



BUDGET 2011/2012 – 2014

30 MARCH 2011

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2. MAYORAL SPEECH

Preamble

Madam Speaker
Members of the Executive Committee
Fellow Councilors
Municipal Manager and Management
Officials Present

Good Morning

Presented to you today is the Draft Integrated Development Plan, Capital and Operating Budgets for the financial years 2011 /2012 to 2013 / 2014 for **approval**. Section 16 (2), of the Municipal Finance Management Act No. 56 of 2003 directs the municipality to **TABLE** the annual budget at least **90 DAYS** before the commencement of the financial year.

Madam Speaker it is quite important that we remind ourselves that we are about to end our term of office in a few months time. The IDP and Budget that I am about to table to this Council will be the last one under our **helm**, and it is wise for us to reflect on our successes during our term of office.

Madam Speaker, a lot of hard work has been undertaken since the IDP, Budget, SDBIP and PMS was tabled to this Council on the **29th June 2010**.

Madam Speaker you will recall that during the past weeks we have engaged government departments, ward committee members, traditional councils, non-governmental organizations and community based organizations in the **Extended IDP Steering Committee**. We further reminded ourselves in the Council Strategic Session our key focus areas for the financial years 2011 /2012 to 2013 / 2014. Our aim with these engagement sessions, was to review IDP objectives, aligned to the **Key performance Areas & Key Performance Indicators of Local Government and Section 152, 153 and 154** of the Constitution of the Republic of South Africa Act 108 of 996 (as amended.)

Section 153 and 154 direct a Municipality to structure its administration in order to encourage growth and development as well as to recognize the coexistence of Municipalities and other spheres of government and thus promote cooperative governance.



CHAPTER 1: DRAFT IDP AND BUDGET.

The community members ward committee members, traditional leadership, non-governmental & community based organizations and government departments have been engaged to enhance the production of a credible IDP and balanced budget.

The IDP for its part is the sum total of what we commit to do as government including the other spheres. Its basis therefore is on **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

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:

- Education
- Health and primary health
- Rural development
- Job creation (SONA and Budget focus)
- Crime and corruption

The draft budget is thus prepared to meet the strategic objectives of the Municipality.

Section 18 of Municipal Finance Management Act No. 56 of 2003 enshrines segments of the budget, budget to clearly set out the revenue by source, the basis of Council Strategic Session that took place on **16th March to 18th March 2011**.

The expected income for 2011/2012 to 2012/2014 guided the municipality to prioritize in line with the municipality's current and future developmental priorities.

The increase on operational budget is informed by the total budgeted revenue and adjustment budget for the 2010/2011 which is **R84 511 600**. Thus increase from **2010/2011 to 2011/2012 is 14%** which is a net of **R11 889 577**.

For ease of reference, the draft budgeted revenue for **MTEF** period is **R96 401 177** as follows:

1.1 TOTAL BUDGETED REVENUE

FINANCIAL YEAR	TOTAL BUDGETED REVENUE
2011/2012	R 96 401 177
2012/2013	R 110 067 083
2013/2014	R 105 590 285.

1.1.1 The table below depicts the Revenue as follows:

DESCRIPTION		2010/2011	REVENUE & EXPENDITURE MTERF 2011/2012-2014		
			2011/2012	2012/2013	2013/2014
	Own Revenue	R4 214 100	R2 949 177	R3 105 483	R3 276 285
	Transfer Grants (Operational Grant)	R44 947 500	R58 788 000	R63 053 000	R67 090 000
	Transfer Grants (Capital Grants)	R35 350 000	R34 664 000	R43 909 000	R35 224 000
	GRAND TOTAL	R84 511 600	R96 401 177	R110 067 483	R105 590 285

1.1.2 The revenue for 2011/2012 as a percentage is made up as follows:

- 1.1.2.1 Own revenue 3% of the total revenue
- 1.1.2.2 Grant funded revenue
 - 1.1.2.2.1 Operational 61% of the total revenue
 - 1.1.2.2.2 Capital 36% of the total revenue

1.2 SOURCES OF INCOME

1.2.1 The various revenue sources per categories are funded as depicted in the Table below:

Source of Funding	Amount Allocated per Budget	
Own Revenue	R2 949 177	
	Rates & Taxes	R1 240 644
	Refuse Fees	R 66 464
	Traffic Fines	R 628 500
	Septic Tanker	R 22 155
	Lease Rentals	R 880 320
	Hall Hire	R 18 832
	Pound	R 66 464
	Cemetery	R 3 323
	Tender	R 11 077
	Advertising	R 11 077
Operational Grants	R58 788 000	
	Equitable Share	R54 929 000
	Expanded Public Works Programme	R 1 444 000
	Integrated Development Framework	R 120 000
	Financial Management Grant	R 1 500 000
	Municipal Systems Improvement Grant	R 790 000
Capital Grants	R34 664 000	
	Municipal Infrastructure Grant	R19 664 000
	Electrification Grant	R15 000 000

