



BUDGET 2010 – 2013

29 JUNE 2010

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2. MAYORAL SPEECH ON THE BUDGET

State of the Municipal Address tabled by the Honorable Mayor P.S. Matshoba at Ndakeni on the 29/06/2010 to adopt the IDP, 2010/2013, Budget 2010/2011, MTEF 2010/2013, PMS 2010/2011 and the SDBIP 2010/2011

Distinguished Guests;
Honored Traditional Leaders,
Honorable Councillors;
Honored Ward Committees,
Representatives from Departments,
Members of the Community,

I welcome you all to this historic event.

Madam Speaker,

The few days preceding this council have been marked by excitement, zeal and curiosity at once. Never in such similar events have we witnessed such enthusiasm wherein the hosting village has welcomed the rest of us with such joy and ululations. The cold winter mornings have been challenged by the love and hope demonstrated by the people of Ndakeni. They have in no mincing words said this is their government too. They have demonstrated that they are the true revolutionaries in our struggle, as Ernesto Che Guevara said, "At the risk of seeming ridiculous, let me say that the true revolutionary is guided by a great feeling of love. It is impossible to think of a genuine revolutionary lacking this quality."

Chairperson

Exactly 34 years and 13 days the young people in Soweto took to the streets in protest against being taught in a language against their will. The protest in Soweto spread to all parts of the country and undeniably shook the apartheid state. The young people aggravated the protest against language to a human rights struggle. They aggravated the struggle from a national protest into an international agenda. They portrayed revolutionary conscience that is unequalled. They truly showed the world that Amandla ngawethu. When government dedicated this month of June to young people we must seek to find our historic mission and as Fanon puts it, betray it or fulfill it. This council chairperson is held in the midst of those historical facts.

Fellow Councillors

The year 2010 will forever be remembered for the historic event held in our shores as a country and as a continent; the FIFA World Cup. Although our Bafana Bafana is out of the competition there is a lot we have learnt as a football nation. Our next aim must be AFCON 2012. As a nation though let us support Ghana the only African Nation still in the run. At best comrades let us support soccer and all in unison say **"Feel It; It is here"**

Madam Speaker

It is impossible today not to remember those who fought and died for us to realize and be part of the long queues that still mark however vivid the April 27th day of 1994. It is this day we must always remember in joy and when we falter. We must stand up for the realization of the contract we signed that the people shall govern. Today is the product of countless efforts by members of ward committees who collected the needs and aspirations of the people. Collated these into CBP's whose primary goal is to form a partnership between the government and the people wherein the people dedicate themselves a role to play in their development. The ward committees Madam Speaker spearheaded the collation, review of objectives, strategies and projects and thus emerged with an Integrated Development Plan. This plan my fellow compatriots has been drawn inspired by such formidable leadership by ward committees and the enthusiastic officials from departments. You must all know that you have taken part in creating a new Ntabankulu better in all respects. You are the force that brings a new dawn. The force that is a catalyst; facilitating the reality of the people of Ntabankulu building a new dawn.

The IDP for its part is the sum total of what we commit to do as government including the other spheres. It is based chairperson of five pillars:

- Enhancing basic service delivery
- Increasing local economic development activity
- Building a culture of good, clean governance and public participation
- Increasing organizational transformational efforts
- Enhancing efforts of financial viability

Madam Speaker

The foundation of our IDP is the contract the ANC agreed upon with the people. A contract on whose basis the ANC got mandate in the polls last year by an overwhelming majority. At those polls we agreed that all future government planning should:

- a. Focus on health including primary health care
- b. Rural development
- c. Crime prevention
- d. Education
- e. Economic development and job creation.

These, my dear comrades is what separates us from all else. We are an advanced detachment whose historic mission is to create a new dawn for better possibilities and future.

Distinguished Guests

The ward committees further led us in drafting the broad principles of our budget and based on that we may conclude that the product we present here today is truly a people's budget. We may though say that the undeniable truth about budget and budgeting is the reality of wants always superseding the resources.

Chairperson the administration guided by the aspirations as put in the IDP went ahead to draft the Service Delivery and Budget Implementation Plan (SDBIP). This Madam Speaker is the plan which depicts what will be done, where and when. It is from the IDP and the SDBIP that we have drawn an institutional score card my dear comrades. We put upfront how this work of this council should be measured.

Madam Speaker

The task undertaken by ward committees must be appreciated in fact it reminds us of the work undertaken by the volunteers in 1955 when assembling what came to be known as the "Freedom Charter".

Dear Comrades

Allow us to table this budget 2010-2011 financial year taking into cognizance the year before and the outer years.

1. Institutional Transformation and Organizational Development

Madam speaker, having realized the need to increase our capacity to service the people of Ntabankulu, we have increased our staff complement from 87 at the beginning of the financial year to 120 workers. This reflects how we have strengthened the muscle to meet our service delivery obligation. Conversely this depicts our continued effort to be among employment creators.

Our conviction chairperson is that we need to strengthen our organization both at the political arm and on administration. As alluded in the COGTA's turnaround strategy, training should be prioritized. As such we have set aside R800 000 for training.

This will concentrate on education and training of councilors and management and staff, to improve capacity to deliver the mandate bestowed by legislation.

2. Basic Service delivery and Infrastructure

Honorable guests,

The predicament of infrastructure backlog continues to haunt us. We dedicate ourselves on the need to act on the plight of the people of Ntabankulu with urgency. In all our pursuits to curb poverty, infrastructure is one aspect we cannot compromise, hence it is equally true that "It is not the economy that builds infrastructure, but rather it is infrastructure that builds the economy"

As council we have acknowledged the need for such a commitment to building infrastructure hence we have built, completed and handed over the following:

2. Ndlantaka Access Road	Ward 11
3. Mngeni/Msukeni Access Road	Ward 4
5. Nodali-Zimele Access Road	Ward 2
6. Madwakazana Community Hall	Ward 5
7. Cola Community Hall	Ward 7
8. Ngqane Community Hall	Ward 13

We are currently providing free basic electricity to 360 beneficiaries. These low numbers are the result of high backlogs in household electrification. As an alternative service delivery method we provide green gel for lighting, cooking and heating to 1050 beneficiaries spread across the 15 wards.

Dear comrades we are currently providing 359 people with solar energy. These may seem minute numbers of beneficiaries but as we said earlier; the sad reality of budget is unlimited needs but limited resources.

Chairperson we shall increase the support of alternative energy by thirty (30) in each ward.

We have engaged Eskom and the Department of Energy over the past years and months and such engagements are beginning to yield fruits. Eskom has committed to construct a power line in wards 13, 14 and 15. Eskom has further committed to construct a power line in Amanci including wards 05, 04. The people of Ludeke bear testimony to this.

Madam Speaker

The Municipality has received grant funding totaling 10 million for electrification. The problem that has been put forth though by Eskom has been the lack of power capacity from Eskom to electrify hence the need for the construction of a new power station in Ntabankulu. We shall be leading the Executive to visit the Minister of Energy to convey the plight of the people of Ntabankulu before August 2010.

