

STATE OF THE MUNICIPAL ADDRESS TABLING THE 2011/2012 PEOPLE'S BUDGET AT LWANDLOLUBOMVU GREAT PLACE ON THE 12th MAY 2011 AT 11H00.

Honorable Chairperson
Honorable Councilors
The traditional leaders
Special guests from all corners of the society
The Management
Dedicated members of staff
Comrades and Friends

It is humbling for I to table this budget policy before you the people of Ntabankulu. In almost five years back in 2006 the people went to the polls in their respective areas to exercise their democratic right to choose a government which would better their lives. Create opportunities for growth and development and ultimately make Ntabankulu prosper.

We are gathered here today tabling our last budget policy as this council and may I at this very point in time acknowledge and appreciate everyone be it ward committees, traditional leaders, community leaders, political organizations and religious leaders for having walked with us through difficult times in our term of office. You embraced us, laughed with us and truly committed yourselves in ensuring that we become a council of the people committed in building a better Ntabankulu.

When council was inaugurated 29 councillors were sworn in and present here today in our last council is 27. We have been saddened by our loss of two leaders of our people Cllr. J.J.J. Ntlabathi who served as a ward councilor in ward 03.

We have suffered a blow by again our loss of our Mayor Honorable P.S. Matshoba, a father, a brother, a dear friend and a leader who placed us all and Ntabankulu in particular on the map thus placing you the poor and the marginalized on the agenda of development in this country. Through his astute leadership Ntabankulu has made huge strides in basic service delivery and increasing the capacity of the Municipality to deliver.

Allow me friends and leaders to borrow from the tribute dedicated to Comrade Pumzile which characterized him as a leader who "... withered the storms and the burning fires of hard revolutionary struggle, and was part of celebrating the glowing flames of victory as we advanced with the liberation struggle and the reconstruction of our country. He guided mass struggles, the strikes, the marches, the secret meetings, and the

campaigns. With his hard earned leadership attributes he was able to lead the OR Tambo Region to victory during the watershed Polokwane conference of the Movement. A new dawn emerged, a culture born of struggle and belief in the steadiness of change

Like many leaders he carried the burden of criticism, walked with it whilst carrying out tasks that needed to be done. It was in his nature and political outlook to accept strategic errors even during some painful moments of his activism.

It was not in his frame of mind to demand affirmation. It was not his style and culture to demand entitlement. He was a cadre capable of interpreting decisions from central power, shape them and make them his.

Comrade Pumzile Matshoba always understood that daily struggles of our people still persist and they require the caliber of leaders who have embraced selflessness as a virtue. He was ready to provide leadership that will help our country to conquer poverty, illiteracy and diseases. His resilience has created spirals and waves for the renewal of the democratic movement. We salute him for doing good things for the greater purpose. He joins many martyrs who have had tremendous influence in his political activism Comradei Inkosi Ntsikayezwe Sigcau, whose inspirational legacy taught comrade Matshoba to always lead from the front. Comrade Pumzile understood the feeling and attitude of the masses, a good listener, courageous, soft-spoken and yet rigid on principle. He understood that to be in the advanced detachment meant winning fights without fighting"

A true leader in the deepening of our democracy come I today to stand in his place and present this budget which he would have presented in his own way, that would resonate with your daily struggles.

May we pause a moment to give once more our Lasting respect to this great son of Ntabankulu.

(May the souls of the faithfully departed through the mercy of God rest in peace!!!)

Comrade Chairperson

The tribute presented at Comrade Pumzile's funeral concludes, "We pray that your memory shall never be distorted, so that your children can be bequeathed with the storyline of "*uvukayibambe, ithandazwe*". When you spoke about the suffering of our people you always said "*masizikhulule sizilwele impula zikalujaca zezwe lethu*". This we shall do for as long as we are alive."

Chairperson our five year term has been characterized by challenging periods. We continued with the work of increasing the capacity of the Municipality to deliver in a sustainable manner. This meant chair recruiting the best suitable candidates in our Management and mandate them to build a high performance based organization. We focused in our work to increase collective planning so that even when we could not deliver the representatives of the people new the reasons for deviation and the wayforward.