1.3 TOTAL BUDGETED EXPENDITURE

The draft budget makes provision for all the functions and responsibilities of the municipality as follows:

		REVENUE & EXPENDITURE MTERF 2011/2012-2014			
Description	2010/2011	2011/2012	2012/2013	2013/2014	
Salaries & Wages	R26 447 560	R30 260 085	R31 849 847	R33 579 525	
General Expenses	R18 569 984	R26 796 343	R28 179 879	R29 643 372	
Repairs & Maintenance	R 1 543 000	R 1 180 000	R2 226 640	R3 049 105	
Provisions	R 1 050 000	R2 432 000	R4 740 784	R5 001 527	
Capital Expenditure	R36 900 520	R35 732 000	R43 067 477	R34 316 193	
GRAND TOTAL	R84 511 064	R96 400 428	R110 064 627	R105 589 722	

1.4 PERCENTAGE ALLOCATION FOR 2011/2012 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	31 %
General expenditure	28 %
Repairs and Maintenance	1 %
Provisions	3 %
Capital Expenditure	37 %
TOTAL %	100 %

The total budgeted expenditure has increased by 14% in 2011/2012.



CHAPTER 2: SECTOR PLANS

2.1 INTEGRATED WASTE MANAGEMENT PLAN

A Municipality is assigned powers and functions which it must perform in order to realize the objects of local government. As such cleansing, refuse removal, refuse dumps and solid waste disposal is a function assigned to local municipalities.

The roles and responsibilities in terms of the National Waste Management Strategy for local government include:

- Integrated waste management planning
- Waste information system
- Waste minimization
- Recycling.
- Waste collection and transportation
- Waste disposal

It is on this basis that we present today,

2.1.1 Ntabankulu Integrated Waste Management Plan for approval

2.2 DRAFT SPATIAL DEVELOPMENT FRAMEWORK

IDP has to be about: "a participatory approach to integrate **economic, sectoral, spatial, social, institutional, environmental and fiscal strategies** in order to support the optimal allocation of scarce resources between sectors and geographical areas & across the population in a manner that provides sustainable growth, equity & empowerment of the poor and marginalized" FEPD 1995.

It is upon this background that we present today,

2.2.1 Draft Spatial Development Framework for approval

3 BUDGET RELATED RESOLUTIONS

Budget for 2011/12

3.1 Council resolves that the draft multi-year annual budget of capital and operating expenditure for 2011/2012 and the indicated two outer years of 2012/2013 and 2013/2014 which will be tabled for public scrutiny and input be approved for community consultation as set out by the following amended tables:

- Budget summary

Property Rates and other Municipal Tax

3.2 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 2011 to 30 June 2012, provided that rebates, as indicated, on application be allowed:

Tariffs and Charges

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

SCHEDULE OF MUNICIPAL TARIFFS		
Service Type	Category of Use/Users	Amount
Property rates		R0,02(0.0125)
Refuse removal	Domestic & Government	R55+5% as per circular 48
	Business	R70
Burial and cemeteries	Double grave	R190
	Single grave	R100
Use of sports facilities		
Library membership fee		R50 per annum
Rental: Office	Municipal flat	R350 per month

	Municipal Office	R500.00 per month
Rental: Municipal halls		R150 for 6hrs
		R250 for more than 6hrs
Building plan fees		R4.00 per sqm
Trading tariffs	<ul style="list-style-type: none"> • Hawkers License <ul style="list-style-type: none"> ✓ Fruit & Vegetable ✓ Clothing • Business License- General Dealer • Taverns, Sheebens, Public Phone & Bookshop • Others • Advertising (determined by the size) 	<ul style="list-style-type: none"> R50, 00 R70, 00 R500, 00 R450, 00 R200, 00 From a minimum fee of R30.00 per month
Clearance certificates		R10.00
Pound fees	Large livestock	R15 per day
	Small livestock	R10 per day
	Pigs(trespass)	R100
	Sustenance(pigs)	R30 per day
	Sustenance(Livestock)	R10 per day
Registration/ License Fees		R110 per annum
Waste removal Fees		R50
Garden waste removal fees		R20

Integrated Development Plan

- 3.4 Council resolves to approve the publication of the Integrated Development Plan for public scrutiny.