Dear Comrades

In the current budget we shall look to complete the following projects

- Tladi access road.
- Nowalala – Gxeni access road
- Luthambeko – Mawonga access road
- Ludeke Community hall

We shall at the same time construct the following roads:

- Bhungeni-Magombeni
- Nyathi
- Macingwane-Mpolosa
- Bisa – Fortdonald
- Ndakeni access.
-

We will construct pre-schools in Madamini (ward 09), Bakuba (ward 11) and Ndile (ward 03)

We further will provide furniture to the existing community halls. We shall look to complete the MPCC in town and complete a pilot of extending a community hall into a ward center of economic activity.

My dear guests

This year we shall complete the long outstanding project of 471 in ward 05 and construction will commence in Bomvini and Ngqane on rural housing

Chairperson the total budget for infrastructure in the 2010/2011 financial year is totaling R35 350 000, which will be appropriated as follows

MIG	R16 350 000
Electrification	R10 000 000
Housing	R 9 000 000.

Freedom is not an easy task not an easy goal; it requires man and women of great stature, of great integrity for it to be won but for its maintenance it requires great compatriots such as you gathered herein.

3. Good Governance and Public Participation

Distinguished guests.

We commit ourselves to the principles of good and clean governance. We have in the current year established an Audit committee to look at issues of fraud; corruption, internal controls, risk management and performance management.

We have thus committed ourselves to applying all necessary effort to ensure that by 2014 we must have received a clean audit and we are confident that this target is very achievable. We have set aside an amount of R450 000 for all internal audit related fees.

Madam Speaker

We can all attest here today that ward committees occupy a special space in the discourse of governance. Were it not for them this day would not be what it is. They continue to engage and represent the views of the silent and downtrodden. Their work deserves praises. CDWs on the other hand are beginning to join in the discourse of governance with and for the people. We have put aside an amount of

R848 000 for community education in terms of human rights etc and ward committees functioning. We stress Chairperson our call to discourage Municipal Officials from accepting election to these structures.

4. Financial Viability

Madam Speaker,

The measure of an organization's sustainability is its capacity to deliver on its mandate in a qualitative and quantitative manner. Moreover, though the municipality must not depend on grant funding, it must identify means and ways to generate revenue and spend it in a manner that is inspired by the needs of the people.

We have for this reason committed ourselves in collecting all money due to the Municipality and engaging on further strategies to enhance revenue.

We have engaged DBSA in assisting the municipality in drafting a revenue enhancement strategy. Moreover chairperson we are required to implement our by laws as gazetted. This we believe carries a sizeable revenue. We shall further concentrate on alternative revenues that remain untapped.

We continue to seek assistance from the provincial treasury, department of local government and traditional affairs to strengthen our financial systems to ensure that we are in compliance with all relevant legislation governing the management of government funds.

We shall concentrate our effort on endeavors such as migration of our accounting systems from Venus to PASTEL evolution. We are aware that in producing our financial statements we will do so complying to Generally Recognized Accounting Practices (GRAP). We have put aside an amount R1 244 000 for the drafting of GRAP compliant Annual Financial Statements. It is such brave steps that will surely bring change constantly.

5. Local Economic Development and Planning

Comrades in our struggle

The fundamental challenges that continue to haunt our communities are

- Poverty and hunger
- Illiteracy; unskilled; inappropriately skilled and joblessness
- Unsustainable communities; lack of growth

We have over the past identified the key sectors which pose opportunity for growth and development in Ntabankulu. Constantly the question that always remains is the real challenge of stimulating community endeavors meant to reverse these.

We have been funded an amount of R700 000 by Thina Sinako to establish a development agency which we seek to strategically place to serve as a business

support, research and packaging. Such an agency we believe shall lay the foundation for a better Ntabankulu.

We have my dear comrades held two very important meetings, one with the MEC for Economic Development and Finance in the province and subsequently DBSA at the former's behest. We are together commencing with a programme to draw a Master Plan for Ntabankulu which plan goes beyond the medium goals but emphasizes the long term goals. This is work in progress to and for change.

Madam Speaker

We are however, pleased to report that in the past financial year we have supported five poultry primary co-operatives with chicks, vaccines, feedings and poultry equipment; Zanokhanyo in Ward 7, Zakhele in Ward 9, Ratanang in Ward 10, Babondla in Ward 11 & Kukhanya-Kweze Poultry in Ward 14,. Construction & installation of poultry equipment for Babondla co-operative poultry site in Ward 11 has been successfully completed.

Ndwana goat primary co-operative in ward 5 has been funded with fencing, goats and vaccines. Fundaninathi ward 8 & Zamokuhle ward 7 crop farming co-operatives have been funded with fencing materials.

It is important to highlight challenges in the implementation of local economic development plan such as:

- Minimal capacity to fund and support community business initiatives
- Access to market

It is against this understanding that we continue to prioritise Local Economic Development and Planning

We have thus put aside an amount totaling to R500 000 for the 2010/2011 financial year. This will assist in provision of egg laying facilities in Babondla poultry and to increase the farming capacity for Silindini and Ndwana Goat farming projects. By so doing we wish to commercialize the operations of these projects.

In summary

2010/2011	
PERSONNEL	R 25 410 799
GENERAL	R 17 692 687
OTHER(PROVISIONS)	R 1 604 000
REPAIRS & MAINTANANCE	R 1 203 000
CAPITAL	R 37 200 520
GRAND TOTAL	R 83 111 006

Madam Speaker

Albert Einstein warned "*We can't solve problems by using the same kind of thinking we used when we created them*" Such a warning bears relevance to us assembled here today to stress and inculcate an attitude, set a desired line of march that stresses change at all times.

We undertook to review our corporate identity at the instance of change. We concluded as a vivid picture towards which we wish to rally all of you behind. That as we march out of this council we must do so melodically and envisioning Ntabankulu as "**A Changing Municipality in Diversity.**" Change my fellow countryman is both a means for the attainment of freedom and the principal end of freedom.

Thus we must in unison conclude that our mission collectively, jointly side by side like never before is towards "**a municipality that endeavors to ensure a growth generating local economy, empowering social change through a participatory system of local government**"

My dear comrades

It is fulfilling to serve the people. It is noble to lead the people towards freedom. Around you today is a new (from the box) logo of Ntabankulu Municipality which has been drawn inspired by:

Comrades as we conclude the tabling of this budget allow me to personally thank those who have made my work look easy. The staff in my office is greatly appreciated. Your presence to witness and be with us in tabling and adopting what will be remembered in history as our last budget speech before the local government elections. We wish to stress that you should participate in deciding the future of your wards and Municipality.

Honorable Guests

We wish to leave you with yet another warning by O.R. Tambo in 1985 who said "Those of us who are true liberators should not fight among ourselves. Let us not allow the enemy's dirty tricks... to succeed in getting us to fight one another."

People of Ntabankulu unite you have nothing but economic bondage and underdevelopment to lose.

3. BUDGET RELATED RESOLUTIONS

Budget for 2010/11

3.1 Council resolves that the draft multi-year annual budget of capital and operating expenditure for 2010/2011 and the indicated two outer years of 2011/2012 and 2012/2013 which will be tabled for public scrutiny and input be approved for community consultation as set out by the following amended tables:

Table A1 :	Budget summary
Table A2 :	Budgeted financial performance (revenue and expenditure by standard classification)
Table A3 :	Budgeted financial performance (revenue and expenditure by municipal vote)
Table A4 :	Budget financial performance (revenue and expenditure)
Table A5 :	Budgeted capital expenditure by vote and funding
Table A6 :	Budgeted financial position
Table A7 :	Budgeted cash flows
Table A8 :	Cash backed reserves / accumulate surplus reconciliation
Table A9 :	Asset management

Table SA 36 : Budgeted capital expenditure by programme name

Multi-year Capital Budget

3.2 Council resolves that multi-year capital appropriations by vote and associated funding reflected in Schedules 3 be approved.

