal services or fall into arrears on the municipal services for which they are provided service.

This policy sets out the application process, the billing process and the mechanism to be used when performing the debt collection function.

### ***Supply Chain Management Policy***

The MFMA required the municipality to adopt and implement a new supply chain policy by December 1<sup>st</sup> of 2005. The municipality met this deadline. We now have a detailed policy of council and a set of procedures to follow. The Supply Chain unit has been established within the Finance Directorate and is operating. The policy set limits for the various methods of procurement used within the municipality and delegated authority to implement the policy to the Accounting Officer as required in the MFMA.

## **10 Budget Assumptions**

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. Documentation of the assumptions used in preparing the budget assists understanding of the information. The section provides a comprehensive summary of all the assumptions used in preparing the budget.

## Budget Assumptions Table 2009/10 - Annexure A

	Estimated 2009/10	Estimated 2010/11	Estimated 2011/12
1) General Inflation Factor	8.5%	9.5%	10.5%
2) Interest Rates:			
Investing	2009-2010 12.0%	2010-2011 12.0%	2011-2012 12.0%
3) Increases - Rates and Tariffs:			
Rates	5.4%	5.1%	1.0% 4.6%
Refuse	5.4%	5.1%	4.6%
4) Billing Collection Rates:			
Rates	13.0%	13.0%	13.0%
Refuse	8.3%	8.3%	8.3%
5) Salary Increases			
Salaries	10.5%	10.5%	10.5%
6) Equitable Share Allocation	37 180 000	3,907,076	40,873,684
			-
			-

## **General inflation outlook and its impact on the municipal activities**

General inflationary pressure is expected to remain in the moderate range as per the National Treasury forecasts. We have used a conservative 8.5% inflationary factor per year for the next three years when preparing this medium term budget

### **Rates, tariffs, charges and timing of revenue collection**

Ngqushwa Municipality has completed its new general valuation in May 2009. The valuation court was set up and objections were invited to all property owners, other did make their submissions and they were considered accordingly.

### **Collection rates for each revenue source and customer type**

*(for more detail see section 15 – revenue by source and vote)*

Collection of billed services continues to be problematic in many areas of the municipality. As a result of this the allowance for bad debts will be increased substantially over the past several years to more closely reflect the actual collection rate of municipal services. These very lower collection rates continue to put upward pressure on service tariffs and will require a conscience effort to address in the future.

This is the result of many different factors including consumer attitude, ability to pay and other issues. The municipality must begin a project plan to improve the collection of the various billed services thru a project management plan that addresses many different areas of the billing and collection cycle.

In addition, the credit control must be revised and a debtor's write off, debt collection policy and arrangements policies must also be developed. The adoption of these policies is only one part of a multi programme approach to address this issue.

### **Average salary increases**

When we include councillor allowances, salaries and related expenses make up 45% of the operating budget. This salary related expenses are increased each year by bargaining agreements controlled by SALGA.

Salaries for municipal workers are projected to increase steadily over the medium term budget forecast. For 2009/10 salaries are projected to increase 10.5%, for 10/11 10.0%, and for 11/12 a projected 10.0% increase.

## **11 Funding the Budget**

### **Fiscal Overview**

Over the past few years the Ngqushwa Municipality has been working to reform its financial position and reporting systems to promote sustainability and conformance to the requirements of the MFMA.

Sustainability can mean many different things but at its core is the idea of financial stability and the ability to financially meet the obligations and commitments that are required to deliver the services within the community.

The MFMA requires many things from the municipality in this respect. Some of these items include: 1) Payment of all creditors within 30 days; 2) using only realistically expected actual revenues and non-committed cash surpluses to fund the budget; 3) discontinue the use of short term borrowing (bank overdraft) to fund operating expenses; and 4) ensuring that all required reserve funds are 'cash backed'.

Primarily from a cash point of view, Ngqushwa has faced serious financial difficulties over the past few years up until now. Ngqushwa is not alone. Many local municipalities in South Africa are facing the same difficulties. The reasons for this situation are not simple and neither are the solutions. Over the past years the municipality has been required to take on large numbers of employees, a large borrowing debt and a large population that simply do not have the income to pay the rates and tariffs required.

These conditions have resulted in overall low collection rates for services billed, growing pressure on salaries to become a greater and greater portion of the operating budget and finally, cash strapped bank accounts. The past few years the municipality has ended each fiscal year with a large bank overdraft and large creditor balance. The MFMA will not allow this to continue. The municipality was mandated to eliminate this situation before the end of the 2009/10 financial year.