Budget Related Polices

- 3.5 Council resolves that the following Budget polices be made available for public participation.
- PRINCIPLES AND POLICY ON THE WRITING OFF OF IRRECOVERABLE DEBT
 - PROPERTY RATES POLICY – DRAFT
 - INDIGENT POLICY FOR 2011-12 FIN YEAR
 - PRINCIPLES AND POLICY ON CASH MANAGEMENT AND INVESTMENT OF FUNDS

Cashflow

- 3.6 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 2011/12 financial year:-

- ❑ Growth
- ❑ Inclusiveness and public participation
- ❑ Sustainability
- ❑ Empowerment
- ❑ Political stability
- ❑ Administrative efficiency

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 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.

4.1.2 Key assumptions

4.1.2.a National Treasury provided guidance in MFMA Circular No. 55 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal year	2009/10 Actual	2010/11 Estimate	2011/12	2012/13 Forecast	2013/14
Headline CPI Inflation	6.3%	4.2%	4.8%	5.3%	5.5%

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 2010 until 31 January 2011, plus 2 per cent. According to Statistics South Africa the historical CPI for this period is set at 4.08 per cent year-on-year as at end January 2010.

Historical CPI (January 2011)	4.08%
SALGA addition	2%
NT benchmark	6.08%

Consequently, National Treasury suggests that municipalities use 6.08 per cent as a benchmark for determining wage increase for the 2011/12 financial year. Note that Municipal Managers and those employees appointed as managers directly accountable to the Municipal Managers in terms of Section 57(6) of the Municipal Systems Act 32 of 2000 are excluded from the collective agreement.

4.1.2.c For the period 1 July 2011 to 30 June 2012, Eskom will increase the municipal tariff rates for bulk electricity by 26.71 per cent.

4.1.3 National Treasury guide lines in terms of allocations

MFMA Circular No. 55 states:

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. 55 are set out in **ANNEXURE A**