Property Rates and other Municipal Tax

3.3 That, in terms of section 24 of the Local Government Municipal Property Rates Act, Act 6 of 2004, rates differentiating among the different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax be levied on market value of all rateable properties within the municipal area for the financial year 1 July 2010 to 30 June 2011, provided that rebates, as indicated, on application be allowed:.

Tariffs and Charges

3.4 Council resolves that the following tariffs and charges be applied.

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Amount	Proposed Increase	Total Amount
Property Rates	Domestic	R0.01		R0.01
	Business	0.0125		0.0125

	Government	0.02		0.02
Senior citizens with property valued less than R60 000.00		R600.00 per annum		R600.00 per annum
Refuse Removal	Domestic	R60.00		R60.00
	Government	R80.01		R80.01
	Business	R80.01		R80.01
Burial and Cemeteries	Double Grave	R190		R190
	Single grave	R100		R100
Library Membership Fee		R50 per annum		R50 per annum
Rental Office	Large Businesses	R65 per square meter	10%	R71.50 per M2
	Small Businesses	R25 per square meter	10%	R27.50 per M2
Rental :Municipal Hall	Hall fees	R50.00 per hour	0	R50.00 per hour
	Hall fees	R250 for more than five (5) hours	0	R250 for more than six hours
Building Plan fees	Commercial, industrial	R5.00 per square meter	0	R5.00 per square meter
	Government Low cost funded by DPT of human settlement	R5.00 per square meter	0	R5.00 per square meter
	Residential by individual owners	R4.00 per square meter	0	R4.00 per square meter
Trading Tariffs	Hawkers <ul style="list-style-type: none"> • Fruit & Vegetables • Clothing 	R50.00 R70.00	0 0	R50.00 R70.00
	Business Licences, General	R500.00	0	R500.00

	dealers			
	Tarverns, Shebbens, Public Phones & Bookshops	R450.00	0	R450.00
	Advertising 1.5 m x 3.0m 3.0m x 6.0m	R120.00 per structure per month R209.00 per structure per month	0 0	R120.00 per structure per month R209.00 per structure per month
Clearance certificate		R10	0	R10
Pound Fees	Pound Fine	R60.00 per day	0	R60.00 per day
	Sustenance (Pigs)	R110.00 per day	0	R110.00 per day
	Sustenance (livestock)- Small	R25.00 per day	0	R25.00 per day
	Sustenance (livestock)- Large	R45.00 per day	0	R45.00 per day
Registration /Licence fees		R110 per annum	0	R110 per annum
Waste Removal		R50.00	0	R50.00
Garden Waste Removal Fees		R20.00	0	R20.00
Grass Cutting	Religious	R200.00 per day plus R3.92 per Kilometre	0	R200.00 per day plus R3.92 per Kilometre
	Schools	R350.00 per day plus R3.92 per Kilometre	0	R350.00 per day plus R3.92 per Kilometre

Honey Sucker	Residential	R80.00 per load	0	R80.00 per
	Religious	R80.00 per load	0	load
	Government Departments	plus R5.80 per kilometre R100.00 per load plus R5.80 per kilometre	0	R80.00 per load plus R5.80 per kilometre R100.00 per load plus R5.80 per kilometre

Measurable Performance Objectives

3.5 Council resolves that the measurable performance objectives for revenue from each source and for each vote reflect the budget.

Integrated Development Plan

3.6 Council resolves to approve the implementation of the Integrated Development Plan.

Budget Related Polices

3.7 Council resolves that the following Budget polices be approved.

- Indigent Policy for 2010/2011
- Investment Policy for 2010/2011
- Property Rates Policy for 2010/2011
- Property Rates By-law for 2010/2011
- Write Off Policy for 2010/2011

Cashflow

3.8 Council resolves that the projects identified for electrification and solid waste management are subject to funds available from grants in respect of Integrated National Electrification Programme (Municipal) Grant and Expanded Public Works Programme Incentive Grant for Municipalities.

4. THE BUDGET

This section contains an Executive Summary of the draft budget, highlighting the processes and assumptions which lead to the compilation of the draft budget.

4.1 Executive Summary

Overview

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget –

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary –

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

(iv) approving any changes to the municipality’s integrated development plan; and

(v) approving any changes to the municipality’s budget-related policies.”

4.1.1 Strategic Focus Areas and Municipal Priority Issues

The following strategic focus areas remain for the 2010/11 financial year:-

- Growth
- Inclusiveness and public participation
- Sustainability
- Empowerment

Council has reconfirmed these strategic priorities and they dovetail with the top priority issue for the next three financial years being the restoration of the financial viability of the Municipality.

This annual budget is in the approved format outlined in National Treasury Circular No 28 and has the following features:-

- A balanced operating budget containing expenditure details and realistically anticipated revenue;
- A balanced budget for capital expenditure that is within realistic funding already secured, together with the projected future financial implications of such capital expenditure;
- Details of borrowing and other liabilities that will increase the Municipality's debt;
- Actual results for the previous year; and
- Projected budget outcomes for the current financial year, the next year's budget and the outer two years.

Within the available resources the budget reflects the Council's IDP and details the methods of funding.

An in-depth review of revenue has taken place and the level of spending is limited by the availability of revenue. In addition the ability of consumers to pay the revised tariffs has been taken into consideration.

The operating budget is a balanced one and totals R73 million, which funds the continued provision of services provided by the municipality.

Funding is obtained from various sources and the proportions which are received from services such as refuse removal and disposal as well as from property rates 3% and from grants and subsidies received from the National and Provincial Governments 97%.

The major expenditure items are staff costs 54%, repairs and maintenance 3% and general expenses 43%.

An additional provision of R1 000 000 has been set aside to cover possible bad debts from rates and charges not collected.

Because of limited funds a number of issues such as maintenance backlogs, inadequate provisions, staffing requirements, etc are not fully covered. However planning and development of strategies to address these issues are part of the continuing financial recovery programme.

The capital budget is balanced and totals R26.8 million funded through revenue from National Government grants 98% and internally funded 2%.

The following items are long term issues that require additional information before their full effect is known.

- Maintenance backlogs in respect of Council's assets – a long term strategy is required.
- Organogram review and the impact on the personnel expenditure target.
- Finalisation of property valuations and the impact on property rates levied.

The community consultation process will take place during the month of April and when completed only minor adjustments to the budget tabled in will be required.

The consultation process includes councilors and officials visiting each of the 15 wards and outlining the planned activities contained in the IDP and draft Service Delivery and Budget Implementation Plan.

4.1.2 Key assumptions

4.1.2.a National Treasury provided guidance in MFMA Circular No. 51 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal year	2008/09 Actual	2009/10 Estimate	2010/11	2011/12 Forecast	2012/13
Headline CPI Inflation	9.9%	6.7%	5.7%	6.2%	5.9%

4.1.2.b The inflation rate to be used for calculating wage increases

According to the *SALGA Salary and Wage Collective Agreement 2009/10 to 2011/2012*, the inflation rate to be used for calculating wage increases is the average CPI percentage for the period 1 February 2009 until 31 January 2010, plus 1.5 per cent. According to Statistics South Africa the historical CPI for this period is set at 6.2 per cent year-on-year as at end January 2010.