It is to this end the municipality has continued to focus its attention toward the past few years. Prudent budgeting and some hard decision making has allowed this goal to become a reality. The municipality will end 2008/09 with enough cash at the end of the financial year to pay all of its creditors. This, however, accelerated and must be further improved.

The municipality must strengthen its credit control and debt collection efforts. We must evaluate every area of operations and ask ourselves if we are doing things in the most efficient and effective way.

Probably most important, we must be willing to change. We cannot continue to do things the way that we always have done them in the past.

New challenges always bring with them new opportunities. We must find those opportunities that present themselves and use them to better our municipality.

**Funded verses a Balanced budget:**

The implementation of the MFMA changes the prospective of the budget from a 'funds' prospective where the emphasis is on balancing funds going out to funds coming in to a more dynamic accounting prospective.

This new prospective requires us to analysis the budget from several viewpoints to ensure that the budget is indeed balanced in accordance with the MFMA. The MFMA requires in section 18 that the budget be funded using only 'realistically' anticipated revenues to be collected and cash backed accumulated funds that are not committed to other purposes. Borrowed funds can only be used to fund capital budget items in accordance with MFMA requirements.

Although we show revenues on an accrual basis we must ensure that revenues used to fund the budget are realistically anticipated to be collected.

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

The municipality has followed these principles and the directions put forth in NT circulars 41 and 42 concerning both the budget process and funding of a municipal budget.

We have made full disclosure on all revenues using accrual methods and all cash that is available has been shown where it is legally committed to be spent.

**11.2 Financial Indicators**

The municipality is in the process of developing useful performance indicators that will be both meaningful and useful for detecting financial problems and trends that need to be investigated. These indicators are not available at this time but will be made public once finalized.

## **Sources of Funding**

### **11.3 - Rates, tariffs and other charges**

The detailed listings of all of the proposed tariffs and rates for the 2009/10 financial year are contained in **Annexure A, above**. In this section we will highlight only the major changes proposed. We will concentrate on one major tariff of the municipality along with the property rates.

#### **Property Rates**

At present the only property levied with rates is the immovable property situated within the Nggushwa municipal area. This problem is due to the fact that the valuations that have been done on all areas date but errors were found to be material, e.g. a farm has been evaluated as a primary residence. These errors were totally rejected by the relevant communities and the municipality.

The municipality faces a vacuum as the vast majority of its rateable property portfolio is incorrectly evaluated and only a small percentage of the portfolio has actual rates levied.

It is critical to the municipality that the review of general valuation for the municipality be completed as soon as possible.

As shown in annexure A levied rates are proposed to be increased by more than **13%** this budget year.

#### **Refuse Collection**

Refuse collection tariffs are 'use based' fees that are based on factors such as the category of the customer and the number of removals required.

For 2009/10 a 5.4% increase in refuse tariffs across the board is scheduled.

The listing of proposed refuse tariffs is included in annexure A.

#### **11.4 - Savings and efficiencies**

The budget must be fully funded and be able to fund the required reserves with cash per the MFMA. To meet this goal the municipality will need to continue to find savings and operating efficiencies in municipal operations. Currently the municipality has to place constraints on the expenditure accounts in certain areas of operation. The municipality also has plans to investigate the certain areas and operations that are core functions of the municipality.

Other areas of operations being examined include; the implementation of the credit control and debt collection policy of the municipality; and addressing a major issue concerning a tremendous amount of extremely old and very difficult to collect debtors on the active billing system. The old hard to collect accounts in this billing system need to be purged and 'cleaned' to a separate collection system that is then contracted out to the private sector for processing. This will allow the limited staff to focus on more current debtors; those with a higher likelihood of collection

## **11.8 - Grant allocations**

*The following is a listing of grants included within the budget and a brief description of each.*

### **MUNICIPAL INFRASTRUCTURE GRANT**

This fund is allocated to municipalities to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure, as well as the rehabilitation and renewal of municipal infrastructure. Conditions to the grant is to prioritise residential infrastructure for water, sanitation, refuse removal, street lighting, solid waste, connector and bulk infrastructure, and other municipal infrastructure like roads in line with the MIG policy framework. Municipalities must adhere to the labour intensive construction method and must report to DPLG in terms of the Division of Revenue Act on progress.