Chairperson we can say today we have succeeded in laying a good foundation for future development of our beloved Municipality. The administration is stable and possesses capacity to take the aspirations of the people forward. We have immensely contributed in the provision of jobs in Ntabankulu in 2006 we had a staff complement of 71 and currently we have a total of 135 and approximately 98% being local people. Our whole management as well is local.

Ward Committees we have seen in the past that one of the principal challenges of the Municipality is the assert base and subsequently the generation of revenue. This means we had to look beyond the given taxes of rates and services to other alternative sources of revenue. This meant we had to effectively utilize resources of land in order to increase our collection capacity and secure the future of generations to come. We have succeeded in doing this task chairperson. As a result when we were sworn in office our total budget in the financial year of 2006 2007 was R31 million and as we conclude our term the total budget in this budget is R96 million. The growth is visible, uncontested and undeniable. The future looks brighter and generations to come will surely benefit from the decisions taken in the five years.

Basic service delivery has improved and a foundation laid to increase on what has been built already. In 2006 in our first budget presentation we invited Minister Sonjica and as a result we were allocated a sum of R10 million for electrification. Ever since we have increased our planning capacity as a result we can safely say today that Ntabankulu is targeting 2014 to electrify all households. We have, thanks to the astute leadership of the late Comrade Matshoba guaranteed more than R60 million of electrification in Ntabankulu over the next 3 years. In the current year a sum of R15 million for electrification has been set aside in our budget. We have through disciplined spending been able to grow our MIG allocation from R5.8 million in 2006-07 to R19 million in the current budget. This my dear leaders is the true reflection of the success of this council. More roads have been built, more halls and more sports fields. We continue providing

free basic electricity to indigent households and where there is no electricity we continue to expand access to alternative energy (gel).

My dear comrades our institution can boast a clear multi pronged local economic development plan. In our term we have developed a cooperative development strategy, assisted cooperatives in registering and we have gone further to inject funding as a means of increasing production in these community endeavors. The challenge of those who will come after this council ought to be creating markets so that products can be sold thereby guaranteeing jobs. We have conducted feasibility studies in various economic potential endeavors e.g. forestry, livestock improvement, sand and quarry etc. It is surely as the ANC president Cde Jacob Zuma always concludes the ANC government has done many things but more still needs to be done.

We have strengthened governance and thus we are en route to a clean audit. We have established an audit committee and internal audit to ensure that the reliability of our systems is periodically put to test. Yes chairperson it has been our principal goal to build a corrupt free government and to this end the auditor general concludes in the last report that "the risk of fraud and corruption has been greatly reduced in the Municipality." We now can boast a credible supply chain management process where we talking well trained committees responsible for the process. No one man or woman can determine where tenders get allocated. This must be maintained and improved we dare not fail.

We have adopted bylaws and are rolling out the implementation of such bylaws, from business licensing to building plans etc. These at the same time will increase our revenue.

Chairperson our five years has been marked by our continued involvement of the people in planning in the Municipality. We launched and trained ward committees and village committees in all wards and villages. The people's representatives can attest here today that no IDP has ever been adopted without them playing a pivotal role. Thus all development and change has been with them and for them.

Chairperson our process of the review of the IDP has taken a route of participation. We agreed chairperson that our priorities remain the following:

- Increasing access to basic services
- Increasing access to health and primary health care

- Fighting against illiteracy and ensuring quality education, increase in the number of intake and functional literacy
- Unemployment and Job creation through sustainable means
- Transforming the institution and improving financial viability and good governance
- Crime prevention and the fight against fraud and corruption

The above principles chairperson; were guided by participation by both communities and government departments.