Historical CPI (January 2010)	6.2%
SALGA addition	1.5%
NT benchmark	7.7%

Consequently, National Treasury suggests that municipalities use 7.7 per cent as a benchmark for determining wage increase for the 2010/11 financial year. Note that Municipal Managers and those employees appointed as managers directly accountable to the Municipal Managers in terms of Section 57(6) if the Municipal Systems Act 32 of 2000 are excluded from the collective agreement.

4.1.2.c For the period 1 July 2010 to 30 June 2011, Eskom will increase the municipal tariff rates for bulk electricity by 28.9 per cent.

4.1.3 National Treasury guide lines in terms of allocations

MFMA Circular No. 51 states:

4.2 Mayor's discretionary funds and similar discretionary budget allocations

It has been observed that many municipal budgets contain sub-votes or allocations to "Mayoral Discretionary Funds", "Special Projects", "Special Events" or similar discretionary type funds.

- *National Treasury regards these types of allocations as a bad practice because:*
- *It is not clear how they are aligned to the constitutional requirement that municipalities structure their budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community (see section 153(a) of the Constitution);*
- *They do not provide for the appropriation of funds for the purposes of a department or functional area of the municipality (see the definition of 'vote' in section 1 of the*
- *MFMA);*
- *They undermine the budget consultation processes since the intended use of the*
- *funds is not transparently reflected in the tabled budget; and*
- *There is a risk that they may be abused for personal gain or to improperly benefit*
- *another person or organisation.*

Therefore National Treasury discourages allocations of this nature. Good budget practice requires that a municipal budget should transparently indicate the purposes and areas where municipal funds (i.e. public funds) are to be allocated.

Further key issues to be noted in MFMA Circular No. 51 are set out in **ANNEXURE A**

4.2 BUDGET SCHEDULES

4.2.1 Table A1 : Budget summary

EC152 Ntabankulu - Table A1 Budget Summary

Description	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousands										
Financial Performance										
Property rates	-	-	-	1,900	1,120	-	-	1,184	1,257	1,331
Service charges	-	-	-	153	153	-	-	162	172	182
Investment revenue	-	-	-	110	110	-	-	-	-	-
Transfers recognised - operational	-	-	-	34,959	34,959	-	-	44,947	49,510	54,184
Other own revenue	-	-	-	652	4,888	-	-	1,469	1,560	1,652
Total Revenue (excluding capital transfers and contributions)	-	-	-	37,774	41,230	-	-	47,761	52,499	57,349
Employee costs	-	-	-	15,693	15,693	-	-	19,656	20,832	22,028
Remuneration of councillors	-	-	-	5,545	5,545	-	-	5,755	6,112	6,472
Depreciation & asset impairment	-	-	-	-	-	-	-	304	1,500	1,500
Finance charges	-	-	-	50	50	-	-	50	53	56
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	14,660	16,419	-	-	20,146	21,867	22,993
Total Expenditure	-	-	-	35,948	37,707	-	-	45,910	50,365	53,050
Surplus/(Deficit)	-	-	-	1,826	3,523	-	-	1,851	2,134	4,299
Transfers recognised - capital	-	-	-	26,769	26,769	-	-	35,350	39,664	43,909
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	28,596	30,292	-	-	37,201	41,798	48,208
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	28,596	30,292	-	-	37,201	41,798	48,208
Capital expenditure & funds sources										
Capital expenditure	-	-	-	28,591	30,291	-	-	37,201	41,798	48,208
Transfers recognised - capital	-	-	-	28,591	30,291	-	-	37,201	41,798	48,208
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	28,591	30,291	-	-	37,201	41,798	48,208
Financial position										
Total current assets	-	-	-	11,465	11,462	-	-	12,266	14,267	16,267
Total non current assets	-	-	-	30,207	31,907	-	-	68,803	109,101	155,809
Total current liabilities	-	-	-	8,596	8,596	-	-	9,096	9,596	10,096
Total non current liabilities	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	-	-	-	33,076	34,773	-	-	71,973	113,771	161,979
Cash flows										
Net cash from (used) operating	-	-	-	29,533	31,229	-	-	37,858	44,396	50,842
Net cash from (used) investing	-	-	-	(28,591)	(30,291)	-	-	(37,201)	(41,798)	(48,208)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	2,566	2,563	-	1,625	3,220	5,818	8,452
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	4,792	4,788	-	-	5,445	8,044	10,677
Application of cash and investments	-	-	-	1,412	858	-	-	651	815	1,268
Balance - surplus (shortfall)	-	-	-	3,379	3,930	-	-	4,794	7,229	9,409
Asset management										
Asset register summary (WDV)	-	-	-	30,137	31,837	-	68,734	68,734	109,031	155,740
Depreciation & asset impairment	-	-	-	-	-	-	304	304	1,500	1,500
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	850	805	-	1,203	1,203	1,278	1,353
Free services										
Cost of Free Basic Services provided	-	-	-	800	1,700	-	2,800	2,800	2,974	3,149
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

4.2.2 Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)

EC152 Ntabankulu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue - Standard	1									
<i>Governance and administration</i>		-	-	-	64,543	67,999	-	83,111	92,163	101,258
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	64,543	67,999	-	83,111	92,163	101,258
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	-	-	-	64,543	67,999	-	83,111	92,163	101,258
Expenditure - Standard										
<i>Governance and administration</i>		-	-	-	26,176	28,176	-	32,715	36,351	38,209
Executive and council		-	-	-	7,734	8,666	-	8,086	8,587	9,094
Budget and treasury office		-	-	-	6,537	7,437	-	10,387	12,722	13,228
Corporate services		-	-	-	11,906	12,073	-	14,242	15,042	15,888
<i>Community and public safety</i>		-	-	-	5,471	5,418	-	7,437	7,899	8,365
Community and social services		-	-	-	4,246	4,042	-	5,738	6,094	6,453
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1,225	1,376	-	1,700	1,805	1,911
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	3,115	3,227	-	4,492	4,770	5,052
Planning and development		-	-	-	2,753	2,758	-	3,524	3,742	3,963
Road transport		-	-	-	362	469	-	968	1,028	1,089
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	1,186	886	-	1,266	1,344	1,424
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1,186	886	-	1,266	1,344	1,424
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	-	-	-	35,948	37,707	-	45,910	50,365	53,050
Surplus/(Deficit) for the year		-	-	-	28,596	30,292	-	37,201	41,798	48,208

4.2.3 Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)