### **NATIONAL ELECTRIFICATION PROGRAMME**

This fund is allocated to municipalities to provide capital subsidies to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure.

Conditions include that the amounts must be accounted for through regular reporting, all benefits must be passed to end users, ring fence the electricity function, safely operate and maintain the infrastructure and also adhere to the labour intensive construction method.

### **MUNICIPAL SYSTEM IMPROVEMENT PROGRAMME**

This grant is allocated to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance system as required in the Local Government Municipal Systems Act of 2000.

Conditions include that a activity plan must be submitted in the prescribed format with detail budgets and timeframes. Submission of monthly expenditure reports in accordance of the Division of the Revenue Act.



## **LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT**

This grant is allocated to promote and support reforms to financial management and the implementation of the Municipal Finance Management Act.

Conditions include submission of council resolution striving to achieve multi-year budgets, accounting and reporting reforms. The employment of a skilled chief financial officer and promotion of internship programme in financial management and ongoing review, revision and submission of implementation plans to address weaknesses in financial management.

## **LOCAL GOVERNMENT SUPPORT GRANT**

This grant is allocated to strengthen the capacity of municipalities, integrated planning and good governance, facilitate land and Infrastructure development and promotion of sustainable local economic and rural development as well as free basic services.

Conditions include proper utilization of the funds for which it is allocated and regular reporting in terms of the Division of Revenue Act

### **11.9 - TABLE 5 - Government grant and subsidies allocations**

The table on the following page gives a detail listing of the allocations that the municipality anticipates receiving.

### **11.11 - Sale of assets**

All disposals of municipal assets are controlled by requirements put forth in the MFMA. Ngqushwa at this time does anticipate the selling of any portions of surplus vacant land this financial year.

### **12. - Table 7 - Disclosure on Allocations Made by the Municipality**

The municipality currently does not make any allocations to other municipalities so this table is not included

## **16. Disclosure on Implementation of MFMA & Other Legislation**

The MFMA (Municipal Finance Management Act) became effective July 1<sup>st</sup> of 2004. Most of the requirements of the act took effect immediately; however, various delays were given to certain sections of the act based on the 'capacity' of the municipality as was determined by National Treasury. All local municipalities were classified as either a high, medium or low capacity municipality with each level given different implementation dates for the various delayed sections.

Ngqushwa is classified as a medium capacity municipality and was required to meet the implementation dates put forth for medium capacity municipalities.

A MFMA implementation plan was developed to assist the municipality in implementing the required changes by the deadlines given. With only a few exceptions all sections of the MFMA were required to be implemented by Ngqushwa by July 1<sup>st</sup> of 2006.

Many of the major changes required by the act have not yet been implemented by the municipality. Which include the adoption of various policies and procedures including policies for cash and investments, delegations within the organization, establishment of a new audit committee, policy on unforeseen and unexpected expenditures and other administrative requirements, and policies.

But some have been implemented, which include adoption and implementation of a new supply chain policy and establishment of a supply chain unit, the establishment of a budget and treasury office within the finance directorate, The budget and how it must be designed, funded and reported on is a very big part of MFMA implementation. Requirements include funding the budget only from realistic revenue, surplus cash or borrowing (but only for capital projects). The budget must also be prepared and tabled to council much earlier than was previously required (by March 31<sup>st</sup>) and must be voted on in its final form before the end of May.

Much of the implementation of the MFMA involves new and sometimes complex budgetary and financial reporting requirements. Detailed monthly budgetary reports must be delivered to the Mayor along with quarterly performance indicators. The Mayor is required to make quarterly reports to the council on all aspects of the budgets implementation and any problems that need to be addressed. A mid year performance report is to be delivered to council along with recommendations on needed mid year adjustments that need to be made. Annual, quarterly and monthly reports

are required to be delivered to National Treasury in very specific formats. All of these reporting requirements are not yet met.

## **17. Budgets and SDBIPs – Departmental / Functional (internal)**

The summary of the Directorate SDBIP is not included in this budget, performance targets and indicators for the 2009/10 year are currently in progress. The information set out in MFMA Circular 13 under the section “Format of Departmental SDBIPs” will be used to compile the document:

- Purpose (outcomes);
- Service delivery description (outputs);
- Resources utilised (inputs);
- Inputs to detailed sector capital plans; and
- The link between performance measures in the SDBIP and performance contracts.