We continued with the aligning of available resources and priorities. We must state from the beginning that the two will never reach equilibrium. Allow me to table this budget which can be analyzed as follows:

Personnel expenditure	30%	R30 260 085
General expenditure	28%	R27 281 343
Repairs and maintenance	2%	R1 180 000
Provision of bad debt	3%	R2 432 000
Capital expenditure	37%	R35 246 000
Total	100%	R96 399 428

Chairperson allow me to explain further the following

1. Organizational Transformation

Chairperson we have put aside 30% of the total budget approximately R31 million for salaries of both staff and councilors including all benefits. We have given attention to the fact that a new council will be elected and thus would have to be trained and capacitated in local government. It is vital that the political leadership ought to be capacitated in governance as this is not an easy task. Failure to orientate the new council in the workings of local government may lead to us as communities losing our hard fought for gains. Of course we have put aside money to ensure that the transformative agenda of the institution continues in terms of succession and training our staff so as to better deliver. This is the mother of all hoped for aspirations. Our failure to implement and thoroughly train and develop both the new councilors and staff will endanger the continued performance of the institution. We dare not fail.

2. Basic Service Delivery

Chairperson 2011-2012 financial year will see the municipality completing the following projects:

- Tladi Cederville access road
- Ndakeni Access road
- Nyathi Access road
- Bisa Fort Donald Access road
- Chibini Ngxotho Access road
- Bhungeni Magombeni access road

We have prioritized the construction of the following access road

- Bayi Madlalisa
- Spethu Dwaku
- Lalashe

The IDP stresses the building of thusong or multi purpose centers towards sustainable communities. The principle adopted has been developing the existing halls into such centers to cater for shops and curio shops, rental flats, offices and the existing hall. The point here is to pilot 2 areas in sdakeni and mnceba

Chairperson we must extend in the next financial access to alternative energy by another 500 indigent households spread over the 18 wards. Chairperson the next financial year will see 1500 households being electrified in Town (low cost houses), Skululweni, Dinwayo, Ngcwamani, Dambeni and Ntlambashe.

2011-12 financial year will see the construction of Ndile pre school and bridges in sqokoqweni and hlankomo. Chairperson an amount of R35 million. A lot has been done but there is much more to be done.

3. Local Economic Development and Rural Development

Sustainable Job creation is still a challenge in the Municipality. An effort to grow and inject funding in the opportunities for growth in the Municipality should be greatly encouraged. We have put aside an amount of R1million to inject support on livestock improvement, forestry, sand and quarry mining.

The new council would have to decide on the feasibility study on the establishment of the development agency which would support economic development in the area.

Economic development and job creation has to be the daily work of every department and output in the Municipality. We have gone to extents wherein in the last review of the organogram a new post focusing on Extended Public Works Programme has been prioritized. This is a direct focus on job creation.

4. Financial Viability

Chairperson this is an area rural municipalities generally battle with. It is so because there is generally a low tax base further shrunk by the high levels of poverty in these areas. Innovation and creativity need to be at our highest in dealing with financial viability of the Municipality. We have chairperson started this endeavor by engaging in a land audit to ascertain ownership of land and we have as a result of this exercise identified many sites belonging to the Municipality not previously known. We further engaged with what is known as a town planning scheme wherein as a result we are now expecting the development of a shopping complex etc. We have concluded an agreement with the Amanci great place on the long outstanding land claim. This means the long awaited middle income housing development should be implemented in the next financial year. If so the tax base will increase and we shall see better revenue. We have launched the traffic section and indeed even us in Ntabankulu will access such services as a learners license as from 1st July. The incoming year must see a plan to develop the driver's license testing center and thus further growth in the revenue of the Municipality.

Comrades we are finalizing renovations for a revenue center which shall the point of issuing business licenses and most importantly we have been granted a license to distribute electricity specifically in Town. This center will see us making Ntabankulu a financially viable Municipality. There is a lot that has been done but more needs to be done.

5. Good Governance and Public Participation

Dear comrades we have set aside R2 million for a monthly stipend of R1000 per ward committee. These are good news because the important work of ward committees would be ensured that it is carried out with zeal and diligence. Continued strides to improve our control environment have to be undertaken.

Dear comrades this term has been long, tedious and full of surprises but we have collectively pulled it through. Those who have fallen along the way will forever be missed. Let us all acknowledge that even if we have not satisfied all there is still time to improve and we accept collectively that more still needs to be done.