EC152 Ntabankulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue by Vote	1									
Vote1 - Council		-	-	-	-	-	-	-	-	-
Vote2 - Office of Municipal Manager		-	-	-	-	-	-	-	-	-
Vote3 - Budget and Treasury		-	-	-	64,543	67,999	-	83,111	92,163	101,258
Vote4 - Strategic		-	-	-	-	-	-	-	-	-
Vote5 - HR		-	-	-	-	-	-	-	-	-
Vote6 - Infrastructure		-	-	-	-	-	-	-	-	-
Vote7 - Public Safety		-	-	-	-	-	-	-	-	-
Vote8 - Traffic Department		-	-	-	-	-	-	-	-	-
Vote9 - Refuse Department		-	-	-	-	-	-	-	-	-
Vote10 - Cemetry and Pound		-	-	-	-	-	-	-	-	-
Vote11 - Community Services		-	-	-	-	-	-	-	-	-
Vote12 - Corporate and Administration		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	64,543	67,999	-	83,111	92,163	101,258
Expenditure by Vote to be appropriated	1									
Vote1 - Council		-	-	-	6,139	6,122	-	6,281	6,671	7,064
Vote2 - Office of Municipal Manager		-	-	-	1,595	2,545	-	1,804	1,916	2,029
Vote3 - Budget and Treasury		-	-	-	6,537	7,437	-	10,387	12,722	13,228
Vote4 - Strategic		-	-	-	4,864	5,049	-	5,603	5,950	6,301
Vote5 - HR		-	-	-	955	1,042	-	1,877	1,994	2,112
Vote6 - Infrastructure		-	-	-	2,753	2,758	-	3,524	3,742	3,963
Vote7 - Public Safety		-	-	-	1,225	1,376	-	1,700	1,805	1,911
Vote8 - Traffic Department		-	-	-	362	469	-	968	1,028	1,089
Vote9 - Refuse Department		-	-	-	1,186	886	-	1,266	1,344	1,424
Vote10 - Cemetry and Pound		-	-	-	423	423	-	726	771	817
Vote11 - Community Services		-	-	-	3,823	3,619	-	5,012	5,322	5,636
Vote12 - Corporate and Administration		-	-	-	6,087	5,982	-	6,762	7,099	7,476
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	35,948	37,707	-	45,910	50,365	53,050
Surplus/(Deficit) for the year	2	-	-	-	28,596	30,292	-	37,201	41,798	48,208

4.2.4 Table A4 : Budget financial performance (revenue and expenditure)

EC152 Ntabankulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue By Source											
Property rates	2	-	-	-	1,900	1,120	-	-	1,184	1,257	1,331
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	20	20	-	-	21	22	24
Service charges - refuse revenue	2	-	-	-	60	60	-	-	63	67	71
Service charges - other					73	73			77	82	87
Rental of facilities and equipment					617	653			858	911	965
Interest earned - external investments					110	110					
Interest earned - outstanding debtors											
Dividends received											
Fines					25	25			600	637	675
Licences and permits											
Agency services											
Transfers recognised - operational					34,959	34,959			44,947	49,510	54,184
Other revenue	2	-	-	-	10	4,210	-	-	11	11	12
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)					37,774	41,230	-	-	47,761	52,499	57,349
Expenditure By Type											
Employee related costs	2	-	-	-	15,693	15,693	-	-	19,656	20,832	22,028
Remuneration of councillors					5,545	5,545			5,755	6,112	6,472
Debt impairment	3	-	-	-	500	500	-	-	800	850	900
Depreciation & asset impairment	2	-	-	-	-	-	-	-	304	1,500	1,500
Finance charges					50	50			50	53	56
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services					-	-	-	-	-	-	-
Transfers and grants					-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	14,160	15,919	-	-	19,346	21,018	22,094
Loss on disposal of PPE											
Total Expenditure					35,948	37,707	-	-	45,910	50,365	53,050
Surplus/(Deficit)					1,826	3,523	-	-	1,851	2,134	4,299
Transfers recognised - capital					26,769	26,769			35,350	39,664	43,909
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions					28,596	30,292	-	-	37,201	41,798	48,208
Taxation											
Surplus/(Deficit) after taxation					28,596	30,292	-	-	37,201	41,798	48,208
Attributable to minorities											
Surplus/(Deficit) attributable to municipality					28,596	30,292	-	-	37,201	41,798	48,208
Share of surplus/ (deficit) of associate	7	-	-	-							
Surplus/(Deficit) for the year					28,596	30,292	-	-	37,201	41,798	48,208

4.2.5 Table A5 : Budgeted capital expenditure by vote and funding

EC152 Ntbankulu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote1 - Council		-	-	-	-	-	-	-	-	-	-
Vote2 - Office of Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote3 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote4 - Strategic		-	-	-	-	-	-	-	-	-	-
Vote5 - HR		-	-	-	-	-	-	-	-	-	-
Vote6 - Infrastructure		-	-	-	-	-	-	-	-	-	-
Vote7 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote8 - Traffic Department		-	-	-	-	-	-	-	-	-	-
Vote9 - Refuse Department		-	-	-	-	-	-	-	-	-	-
Vote10 - Cemetry and Pound		-	-	-	-	-	-	-	-	-	-
Vote11 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote12 - Corporate and Administration		-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote1 - Council		-	-	-	-	-	-	-	-	-	-
Vote2 - Office of Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote3 - Budget and Treasury		-	-	-	-	-	-	500	-	-	-
Vote4 - Strategic		-	-	-	-	-	-	-	-	-	-
Vote5 - HR		-	-	-	-	-	-	-	-	-	-
Vote6 - Infrastructure		-	-	-	27,951	27,151	-	35,751	41,097	45,342	-
Vote7 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote8 - Traffic Department		-	-	-	-	-	-	-	-	-	-
Vote9 - Refuse Department		-	-	-	-	-	-	-	-	-	-
Vote10 - Cemetry and Pound		-	-	-	-	-	-	-	-	-	-
Vote11 - Community Services		-	-	-	-	2,500	-	-	-	-	2,124
Vote12 - Corporate and Administration		-	-	-	640	640	-	950	701	742	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	28,591	30,291	-	37,201	41,798	48,208	-
Total Capital Expenditure - Vote		-	-	-	28,591	30,291	-	37,201	41,798	48,208	-
Capital Expenditure - Standard											
Governance and administration		-	-	-	640	640	-	950	701	742	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	640	640	-	950	701	742	-
Community and public safety		-	-	-	-	2,500	-	-	-	2,124	-
Community and social services		-	-	-	-	2,500	-	-	-	2,124	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	27,951	27,151	-	35,751	41,097	45,342	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	27,951	27,151	-	35,751	41,097	45,342	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	500	-	-	-
Total Capital Expenditure - Standard	3	-	-	-	28,591	30,291	-	37,201	41,798	48,208	-
Funded by:											
National Government		-	-	-	28,591	30,291	-	37,201	41,798	48,208	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	28,591	30,291	-	37,201	41,798	48,208	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	7	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	-	-	-	28,591	30,291	-	37,201	41,798	48,208	-

4.2.6 Table A6 : Budgeted financial position

EC152 Ntbankulu - Table A6 Budgeted Financial Position

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
ASSETS											
Current assets											
Cash					2,566	2,563			3,220	5,818	8,452
Call investment deposits	1	-	-	-	2,156	2,156	-	-	2,156	2,156	2,156
Consumer debtors	1	-	-	-	2,946	2,946	-	-	3,094	2,495	1,862
Other debtors					3,797	3,797			3,797	3,797	3,797
Current portion of long-term receivables											
Inventory	2										
Total current assets		-	-	-	11,465	11,462	-	-	12,266	14,267	16,267
Non current assets											
Long-term receivables											
Investments					70	70			70	70	70
Investment property											
Investment in Associate											
Property, plant and equipment	3	-	-	-	30,137	31,837	-	-	68,734	109,031	155,740
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		-	-	-	30,207	31,907	-	-	68,803	109,101	155,809
TOTAL ASSETS		-	-	-	41,672	43,369	-	-	81,070	123,367	172,076
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	311	311	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	-	-	-	6,087	6,087	-	-	6,398	6,398	6,398
Provisions					2,198	2,198			2,698	3,198	3,698
Total current liabilities		-	-	-	8,596	8,596	-	-	9,096	9,596	10,096
Non current liabilities											
Borrowing											
Provisions											
Total non current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		-	-	-	8,596	8,596	-	-	9,096	9,596	10,096
NET ASSETS	5	-	-	-	33,076	34,773	-	-	71,973	113,771	161,979
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)					33,076	34,773			71,973	113,771	161,979
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	33,076	34,773	-	-	71,973	113,771	161,979