4.2 BUDGET SCHEDULES

4.2.1 Table A1 : Budget summary

EC152 Ntabankulu - Table A1 Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousands										
Financial Performance										
Property rates	1,339	1,800	1,120	1,184	1,184	1,184	1,184	1,241	1,306	1,378
Service charges	124	144	153	162	162	162	162	89	93	98
Investment revenue	-	400	-	-	-	-	-	-	-	-
Transfers recognised - operational	-	38,548	34,959	44,947	44,947	44,947	44,947	58,788	63,053	67,090
Other own revenue	-	5,104	4,998	1,469	2,869	2,869	2,869	1,620	1,706	1,800
Total Revenue (excluding capital transfers and contributions)	1,463	45,996	41,230	47,761	49,161	49,161	49,161	61,737	66,158	70,366
Employee costs	-	13,467	15,693	19,656	20,458	20,458	20,458	22,501	23,679	24,960
Remuneration of councillors	-	5,522	5,545	5,755	5,755	5,755	5,755	7,759	8,170	8,620
Depreciation & asset impairment	-	-	-	304	304	304	304	304	2,500	2,638
Finance charges	-	80	50	50	50	50	50	52	55	58
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	11,652	16,419	20,146	21,113	21,113	21,113	28,872	28,049	29,505
Total Expenditure	-	30,721	37,707	45,910	47,680	47,680	47,680	56,488	62,454	65,780
Surplus/(Deficit)	1,463	15,275	3,523	1,851	1,481	1,481	1,481	2,249	3,705	4,586
Transfers recognised - capital	-	14,544	12,601	35,350	35,350	35,350	35,350	34,664	43,909	35,224
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,463	29,819	16,124	37,201	36,831	36,831	36,831	36,913	47,614	39,810
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1,463	29,819	16,124	37,201	36,831	36,831	36,831	36,913	47,614	39,810
Capital expenditure & funds sources										
Capital expenditure	16,445	13,619	30,291	37,201	36,901	36,901	36,901	35,732	43,067	34,316
Transfers recognised - capital	13,385	10,956	30,291	37,201	37,201	37,201	37,201	35,732	43,067	34,316
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	13,385	10,956	30,291	37,201	37,201	37,201	37,201	35,732	43,067	34,316
Financial position										
Total current assets	-	-	11,462	17,146	17,146	17,146	17,146	12,171	14,757	19,680
Total non current assets	-	400	31,907	68,803	68,803	68,803	68,803	14,266	23,102	35,614
Total current liabilities	-	-	6,398	9,096	9,096	6,398	6,398	7,161	9,720	10,255
Total non current liabilities	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	35,944	13,618	31,229	37,858	37,858	37,858	37,858	35,733	43,070	34,317
Net cash from (used) investing	(16,445)	(13,619)	(30,291)	(37,201)	(37,201)	(37,201)	(37,201)	(35,732)	(43,067)	(34,316)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	19,499	19,498	20,436	657	657	657	657	1	4	4
Cash backing/surplus reconciliation										
Cash and investments available	-	400	4,789	5,445	5,445	5,445	5,445	4,756	6,421	10,518
Application of cash and investments	-	-	858	702	990	990	990	8,265	(1,450)	(2,064)
Balance - surplus (shortfall)	-	400	3,931	4,743	4,455	4,455	4,455	(3,509)	7,871	12,581
Asset management										
Asset register summary (WDV)	16,445	13,619	31,837	37,201	36,901	36,901	35,732	35,732	43,067	34,316
Depreciation & asset impairment	-	-	-	304	304	304	304	304	2,500	2,638
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	1,205	1,203	1,543	1,543	1,180	1,180	2,227	3,049
Free services										
Cost of Free Basic Services provided	-	1,226	2,913	2,800	2,800	2,800	3,033	3,033	3,509	3,702
Revenue cost of free services provided	-	-	-	50	50	50	50	50	50	50
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	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		35,944	45,996	67,999	83,111	84,511	84,511	96,401	110,067	105,590
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		35,944	45,996	67,999	83,111	84,511	84,511	96,401	110,067	105,590
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	35,944	45,996	67,999	83,111	84,511	84,511	96,401	110,067	105,590
Expenditure - Standard										
<i>Governance and administration</i>		9,663	19,377	28,176	32,715	33,054	33,054	36,457	40,413	42,527
Executive and council		5,947	7,195	8,666	8,086	8,384	8,384	10,638	11,201	11,817
Budget and treasury office		2,762	6,014	7,437	10,387	10,387	10,387	14,881	17,739	18,638
Corporate services		954	6,168	12,073	14,242	14,283	14,283	10,938	11,473	12,072
<i>Community and public safety</i>		1,972	1,036	5,418	7,437	7,938	7,938	9,755	10,272	10,837
Community and social services		1,212	1,036	4,042	5,738	6,196	6,196	7,582	7,984	8,423
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		760	-	1,376	1,700	1,742	1,742	2,173	2,288	2,414
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2,540	9,682	3,227	4,492	4,610	4,610	12,385	13,041	13,758
Planning and development		1,624	9,682	2,758	3,524	3,610	3,610	10,997	11,580	12,217
Road transport		916	-	469	968	1,000	1,000	1,387	1,461	1,541
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		697	-	886	1,266	1,311	1,311	1,792	1,887	1,991
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		697	-	886	1,266	1,311	1,311	1,792	1,887	1,991
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	14,872	30,095	37,707	45,910	46,913	46,913	60,388	65,613	69,113
Surplus/(Deficit) for the year		21,072	15,901	30,292	37,201	37,598	37,598	36,013	44,455	36,477

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 R thousand	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Expenditure Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
Revenue by Vote	1								
Vote1 – Council		-	-	-	-	-	-	-	-
Vote2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-
Vote3 - Budget and Treasury		35,944	45,996	67,999	83,111	84,511	84,511	96,401	110,000
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		-	-	-	-	-	-	-	-
Vote13 - Example 13		-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-
Total Revenue by Vote	2	35,944	45,996	67,999	83,111	84,511	84,511	96,401	110,000
Expenditure by Vote to be appropriated	1								
Vote1 – Council		4,913	5,835	6,122	6,281	6,516	6,516	8,209	8,600
Vote2 - Office of the Municipal Manager		1,034	1,360	2,545	1,804	1,867	1,867	2,428	2,500
Vote3 - Budget and Treasury		2,762	6,014	7,437	10,387	10,941	10,941	14,881	17,700
Vote4 – Strategic		1,623	5,172	5,049	5,603	5,712	5,712	7,112	7,400
Vote5 – HR		954	6,168	1,042	1,877	1,919	1,919	2,139	2,200
Vote6 - Infrastructure		2	4,510	2,758	3,524	3,610	3,610	3,885	4,000
Vote7 - Public Safety		760	-	1,376	1,700	1,742	1,742	2,173	2,200
Vote8 - Traffic Department		916	-	469	968	1,000	1,000	1,387	1,400
Vote9 - Refuse Department		697	-	886	1,266	1,311	1,311	1,792	1,800
Vote10 - Cemetry and Pound		548	-	423	726	756	756	824	800
Vote11 - Community Services		665	1,036	3,619	5,012	5,440	5,440	6,758	7,100
Vote12 - Corporate and Administration		-	-	5,982	6,762	6,762	6,762	8,799	9,200
Vote13 - Example 13		-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	14,872	30,095	37,707	45,910	47,577	47,577	60,388	65,600
Surplus/(Deficit) for the year	2	21,072	15,901	30,292	37,201	36,935	36,935	36,013	44,400