On behalf of the outgoing council I thank everyone who has contributed in building this Municipality. History will prove and will place in a special place all those whose efforts, time and energy have gone to building a better Ntabankulu. Let us all in unison commit ourselves to building a better Ntabankulu today and in the future.

I thank You



BUDGET 2011/2012 – 2014

12 MAY 2011

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2. MAYORAL SPEECH

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3 BUDGET RELATED RESOLUTIONS

Budget for 2011/12

3.1 Council resolves that the 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 was 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 2011 to 30 June 2012, 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	Old Tariffs 2010-2011	Proposed Increase/ Decrease	New Tariffs 2011-2012
Property Rates	Domestic	R0.01	-0.02	R0.008
	Business	R0.0125	0	R0.0125
	Government	R0.02	0.01	R0.03
Senior citizens with property valued less than R200.000.00		R600.00 per annum	R1000	R1600.00 per annum
Refuse Removal	Domestic	R60.00	0	R60.00
	Government	R80.01	12%	R90.00
	Business	R80.01	12%	R90.00
Burial and Cemeteries	Single Grave once off	R100	0	R100.00
	Double grave once off	R190	0	R190.00
	Renewal fee for Double grave & Single grave	NEW		R50.00
Library Membership Fee		R50 per annum	0	R50 per annum
Rental Office	Large Businesses	R71.50 per square meter	10%	R78.65 per square meter
	Small Businesses	R27.50 per square meter	10%	R30.25 per square meter
Rental :Municipal Hall	Independently (Private use)	R50.00 per hour	10%	R55.00 per hour
	Business & Government	NEW	0	R100.00 per hour
Building Plan fees	Commercial, industrial Government	R5.00 per square meter	0	R5.00 per square meter
	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

	Administration for alteration in the existing building (extending, fitting of glasses.etc)	NEW		R250.00
	PENALTY-Administration for as built plans	NEW		R300.00
Trading Tariffs	Hawkers <ul style="list-style-type: none"> Fruit & Vegetables Clothing 	R50.00 R70.00	0 0	R50.00 per annum Renewal R20.00 per annum R70.00 per annum Renewal R50.00 per annum
	Business Licences , General dealers & Taverns	R500.00	0	R500.00 per annum Renewal R250.00 per annum
	Shebbens, Public Phones, Bookshops & Tuck shops	R450.00	0	R450.00 per annum Renewal R200.00 per annum
Advertising	1.5 m x 3.0m	R120.00 per structure per month	0	R120.00 per structure per month
	3.0m x 6.0m	R209.00 per structure per month	0	R209.00 per structure per month
Clearance certificate		R10	0	R10
Pound Fees	Pound fee-(Livestock small and Large)	R45.00 per head	0	R45.00 per head for impounding and additional R25.00 for 12hrs per head
Waste Removal		R50.00	0	R150.00

Garden Waste Removal Fees		R20.00	0	R120.00
Spot fines for illegal dumping	Households	NEW		R200.00
	General Practitioners (Surgeries & Clinics)	NEW		R500.00
	Business entities	NEW		R300.00
Honey Sucker	Residential	R80.00 per load	0	R80.00 per load
	Religious	R80.00 per load plus R5.80 per kilometer	0	R80.00 per load plus R5.80 per kilometer
	Government & Business	R100.00 per load plus R5.80 per kilometer	0	R100.00 per load plus R5.80 per kilometer
Services rendered by Traffic	Copy of accidents report from OAR/AR	NEW		R50.00 search fee & R8.00 per page
	Furnishing of information to 3 rd party of person involved in an accident or witness	NEW		R70.00 for accident report with all information
	Sketch plan & photographs of a motor vehicle involved in an accident	NEW		R255.00 per sketch plan R405.00 per scale plan

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 Policies

3.7 Council resolves that the following Budget policies be approved.

- ❑ Indigent Policy for 2011/2012
- ❑ Investment Policy for 2011/2012
- ❑ Property Rates Policy for 2011/2012
- ❑ Property Rates By-law for 2011/2012
- ❑ Write Off Policy for 2011/2012
- ❑ Fraud Prevention policy for 2011/2012
- ❑ Asset Management Policy for 2011/2012

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 annual budget, highlighting the processes and assumptions which lead to the compilation of the annual 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 operating budget is a balanced one and totals R61,1 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 50%, repairs and maintenance 2% and general expenses 41%.