4.2.7 Table A7 : Budgeted cash flows

EC152 Ntbankulu - Table A7 Budgeted Cash Flows

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other					2,815	6,271			1,867	2,737	2,899
Government - operating	1				34,959	34,959			44,947	49,510	54,184
Government - capital	1				26,769	26,769			35,350	39,664	43,909
Interest											
Dividends											
Payments											
Suppliers and employees					(34,961)	(36,720)			(44,256)	(47,462)	(50,094)
Finance charges					(50)	(50)			(50)	(53)	(56)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	29,533	31,229	-	-	37,858	44,396	50,842
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (Increase) in non-current investments											
Payments											
Capital assets					(28,591)	(30,291)			(37,201)	(41,798)	(48,208)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	(28,591)	(30,291)	-	-	(37,201)	(41,798)	(48,208)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	941	938	-	-	657	2,598	2,634
Cash/cash equivalents at the year begin:	2				1,625	1,625		1,625	2,563	3,220	5,818
Cash/cash equivalents at the year end:	2				2,566	2,563		1,625	3,220	5,818	8,452

4.2.8 Table A8 : Cash backed reserves / accumulate surplus reconciliation

EC152 Ntabankulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	2,566	2,563	-	1,625	3,220	5,818	8,452
Other current investments > 90 days		-	-	-	2,156	2,156	-	(1,625)	2,156	2,156	2,156
Non current assets - Investments	1	-	-	-	70	70	-	-	70	70	70
Cash and investments available:		-	-	-	4,792	4,788	-	-	5,445	8,044	10,677
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	1,412	858	-	-	651	815	1,268
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	-	1,412	858	-	-	651	815	1,268
Surplus(shortfall)		-	-	-	3,379	3,930	-	-	4,794	7,229	9,409

4.2.9 Table A9 : Asset management

EC152 Ntabankulu - Table A9 Asset Management

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	-	28,591	30,291	-	37,201	41,798	48,208
Infrastructure - Road transport		-	-	-	27,951	27,151	-	36,051	41,415	45,679
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	27,951	27,151	-	36,051	41,415	45,679
Community		-	-	-	-	2,500	-	-	-	2,124
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	640	640	-	1,150	382	405
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	27,951	27,151	-	36,051	41,415	45,679
Infrastructure - Road transport		-	-	-	27,951	27,151	-	36,051	41,415	45,679
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	27,951	27,151	-	36,051	41,415	45,679
Community		-	-	-	-	2,500	-	-	-	2,124
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	640	640	-	1,150	382	405
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	28,591	30,291	-	37,201	41,798	48,208
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport					29,497	28,697		64,444	104,359	148,538
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure					29,497	28,697		64,444	104,359	148,538
Community						2,500		2,500	2,500	4,624
Heritage assets										
Investment properties										
Other assets					640	640		1,790	2,172	2,577
Agricultural Assets										
Biological assets										
Intangibles										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	30,137	31,837	-	68,734	109,031	155,740
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		-	-	-	-	-	-	304	1,500	1,500
Repairs and Maintenance by Asset Class	3	-	-	-	850	805	-	1,203	1,278	1,353
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	400	-	-	300	319	337
Infrastructure		-	-	-	400	-	-	300	319	337
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	450	805	-	903	959	1,016
TOTAL EXPENDITURE OTHER ITEMS		-	-	-	850	805	-	1,507	2,778	2,853
% of capital exp on renewal of assets		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	2.8%	2.5%	0.0%	1.8%	1.2%	0.9%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	3.0%	3.0%	0.0%	2.0%	1.0%	1.0%

4.2.10 Table SA36 : Capital Budget

EC152 Ntabankulu - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref.	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2008/9	Current Year 2009/10 Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>														
Community Services					<i>Examples</i> Community Asset	<i>Examples</i> Community Hall			2,500			2,124		New
Corporate and Administration					<i>Other assets</i>	<i>Other Assets</i>				1,150	382	405		New
Infrastructure					Infrastructure - Road transport	Roads, Pavements & Bridges				36,051	41,415	45,679		New
Total Capital expenditure	1									37,201	41,798	48,208		
Entities: <i>List all capital projects grouped by Entity</i>														
Entity A Water project A														
Entity B Electricity project B														
Total Capital expenditure	2									-	-	-		

References

5 Budget Process Overview

5.1 Background

Integrated Development Planning is a process through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a product of the IDP process. The NLM IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in the municipality. Through Integrated Development Planning which necessitates the involvement of all relevant stakeholders, a municipality:

- Identifies its key development priorities;
- Formulates a clear vision, mission and values;
- Formulates appropriate strategies;
- Develops the appropriate organisational structure and systems to realise the vision and mission; and
- Aligns resources with the developmental priorities.

In terms of the Systems Act, all municipalities have to undertake an IDP process to produce IDPs. As the IDP is a legislative requirement it has a legal status and supersedes all other plans that guide development at local government level.

In a nutshell, the IDP process entails an assessment of the existing level of development and the identification of key development priorities. The vision and mission statements for the long-term development flow from the aforesaid, with specific reference to critical developmental and internal transformational needs. The development strategies and objectives will be directed at bridging the gap between the existing level of development and the vision and mission. A very critical phase of the IDP process is to link planning to the municipal budget (i.e. allocation of internal or external funding to the identified projects); because this will ensure that the IDP directs the development and implementation of projects.

During the past nine years we have made definite progress in enabling the people of this region to enjoy the fruits of liberation and democracy. We have seen substantial improvements made in providing healthcare, building houses and providing sanitation and the bucket system has been eradicated. We have laid a solid foundation and are on course to improving the lives of our communities. As we celebrate the change in our communities, we are also aware of the many challenges we still face. Our fight against poverty and underdevelopment will be further intensified. Our responsibility as a sphere of government is to ensure that the quality of life of all who live and work in Ntabankulu is improved. We will continue to engage in both progressive and meaningful discussions with our communities to shape a clear path from which governance and development will draw guidance and direction. The council will continue to pursue and encourage community participation programmes, to ensure that our plans are in line with community needs.

We have a responsibility to contribute to the process of transforming the lives of our people from the conditions of abject poverty and underdevelopment. In our fight against poverty and underdevelopment, we are committed to ensuring that equitable

service delivery becomes the norm in Ntabankulu. For this reason NLM has to focus inter alia, on the following:

- Build sustainable communities by paying special attention to health education, service delivery, human settlements, environment and safety;
- Develop infrastructure to equalise services upgrade and ensure accessibility and unity in Ntabankulu;
- Grow the economy to be linked with the national and provincial economies, empower the people of the region and build required skills; and
- Developing and implementing integrated plans and strategies for economic and social development; service delivery; infrastructure development; provision of basic services; human development; safety and security; participatory governance; youth development; women empowerment; building integrated and sustainable communities and protection of the environment.