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

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

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Revenue By Source											
Property rates	2	1,339	1,800	1,120	1,184	1,184	1,184	1,184	1,241	1,306	1,378
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	20	21	21	21	21	22	23	25
Service charges - refuse revenue	2	124	100	60	63	63	63	63	66	70	74
Service charges - other			44	73	77	77	77	77			
Rental of facilities and equipment			305	653	858	858	858	858	899	947	999
Interest earned - external investments			400								
Interest earned - outstanding debtors				110							
Dividends received											
Fines			150	25	600	600	600	600	629	662	699
Licences and permits											
Agency services											
Transfers recognised - operational			38,548	34,959	44,947	44,947	44,947	44,947	58,788	63,053	67,090
Other revenue	2	-	4,649	4,210	11	1,411	1,411	1,411	92	97	102
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		1,463	45,996	41,230	47,761	49,161	49,161	49,161	61,737	66,158	70,366
Expenditure By Type											
Employee related costs	2	-	13,467	15,693	19,656	20,458	20,458	20,458	22,501	23,679	24,960
Remuneration of councillors			5,522	5,545	5,755	5,755	5,755	5,755	7,759	8,170	8,620
Debt impairment	3		100	500	800	800	800	800	800	842	889
Depreciation & asset impairment	2	-	-	-	304	304	304	304	304	2,500	2,638
Finance charges			80	50	50	50	50	50	52	55	58
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services											
Transfers and grants											
Other expenditure	4, 5	-	11,552	15,919	19,346	20,313	20,313	20,313	28,072	27,206	28,616
Loss on disposal of PPE											
Total Expenditure		-	30,721	37,707	45,910	47,680	47,680	47,680	59,488	62,454	65,780
Surplus/(Deficit)		1,463	15,275	3,523	1,851	1,481	1,481	1,481	2,249	3,705	4,586
Transfers recognised - capital			14,544	12,601	35,350	35,350	35,350	35,350	34,664	43,909	35,224
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		1,463	29,819	16,124	37,201	36,831	36,831	36,831	36,913	47,614	39,810
Taxation											
Surplus/(Deficit) after taxation		1,463	29,819	16,124	37,201	36,831	36,831	36,831	36,913	47,614	39,810
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		1,463	29,819	16,124	37,201	36,831	36,831	36,831	36,913	47,614	39,810
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		1,463	29,819	16,124	37,201	36,831	36,831	36,831	36,913	47,614	39,810

4.2.5 Table A5 : Budgeted capital expenditure by vote and funding

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

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote1 - Council		-	-	-	-	-	-	-	-	-	-
Vote2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote3 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote4 - Strategic		-	-	-	-	-	-	-	-	-	-
Vote5 - HR		-	-	-	-	-	-	-	-	-	-
Vote6 - Infrastructure		-	-	-	-	-	-	-	-	-	-
Vote7 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote8 - Traffic Department		-	-	-	-	-	-	-	-	-	-
Vote9 - Refuse Department		-	-	-	-	-	-	-	-	-	-
Vote10 - Cemetery and Pound		-	-	-	-	-	-	-	-	-	-
Vote11 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote12 - Corporate and Administration		-	-	-	-	-	-	-	-	-	-
Vote13 - Example 13		-	-	-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure, to be appropriated	2										
Vote1 - Council		-	-	-	-	-	-	-	-	-	-
Vote2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote3 - Budget and Treasury		-	-	-	500	500	500	500	-	-	-
Vote4 - Strategic		-	-	-	-	-	-	-	-	-	-
Vote5 - HR		-	-	-	-	-	-	-	-	-	-
Vote6 - Infrastructure		14,711	12,644	27,151	35,751	35,751	35,751	35,751	33,386	41,083	32,243
Vote7 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote8 - Traffic Department		-	-	-	-	-	-	-	-	-	-
Vote9 - Refuse Department		-	-	-	-	-	-	-	-	-	-
Vote10 - Cemetery and Pound		-	-	-	-	-	-	-	-	-	-
Vote11 - Community Services		1,734	974	2,500	-	-	-	-	-	-	-
Vote12 - Corporate and Administration		-	-	640	950	650	650	650	2,346	1,984	2,073
Vote13 - Example 13		-	-	-	-	-	-	-	-	-	-
Vote14 - Example 14		-	-	-	-	-	-	-	-	-	-
Vote15 - Example 15		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		16,445	13,619	30,291	37,201	36,901	36,901	36,901	35,732	43,067	34,316
Total Capital Expenditure - Vote		16,445	13,619	30,291	37,201	36,901	36,901	36,901	35,732	43,067	34,316
Capital Expenditure - Standard											
Governance and administration		1,734	974	640	950	650	650	650	2,346	1,984	2,073
Executive and council		-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-
Corporate services		1,734	974	640	950	650	650	650	2,346	1,984	2,073
Community and public safety		-	-	2,500	-	-	-	-	-	-	-
Community and social services		-	-	2,500	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		14,711	12,644	27,151	35,751	35,751	35,751	35,751	33,386	41,083	32,243
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		14,711	12,644	27,151	35,751	35,751	35,751	35,751	33,386	41,083	32,243
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	500	500	500	500	-	-	-
Total Capital Expenditure - Standard	3	16,445	13,619	30,291	37,201	36,901	36,901	36,901	35,732	43,067	34,316
Funded by:											
National Government		13,385	10,956	30,291	37,201	37,201	37,201	37,201	35,732	43,067	34,316
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	13,385	10,956	30,291	37,201	37,201	37,201	37,201	35,732	43,067	34,316
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	13,385	10,956	30,291	37,201	37,201	37,201	37,201	35,732	43,067	34,316