An additional provision of R2 432 000 has been set aside to cover possible bad debts from rates and charges not collected, leaves, depreciation and rehabilitation site.

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 R35,2 million funded through revenue from National Government grants 95% and internally funded 5%.

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 consultation process includes councilors and officials visiting each of the 18 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. 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 Ntbankulu - 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	29,409	30,511	32,020
Total Expenditure	-	30,721	37,707	45,910	47,680	47,680	47,680	60,026	64,916	68,295
Surplus/(Deficit)	1,463	15,275	3,523	1,851	1,481	1,481	1,481	1,711	1,242	2,071
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	36,375	45,151	37,295
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	36,375	45,151	37,295
Capital expenditure & funds sources										
Capital expenditure	16,445	13,619	30,291	37,201	36,901	36,901	36,901	35,246	43,042	34,309
Transfers recognised - capital	13,385	10,956	30,291	37,201	37,201	37,201	37,201	35,246	43,042	34,909
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	35,246	43,042	34,909
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)	(35,246)	(43,042)	(34,909)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	19,499	19,498	20,436	657	657	657	657	487	515	(77)
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	35,246	35,246	43,042	34,309
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 Ntbankulu - 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	36,207	24,232	42,230
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	14,831	1,768	18,582
Corporate services		954	6,168	12,073	14,242	14,283	14,283	10,738	11,262	11,830
<i>Community and public safety</i>		1,972	1,036	5,418	7,437	7,938	7,938	10,540	10,519	11,097
Community and social services		1,212	1,036	4,042	5,738	6,196	6,196	8,367	8,231	8,683
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	12,335	12,988	13,702
Planning and development		1,624	9,682	2,758	3,524	3,610	3,610	10,947	11,528	12,161
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	60,873	49,626	69,020
Surplus/(Deficit) for the year		21,072	15,901	30,292	37,201	37,598	37,598	35,528	60,442	36,570

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	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										
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	110,067	105,590
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	110,067	105,590
Expenditure by Vote to be appropriated	1									
Vote1 - Council		4,913	5,835	6,122	6,281	6,516	6,516	8,209	8,644	9,120
Vote2 - Office of the Municipal Manager		1,034	1,360	2,545	1,804	1,867	1,867	2,428	2,557	2,698
Vote3 - Budget and Treasury		2,762	6,014	7,437	10,387	10,941	10,941	14,831	17,686	18,582
Vote4 - Strategic		1,623	5,172	5,049	5,603	5,712	5,712	7,062	7,436	7,845
Vote5 - HR		954	6,168	1,042	1,877	1,919	1,919	2,139	2,252	2,376
Vote6 - Infrastructure		2	4,510	2,758	3,524	3,610	3,610	3,885	4,091	4,316
Vote7 - Public Safety		760	-	1,376	1,700	1,742	1,742	2,173	2,288	2,414
Vote8 - Traffic Department		916	-	469	968	1,000	1,000	1,387	1,461	1,541
Vote9 - Refuse Department		697	-	886	1,266	1,311	1,311	1,792	1,887	1,991
Vote10 - Cemetry and Pound		548	-	423	726	756	756	824	868	915
Vote11 - Community Services		665	1,036	3,619	5,012	5,440	5,440	7,543	7,363	7,768
Vote12 - Corporate and Administration		-	-	5,982	6,762	6,762	6,762	8,599	9,010	9,454
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	60,873	65,544	69,020
Surplus/(Deficit) for the year	2	21,072	15,901	30,292	37,201	36,935	36,935	35,528	44,524	36,570