REVIEW OF THE INTEGRATED DEVELOPMENT PLAN

Guiding Principles

The review of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act was guided and informed by the following principles:

- It must support and work towards achieving the Vision, Mission, Values and the Strategic Priorities of the NLM;
- Focus on service delivery in terms of the eradication of backlogs and the maintenance of infrastructure;
- Address community priorities (needs) as identified in the 2009-2013 IDP as well as newly identified priorities; and
- The review of the IDP focused on formulating measurable performance indicator targets for five, three and one year. These targets informed the preparation of the multi-year budgets, as well as the SDBIP.

All departmental plans must have been submitted via the IDP Representative Forum to the Council Strategic Session Steering Committees for formal approval. This must go hand-in-hand with the departmental budgets and the SDBIP.

Departments were requested to ensure that the numbers of the various wards, in which projects identified in the budget will be implemented, are correct as this has been an ongoing problem over the past few years.

The deadlines in the process plan for the Review of the IDP and preparation of the Multi-Year Budget for the 2010/11 year is reflected below:

NO	ACTION	PURPOSE	RESPONSIBLE PERSON	TARGET DATE
	August 2009 – December 2009			
1	Engagement of Management on 2010/2011 IDP, Budget, PMS Process Plan review	To seek HOD's input on the process to be followed	MM	03/08/2009

2	Presentation of draft process plan to EXCO	To solicit approval of the Process Plan by the Executive Committee	MM/IDP Coordinator	14/08/2009
3	Alignment of process plan to District Framework Plan	Alignment of planning processes with the District Municipality	MM/IDP Coordinator	21/08/2009
4	Presentation of Process Plan to the Council	Approval of the Process Plan by the Council	COUNCIL/MM	31/08/2009

January-March 2010

5	Inter-sectoral Launch & IDP Engagement Meeting	Inter-sectoral Launch & Progress Reports for 2009/2010 financial year from all stakeholders	MM/COUNCIL	26 th - 27 th January 2010
6	Extended Executive Committee Legotla	Six months progress reports for 09/10 financial year & SDBIP Review (turnaround plans)	MM/COUNCIL	8 th - 11 th February 2010
7	<p>Standing Committee Meetings</p> <ul style="list-style-type: none"> ✓ Land, Housing & Traditional Affairs @ 10h00 15/02/2010 ✓ Protection, Public Safety, Traffic & Crime Prevention @ 10h00 15/02/2010 ✓ Infrastructure, Capital & Maintenance, Waste Management @14h00 15/02/2010 ✓ Planning, Environment, LED, @10h00 16/02/2010 ✓ Budget, Treasury, Supply Chain Management & Administration, @10h00 16/02/2010 ✓ Community Services, Special Programmes, Communications, @ 14h00 16/02/2010 ✓ Human Resources, Organizational Transformation, Legal Services & Information Technology, @ 14h00 16/02/2010 	2008/2009 Draft Annual Report & 2009/2010 six months progress reports Turnaround Plans	MM/COUNCIL	15 th -16 th February 2010
8	Council Meeting	2008/2009 Draft Annual Report & 2009/2010 six months progress reports Turnaround Plans	MM/COUNCIL	26 th Feb 2010
9	Ward Community Based Planning	Progress Reports 2009/2010 Review ward priorities for 2010/2011 financial year	MM/COUNCIL	3 rd March 2010- 8 th March 2010
10	Ward Conferences (4 Clusters)		MM/COUNCIL	11 th -

	Cluster 1: Ward 1,2 & 8 Cluster 2: Ward 3, 4, 5 & 6 Cluster 3: Ward 9,10, 11 &12 Cluster 4: Ward 13, 14 & 15			15 th March 2010
11	IDP Steering Committee Meeting	2010/2011 Plans and Budget from all stakeholders	MM/COUNCIL	Check in: 16 th -1 March 2010 Check out: 19 th March 2010
12	1 st Council Strategic Session	Prepare Draft IDP and Budget for the 2010/2011 financial year	MM/IDP	22 nd March2 010-26 March 2010
April 2010 – May 2010				
13	Advertise and attain public comment on Draft IDP & Budget, and Council debate	To acquire input from the public/communities on the Draft IDP and Draft Budget for 2010/11	MM/CFO	16/04/2010
14	Service Delivery and Budget Implementation Plan	Employees Strategic Planning Session for 2010/2011	MM	28/04/2010 – 30/04/2010
15	Executive Legotla	To revise the draft IDP, Budget, PMS , Policies & By-laws and taking into consideration MEC's & public comments	MM/CFO	04/05/2010 – 07/05/2010
16	Council Strategic Session 2	Alignment of plans with IDP objectives, strategies & projects with budget	MM/IDP	18/05/2010 – 21/05/2010
June 2009 – August 2010				
17	Review organizational performance score-card.	To monitor performance that may influence possible change in strategies	MM	04/06/2010
18	Adoption of IDP, Budget and PMS by Council	To enable Council to operate in the new year budget & comply with legislation	MM	25/06/2010
19	The Mayor publishes the Approved IDP, Budget & PMS	To account to the communities and all stakeholders	MM/CFO	25/06/2010
20	Completion of Annual Performance contracts by Mayor	To ensure a performance driven management	MM	30/08/2010

Note 1: The IDP/Budget also refers to all other IDP and Budget Related Policies to be reviewed and/or approved

Note 2: SDBIP and Performance Contracts to be included in Budget Approval Process.

Public Consultation and Planning

The NLM is striving to deepen the democratic process of governance in Ntabankulu. Community-Based Planning (CBP) is one of the initiatives identified to achieve this objective. CBP is a planning and implementation process that provides a platform for the communities to engage in interactive participation in planning and decision-making for implementation in their wards.

The municipal planning system, as elaborated in the Municipal Systems Act, 2000, has been formulated to play a critical role in determining how resources are allocated, especially the budgets of the municipality. Our experience over the past few years has clearly demonstrated that unless the community, especially the poor, can influence these budgets, the ability to promote sustainability, a key priority of our IDP, will be limited, as will be the impact of our local democracy.

6 Alignment of Budget with Integrated Development Plan

The IDP, however, contains information on developmental needs submitted by the community that may not be covered in the Budget. There should not be an expectation that everything contained in the IDP is funded. There are numerous needs submitted that are not the responsibility of the NLM, but that of either the National or Provincial governments. However, these inputs will be analysed and discussed with stakeholders such as government departments, ward committees, CDW NGO's and private sector to refine what can be implemented. The funding process is based on the priorities identified in the IDP, as shown in the relevant tables in this document.

7 Budget Related Policies Overview and Amendments

Section 18 of the Municipal Finance Management Act (MFMA) states that the Budget can only be funded by realistically anticipated revenue to be collected, and cash-backed accumulated funds from previous years, which was not committed for other purposes. Furthermore, National Treasury Circular 42 stipulates that the Budget be managed in a full accrual manner reflecting a transparent budget and accounting system approach. The MFMA further requires the municipality to adopt and implement a tariff policy. Council has approved for public participation policies for main services provided by the municipality, which are attached as annexures to this document. Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source as per the requirements of the MFMA (Chapter 4, 17 (1) (a) and (3) (b)).