4.2.6 Table A6 : Budgeted financial position

EC152 Ntabankulu - Table A6 Budgeted Financial Position

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
ASSETS											
Current assets											
Cash				2,563	3,220	3,220	3,220	3,220	2,675	4,230	8,068
Call investment deposits	1	-	-	2,156	2,156	2,156	2,156	2,156	2,081	2,191	2,449
Consumer debtors	1	-	-	2,946	7,974	7,974	7,974	7,974	7,415	8,336	9,163
Other debtors				3,797	3,797	3,797	3,797	3,797	-		
Current portion of long-term receivables											
Inventory	2										
Total current assets		-	-	11,462	17,146	17,146	17,146	17,146	12,171	14,757	19,680
Non current assets											
Long-term receivables											
Investments			400	70	70	70	70	70			
Investment property											
Investment in Associate											
Property, plant and equipment	3	-	-	31,837	68,734	68,734	68,734	68,734	14,266	23,102	35,614
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		-	400	31,907	68,803	68,803	68,803	68,803	14,266	23,102	35,614
TOTAL ASSETS		-	400	43,370	85,950	85,950	85,950	85,950	26,436	37,859	55,294
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	311	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	-	-	6,087	6,398	6,398	6,398	6,398	4,729	4,979	5,253
Provisions					2,698	2,698			2,432	4,741	5,002
Total current liabilities		-	-	6,398	9,096	9,096	6,398	6,398	7,161	9,720	10,255
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		-	-	6,398	9,096	9,096	6,398	6,398	7,161	9,720	10,255
NET ASSETS	5	-	400	36,971	76,853	76,853	79,552	79,552	19,275	28,138	45,039
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)											
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	-	-	-

4.2.7 Table A7 : Budgeted cash flows

EC152 Ntabankulu - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		1,463	7,448	6,271	1,867	1,867	1,867	1,867	2,949	3,105	3,276
Government - operating	1	19,946	25,947	34,959	44,947	44,947	44,947	44,947	58,788	63,053	67,090
Government - capital	1	14,535	12,601	26,769	35,350	35,350	35,350	35,350	34,664	43,909	35,224
Interest											
Dividends											
Payments											
Suppliers and employees			(32,298)	(36,720)	(44,256)	(44,256)	(44,256)	(44,256)	(60,616)	(66,942)	(71,215)
Finance charges			(80)	(50)	(50)	(50)	(50)	(50)	(52)	(55)	(58)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		35,944	13,618	31,229	37,858	37,858	37,858	37,858	33,733	43,070	34,317
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		(16,445)	(13,619)	(30,291)	(37,201)	(37,201)	(37,201)	(37,201)	(35,732)	(43,067)	(34,316)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(16,445)	(13,619)	(30,291)	(37,201)	(37,201)	(37,201)	(37,201)	(35,732)	(43,067)	(34,316)
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		19,499	(1)	938	657	657	657	657	1	3	1
Cash/cash equivalents at the year begin:	2	19,499	19,498	19,498	657	657	657	-	1	1	4
Cash/cash equivalents at the year end:	2	19,499	19,498	20,436	657	657	657	657	1	4	4