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

EC152 Ntabankulu - 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
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	28,609	29,669	31,131
Loss on disposal of PPE											
Total Expenditure		-	30,721	37,707	45,910	47,680	47,680	47,680	60,026	64,916	68,295
Surplus/(Deficit)		1,463	15,275	3,523	1,851	1,481	1,481	1,481	1,711	1,242	2,071
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	36,375	45,151	37,295
Taxation											
Surplus/(Deficit) after taxation		1,463	29,819	16,124	37,201	36,831	36,831	36,831	36,375	45,151	37,295
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		1,463	29,819	16,124	37,201	36,831	36,831	36,831	36,375	45,151	37,295
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	36,375	45,151	37,295

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	1,860	1,959	2,066
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	35,246	43,042	34,309
Total Capital Expenditure - Vote		16,445	13,619	30,291	37,201	36,901	36,901	36,901	35,246	43,042	34,309
Capital Expenditure - Standard											
Governance and administration		1,734	974	640	950	650	650	650	1,860	1,959	2,066
Executive and council		-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-
Corporate services		1,734	974	640	950	650	650	650	1,860	1,959	2,066
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	35,246	43,042	34,309
Funded by:											
National Government		13,385	10,956	30,291	37,201	37,201	37,201	37,201	35,246	43,042	34,909
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	35,246	43,042	34,909
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	35,246	43,042	34,909

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
R thousand											
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	35,733	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)	(35,246)	(43,042)	(34,909)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(16,445)	(13,619)	(30,291)	(37,201)	(37,201)	(37,201)	(37,201)	(35,246)	(43,042)	(34,909)
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	487	29	(592)
Cash/cash equivalents at the year begin:	2		19,499	19,498						487	515
Cash/cash equivalents at the year end:	2	19,499	19,498	20,436	657	657	657	657	487	515	(77)

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
Cash and investments available											
Cash/cash equivalents at the year end	1	19,499	19,498	20,436	657	657	657	657	487	515	(77)
Other current investments > 90 days		(19,499)	(19,498)	(15,717)	4,719	4,719	4,719	4,719	4,269	5,906	10,594
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 Ntbankulu - 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		-	-	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 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		1,734	974	640	1,150	1,050	1,050	1,860	1,959	2,066
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	16,445	13,619	31,837	37,201	36,901	36,901	35,246	43,042	34,309
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
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		0.0%	0.0%	3.8%	1.8%	2.2%	2.2%	8.3%	9.6%	8.6%
<i>Renewal and R&M as a % of PPE</i>		0.0%	0.0%	4.0%	3.0%	4.0%	4.0%	3.0%	5.0%	9.0%

EC152 Ntbankulu - 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		-	-	-	-	-	-	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 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 Ntbankulu - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	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														
					Examples Other Assets	Examples Other Assets				2,346	1,948	2,073		New
Corporate and Administration														
Infrastructure					Infrastructure - Road transport	Roads, Pavements & Bridges				33,386	41,083	32,243		New
Total Capital expenditure	1									35,732	43,031	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
23-24th March 2011	Performance Evaluation Committees 2009/2010 Annual Report	Mandi
30th March 2011	Council Meeting Adoption of Draft IDP & Budget	Ntuthu / Mandi
APRIL 2011		
04th April 2011- 20th April 2011	Advertise Draft IDP & Budget	Mandi
05th April 2011	Management Meeting	Ntutu
06th -08th April 2011	Standing Committees	Kayise
11th April 2011	IDP Representative Forum	Mandi
12th April 2011	Executive Committee Meeting	Lulu
12th -15th April 2011	Service Delivery & Budget Implementation Plan	Ntutu
18th -21st April 2011	Council Meeting 3rd Quarter Performance Reports	Kayise/ Ntuthu
	Council Strategic Session 2 Policy Review & IDP, BUDGET, PMS & SDBIP	
MAY 2011		
04th 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
- Asset Management Policy
- Fraud Prevention Policy

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) of 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 R35.2 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 2,9 million for the 2011/2012 financial year and R 3.1 million for the 2012/2013 and R 3,2 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. T L 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. T L 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 approved budgets is ten working days after the council approves the annual budget.