The policies attached are the following:

- ❑ Indigent Policy for 2010/2011
- ❑ Investment Policy for 2010/2011
- ❑ Property Rates Policy for 2010/2011
- ❑ Property Rates By-law for 2010/2011
- ❑ Write Off Policy for 2010/2011

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 51 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal year	2008/09 Actual	2009/10 Estimate	2010/11	2011/12 Forecast	2012/13
Headline CPI Inflation	9.9%	6.7%	5.7%	6.2%	5.9%

8.2 The inflation rate to be used for calculating wage increases

According to the *SALGA Salary and Wage Collective Agreement 2009/10 to 2011/2012*, the inflation rate to be used for calculating wage increases is the average CPI percentage for the period 1 February 2009 until 31 January 2010, plus 1.5 per cent. According to Statistics South Africa the historical CPI for this period is set at 6.2 per cent year-on-year as at end January 2010.

Historical CPI (January 2010)	6.2%
SALGA addition	1.5%
NT benchmark	7.7%

Consequently, National Treasury suggests that municipalities use 7.7 per cent as a benchmark for determining wage increase for the 2010/11 financial year. Note that Municipal Managers and those employees appointed as managers directly accountable to the Municipal Managers in terms of Section 57(6) if the Municipal Systems Act 32 of 2000 are excluded from the collective agreement.

8.3 For the period 1 July 2010 to 30 June 2011, Eskom will increase the municipal tariff rates for bulk electricity by 28.9 per cent.

8.4 Collection rates

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. Ntabankulu's collection rate is set at an average of 21% and is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period.

9 Funding the Budget (including fiscal overview and sources of funding)

9.1 FUNDING OF THE CAPITAL BUDGET

The 2010/2011 capital budget amounts to just over R26million. External grants of more than R26 million is included in the budget.

9.2 FUNDING OF THE OPERATING BUDGET

The Operating Budget is funded from the following main sources:

- Assessment Rates;
- Tariffs levied for Services, i.e. Refuse Collection; and
- Operating Grants and Subsidies.

Assessment Rates.

The Municipal Property Rates Act will be implemented on July 1 2009. Previously, the assessment rates were levied on land value only, while as from July 1 2009, it will be levied on both land and improvements value. In terms of section 46 of the Act, the market value of a property, if sold on the date of valuation in the open market by a willing seller to a willing buyer, is to be realised in the valuation roll.

Income derived from **services** is mainly used to fund the cost rendering the service (both operating and capital needs).

The income received in the form of the Equitable Share Grant has increased significantly over the past year from R 33 104 000 to R 41 957 000.

10 Annual budgets and service delivery and budget implementation plans – internal departments

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing its delivery of municipal services and its annual budget, and which must indicate the following –

- (a) Monthly projections of –
 - (i) Revenue to be collected, by source, and
 - (ii) Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

The Honourable Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget. In addition, the Honourable Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2010 to 30 June 2011 (the financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 57 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

The SDBIP for the 2010/2011 financial year will be approved by the Executive Mayor in June 2010 following approval of the Budget.

11 Municipal Manager's Quality Certification

I **Mr. TL Manda**, Municipal Manager of the Ntabankulu Local Municipality hereby certify that the budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature

Mr. TL Manda
Municipal Manager
Ntabankulu Local Municipality (EC152)

Date

Annexure

Summary of key issues

Given that the 2010 FIFA Soccer World Cup starts on 11 June 2010, municipalities are advised to finalise and adopt their 2010/11 Budgets and MTREF before this date.

National priorities – doing more with existing resources

1. The challenge for each municipality is to do more within its existing resource envelope.
2. In the run-up to the local government elections, Mayors and councils need to remain focused on the effective delivery of core municipal services, and steer away from seeking to buy political support through patronage.
3. Each municipality must explore how it can contribute to job creation when revising their IDPs and preparing their 2010/11 budgets.
4. Government is taking active steps to uproot the problem of corruption in all three spheres of government, particularly in the tender system. Municipalities must play their part.
5. Municipalities are advised that National Treasury's supply chain compliance unit will also be focusing on municipal procurement processes.

Headline inflation forecasts

6. The headline inflation forecast for 2010/11 is 5.7 per cent. Municipalities must take this into consideration when preparing their budgets.
7. Municipalities should also take into account the wage agreement SALGA concluded with municipal workers unions on 31 July 2009.

Revising rates, tariffs and other charges

8. Municipalities must explore imaginative ways of structuring the tariffs for utility services to encourage more efficient use of these services and to generate the resources required to maintain, renew and expand infrastructure.
9. NERSA is expected to announce the electricity bulk tariff increase on 24 February 2010. In the interim, National Treasury advises municipalities to use 35 per cent.
10. All municipalities should aim to have appropriately structured, cost-reflective water tariffs in place by 2014.
11. Municipalities must note that COGTA is in the process of prescribing a ratio with respect to public benefit organisations relative to residential properties.
12. The verification of existing municipal taxes in terms of section 12 of the Municipal Fiscal Powers and Functions Act continues.

Funding choices and management issues

13. Municipal revenues and cash flows are expected to remain under pressure in 2010/11 and so municipalities should adopt a conservative approach when projecting their expected revenues and cash receipts
14. Municipalities must pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities, such as foreign travel, councillor and staff perks, advertising and public relations activities.
15. Municipalities must also ensure that their capital budgets reflect consistent efforts to address the backlogs in basic services and the refurbishment of existing network services.

16. Municipalities must include a section on 'Drinking water quality and waste water management' in their 2010/11 budget document supporting information
17. Allocations to "Mayoral Discretionary Funds", "Special Projects", "Special Events" or similar discretionary type funds are discouraged.
18. Municipalities are urged to allocate all Ward Allocations in tabled and approved budgets.
19. Municipalities are discouraged from starting projects to build or renovate office buildings, but rather to prioritise service delivery infrastructure.
20. Municipalities are allowed to use future conditional transfers as security for bridging finance to facilitate the implementation of capital projects financed by conditional grants, but only after getting approval from National Treasury.
21. Each municipality must put in place a council approved virements policy, which should provide clear guidance to managers of when they may shift funds between items, projects, programmes and votes.

Conditional transfers to municipalities

22. To bring legal certainty to the process of managing unspent conditional grant funds, section 20 of the 2010 Division of Revenue Bill regulates the process.
23. Municipalities may not rollover unspent conditional grant spending in terms of section 28(2)(e) of the MFMA. Written permission to spend these rolled over funds will be given by National Treasury.

The Municipal Budget and Reporting Regulations

24. All municipalities must prepare budgets, adjustments budgets and in-year reports for the 2010/11 financial year in accordance with the Municipal Budget and Reporting
 - Regulations. In this regard, municipalities must comply with both:
 - The formats set out in Schedules A, B and C; and
 - The relevant attachments to each of the Schedules (the Excel Formats).
25. All municipalities must do a funding compliance assessment of their 2010/11 budgets in
 - accordance with the guidance given in MFMA Circular 42 and the MFMA Funding
 - Compliance Guideline before tabling their budget, and where necessary rework their
 - budget to comply so that they table a properly funded budget.

Budget process and submissions for the 2010/11 MTREF

26. The deadline for the submission of tabled budgets is Friday, 9 April 2010.
27. The deadline for the submission of approved budgets is ten working days after the council approves the annual budget.