4.2.8 Table A8 : Cash backed reserves / accumulate surplus reconciliation

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

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	19,499	19,498	20,436	657	657	657	657	1	4	4
Other current investments > 90 days		(19,498)	(19,498)	(15,717)	4,719	4,719	4,719	4,719	4,755	6,417	10,513
Non current assets - Investments	1	-	400	70	70	70	70	70	-	-	-
Cash and investments available:		-	400	4,789	5,445	5,445	5,445	5,445	4,756	6,421	10,518
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	858	702	990	990	990	8,265	(1,450)	(2,064)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	858	702	990	990	990	8,265	(1,450)	(2,064)
Surplus(shortfall)		-	400	3,931	4,743	4,455	4,455	4,455	(3,509)	7,871	12,581

4.2.9 Table A9 : Asset management

EC152 Ntabankulu - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	30,291	37,201	37,101	37,101	35,732	43,067	34,316
Infrastructure - Road transport		-	-	27,151	36,051	36,051	36,051	33,386	41,083	32,243
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	27,151	36,051	36,051	36,051	33,386	41,083	32,243
Community		-	-	2,500	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	640	1,150	1,050	1,050	2,346	1,984	2,073
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	-	-	27,151	36,051	36,051	36,051	33,386	41,083	32,243
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	27,151	36,051	36,051	36,051	33,386	41,083	32,243
Community		-	-	2,500	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	640	1,150	1,050	1,050	2,346	1,984	2,073
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	30,291	37,201	37,101	37,101	35,732	43,067	34,316
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	14,711	12,644	28,697	36,051	35,851	35,851	33,386	41,083	32,243
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		14,711	12,644	28,697	36,051	35,851	35,851	33,386	41,083	32,243
Community		-	-	2,500	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,7	1,734	974	640	1,150	1,050	1,050	2,346	1,984	2,073
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	16,445	13,619	31,837	37,201	36,901	36,901	35,732	43,067	34,316
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		-	-	-	304	304	304	304	2,500	2,638
Repairs and Maintenance by Asset Class	3	-	-	1,205	1,203	1,543	1,543	1,180	2,227	3,049
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	400	300	300	300	300	1,300	2,072
Infrastructure		-	-	400	300	300	300	300	1,300	2,072
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,7	-	-	805	903	1,243	1,243	880	927	978
TOTAL EXPENDITURE OTHER ITEMS		-	-	1,205	1,507	1,847	1,847	1,484	4,727	5,687

EC152 Ntabankulu - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	-	-	-	-	35,732	43,067	34,316
Infrastructure - Road transport		-	-	-	-	-	-	33,386	41,083	32,243
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	33,386	41,083	32,243
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	2,346	1,984	2,073
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	-	-	-	-	-	-	33,386	41,083	32,243
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	33,386	41,083	32,243
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	2,346	1,984	2,073
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	-	-	-	35,732	43,067	34,316
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	-	-	-	64,444	64,444	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	64,444	64,444	-	-	-	-
Community		-	-	-	2,500	2,500	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	1,790	1,490	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	68,734	68,434	-	-	-	-
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		-	-	-	304	304	-	304	2,500	2,638
Repairs and Maintenance by Asset Class	3	-	-	-	-	-	-	1,180	2,227	3,049
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	300	1,300	2,072
Infrastructure		-	-	-	-	-	-	300	1,300	2,072
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	-	-	-	880	927	978
TOTAL EXPENDITURE OTHER ITEMS		-	-	-	304	304	-	1,484	4,727	5,687

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		2011/12 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2009/10	Current Year 2010/11 Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14	Ward location	New or renewal
Parent municipality: List all capital projects grouped by Municipal Vote														
R thousand	5				Examples Other Assets	Examples Other Assets				2,348	1,948	2,073		New
		Corporate and Administration												
		Infrastructure			Infrastructure - Road transport	Roads, Pavements & Bridges				33,386	41,063	32,243		New
Total Capital expenditure	1									35,732	43,011	34,316		
Entities: List all capital projects grouped by Entity														
		Entity A Water project A												
		Entity B Electricity project B												
Total Capital expenditure	2									-	-	-		

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 2010-2014 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 2011/12 year is reflected below:

PROCESS PLAN		
TARGET DATE	ACTIVITY / ITEM	RESPONSIBLE PERSON
MARCH 2011		
15-18 March 2011	Council Strategic Session 1 (Refine IDP Objectives, Strategies & Projects) Budget	Mandi/Ntuthu
23-24 th March 2011	Performance Evaluation Committees 2009/2010 Annual Report	Mandi
30 th March 2011	Council Meeting Adoption of Draft IDP & Budget	Ntuthu / Mandi
APRIL 2011		
04 th April 2011- 20 th April 2011	Advertise Draft IDP & Budget	Mandi
05 th April 2011	Management Meeting	Ntutu
06 th -08 th April 2011	Standing Committees	Kayise
11 th April 2011	IDP Representative Forum	Mandi
12 th April 2011	Executive Committee Meeting	Lulu
12 th -15 th April 2011	Service Delivery & Budget Implementation Plan	Ntutu
18 th -21 st April 2011	Council Meeting 3rd Quarter Performance Reports	Kayise/ Ntuthu
	Council Strategic Session 2 Policy Review & IDP, BUDGET, PMS & SDBIP	
MAY 2011		
04 th May 2011	State of the Municipal Address Adoption of IDP , Budget 2011/2014, PMS & SDBIP 2011/2012	Lulu

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 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:

- Property Rates Policy
- Credit Control and Debt Collection Policy
- Principles and Policy on the Writing-off of Irrecoverable Debt
- Budget-related policies
- Indigent Policy for 2011 -2012 Financial Year
- Principles and Policy on Cash Management and Investment of Funds

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 55 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal year	2009/10 Actual	2010/11 Estimate	2011/12	2012/13 Forecast	2013/14
Headline CPI Inflation	6.3%	4.2%	4.8%	5.3%	5.5%

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 2010 until 31 January 2011, plus 2 per cent. According to Statistics South Africa the historical CPI for this period is set at 4.08 per cent year-on-year as at end January 2010.

Historical CPI (January 2011)	4.08%
SALGA addition	2%
NT benchmark	6.08%

Consequently, National Treasury suggests that municipalities use 6.08 per cent as a benchmark for determining wage increase for the 2011/12 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 2011 to 30 June 2012, Eskom will increase the municipal tariff rates for bulk electricity by 26.71 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 2011/2012 capital budget amounts to R35.7 million.

Summary of Available Funds (Internal Funds and External Loans)

It is proposed that the multi-year capital budget be funded as follows:

Internal Funds

The following funding sources are available:

- Operating Income – An amount of R 2 3 million for the 2011/2012 financial year and R 1.9 million for the 2012/2013 and R 2.0 million for the 2013/2014 are estimated to be available from surplus cash generated from operations as well as possible savings on the approved capital budgets.

External Grants

As in previous years, the Municipal Infrastructure Grant (MIG) and funds the bulk of the externally funded projects.

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 was implemented on July 1 2010. The assessment rates 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 41 957 000 to R 54 929 000.

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 2011 to 30 June 2012 (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 2011/2012 financial year will be approved by the Executive Mayor in May 2011 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 draft 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 adjustment budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature

Mr. TL Manda
Municipal Manager
Ntabankulu Local Municipality

Date

Annexure

Summary of key issues

Given that the Local Government Elections will be held on the 18th of May 2011, municipalities are advised to finalise and adopt their 2011/12 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 2011/12 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 4.08 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 2010.

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 has set a guideline increase for municipal tariffs of **20.38 per cent**. All municipalities should aim to have appropriately structured, cost-reflective water tariffs in place by 2014.
10. Municipalities must note that COGTA is in the process of prescribing a ratio with respect to public benefit organisations relative to residential properties.
11. 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

12. Municipal revenues and cash flows are expected to remain under pressure in 2011/12 and so municipalities should adopt a conservative approach when projecting their expected revenues and cash receipts
13. 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.
14. Municipalities must also ensure that their capital budgets reflect consistent efforts to address the backlogs in basic services and the refurbishment of existing network
 1. services.
15. Municipalities must include a section on 'Drinking water quality and waste water management' in their 2011/12 budget document supporting information
16. Allocations to "Mayoral Discretionary Funds", "Special Projects", "Special Events" or similar discretionary type funds are discouraged.
17. Municipalities are urged to allocate all Ward Allocations in tabled and approved budgets.
18. Municipalities are discouraged from starting projects to build or renovate office buildings, but rather to prioritise service delivery infrastructure.
19. 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.
20. 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

21. To bring legal certainty to the process of managing unspent conditional grant funds, section 20 of the 2011 Division of Revenue Bill regulates the process.
22. 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

23. All municipalities must prepare budgets, adjustments budgets and in-year reports for the 2011/12 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).
24. All municipalities must do a funding compliance assessment of their 2011/12 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 2011/12 MTREF

25. The deadline for the submission of tabled budgets is Friday, 8 April 2011.
26. The deadline for the submission of approved budgets is ten working days after the council approves the annual budget.