## **18 Budgets and SDBIPs - Entities & Other External Mechanisms**

The municipality has no entities

## **19 Summary of Detailed Capital Plans**

*Detailed capital plans, aligned to national and provincial sector plans, will be contained in the SDBIP as per MFMA Circular No 13. These should be summarised and referenced here. The detailed plans must be submitted to National Treasury with the budget documentation. Capital programmes should be approved as an overall comprehensive capital budget to ensure that projects can be executed in terms of the implementation plans. The summary of the detailed capital plan should reflect:*

- *Information by programme and municipal ward*
- *The source of the funding for the capital programme*

### **19.2 Table 11 - Capital expenditure by asset category**

The following pages contain the listing of capital by category.

**Tabled Draft**

**GRANT / OTHER FUNDING EXPENDITURES FOR CAPITAL PROJECTS  
2009/10 BY SOURCE**

ENDING DATE	WARD(s) EFFECTED	Function	Sub Function	Directorate	Department	DESCRIPTION OF PROJECT	Source Location	ESTIMATED BEGINNING CASH	Actual Beginning Cash Balance	Revenue Budget 2009/10	BUDGET EXPEND. 2009/2010	PROJECTED EXPEND. BUDGET 2010/2011	PROJECTED EXPEND. BUDGET 2011/2012
						<b>From National Government:</b>							
						<i>Municipal Infrastructure Grant (MIG):</i>							
		12	1	Tech	1130-20	Shushu Tildini Access Roads	MIG	0	0	2,175,790	2,175,790	0	0
		12	1	Tech	1130-20	Luxolweni Access Roads	MIG	0	0	2,144,367	2,144,367	0	0
		12	1	Tech	1130-20	Nobumba Access Road	MIG	0	0	1,738,121	1,738,121	0	0
		12	1	Tech	1130-20	Nyatyorha Access Road	MIG	0	0	2,114,722	2,114,722	0	0
		12	1	Tech	1125-20	Qeto Community Hall	MIG	0	0	1,300,000	1,300,000	0	0
		12	1	Tech	1125-60	Mpekweni Community Hall	MIG	0	0	1,300,000	1,300,000	0	0
		12	1	Tech	1125-02	Mtati Community Hall	MIG	0	0	1,500,000	1,500,000	0	0
		12	1	Tech	1125-02	Tyeni-Gobozana Access Road	MIG	0	0	0	0	3,000,000	0
		12	1	Tech	1125-10	Torr Internal Road	MIG	0	0	0	0	2,000,000	0
		12	1	Tech	1125-10	Qaga Internal Road	MIG	0	0	0	0	2,000,000	0
		12	1	Tech	1125-10	Nyatyora Internal Road	MIG	0	0	0	0	2,000,000	0
		12	1	Tech	1125-10	Community Halls	MIG	0	0	0	0	3,000,000	0
		12	1	Tech	1125-10	Upper Gwalana Community Hall	MIG	0	0	0	0	900,000	0
		12	1	Tech	1125-10	Other Access Roads	MIG	0	0	0	0	1,509,666	2,771,857
		12	1	Tech	1125-10	Machibi Internal Roads	MIG	0	0	0	0	0	2,391,946
		12	1	Tech	1125-10	Runlets Internal Road	MIG	0	0	0	0	0	2,357,401
		12	1	Tech	1125-10	Community Hall	MIG	0	0	0	0	0	2,400,000
		12	1	Tech	1125-10	Ntioko Internal Road	MIG	0	0	0	0	0	2,324,811
							MIG	0	0	0	0	0	0
		3	1	Tech	1130-10	PMU Costs	MIG	0	0	634,000	634,000	666,334	696,985
						<b>Total MIG</b>		<b>0</b>	<b>0</b>	<b>12,907,000</b>	<b>12,907,000</b>	<b>15,076,000</b>	<b>12,943,000</b>
		14	1	Tech	1130-06	National Electrification Programme (urban areas)	DME	0	0	0	0	0	0
						<b>Total National Government</b>		<b>0</b>	<b>0</b>	<b>12,907,000</b>	<b>12,907,000</b>	<b>15,076,000</b>	<b>12,943,000</b>

**20 - Budgeted Financial Statements**

(Note: the municipality has not yet completed the conversion to GRAP and we did not attached financial statements.) the municipality is currently converting the financial statements, the process will take place as from May to August 2009.