

NTABANKULU LOCAL MUNICIPALITY



Ntabankulu Annual Budget

3 Year Plan: 2012 to 2015

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2. MAYORAL SPEECH

3 BUDGET RELATED RESOLUTIONS

Budget for 2012/13

3.1 Council resolves that the multi-year annual budget of capital and operating expenditure for 2012/2013 and the indicated two outer years of 2013/2014 and 2014/2015 be approved 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 Table A5 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 2012 to 30 June 2013, 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	Tariffs 2011-2012	Proposed Increase/ Decrease	New Tariffs 2012-2013
Property Rates	Domestic	R0.008	None	R0.008
	Business	R0.0125	None	R0.0125
	Government	R0.03	None	R0.03
Senior citizens with property valued less than R200.000.00		R1600.00 per annum	None	R1600.00 per annum
Refuse Removal	Domestic	R60.00	None	R60.00
	Government	R90.00	None	R90.00
	Business	R90.00	None	R90.00
Burial and Cemeteries	Single Grave once off	R100.00	None	R100.00
	Double grave once off	R190.00	None	R190.00
	Renewal fee for Double grave & Single grave	R50.00	None	R50.00
Library Membership Fee		R50 per annum	None	R50 per annum
Rental Office	Large Businesses	R78.65 per square meter	None	R78.65 per square meter
	Small Businesses	R30.25 per square meter	None	R30.25 per square meter
Rental :Municipal Hall	Independently (Private use)	R55.00 per hour	None	R55.00 per hour
	Business & Government	R100.00 per hour	None	R100.00 per hour
Building Plan fees	Commercial, industrial Government	R5.00 per square meter	None	R5.00 per square meter
	Low cost funded by DPT of human settlement	R5.00 per square meter	None	R5.00 per square meter
	Residential by individual owners	R4.00 per square meter	None	R4.00 per square meter

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

Waste Removal		R150.00	None	R150.00
Garden Waste Removal Fees		R120.00	None	R120.00
Spot fines for illegal dumping	Households	R200.00	None	R200.00
	General Practitioners (Surgeries & Clinics)	R500.00	None	R500.00
	Business entities	R300.00	None	R300.00
Honey Sucker	Residential	R80.00 per load	None	R80.00 per load
	Religious	R80.00 per load plus R5.80 per kilometer	None	R80.00 per load plus R5.80 per kilometer
	Government & Business	R100.00 per load plus R5.80 per kilometer	None	R100.00 per load plus R5.80 per kilometer
Services rendered by Traffic	Copy of accidents report from OAR/AR	R50.00 search fee & R8.00 per page	None	R50.00 search fee & R8.00 per page
	Furnishing of information to 3 rd party of person involved in an accident or witness	R70.00 for accident report with all information	None	R70.00 for accident report with all information
	Sketch plan & photographs of a motor vehicle involved in an accident	R255.00 per sketch plan R405.00 per scale plan	None	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 annual budget.

Integrated Development Plan

3.6 Council resolves to approve the publication of the 2012/2017 Integrated Development Plan.

Budget Related Policies

3.7 Council resolves that the following Budget policies be approved.

- ❑ Indigent Policy for 2012/2013
- ❑ Investment Policy for 2012/2013
- ❑ Property Rates Policy for 2012/2013
- ❑ Property Rates By-law for 2012/2013
- ❑ Write Off Policy for 2012/2013
- ❑ Fraud Prevention policy for 2012/2013
- ❑ Asset Management Policy for 2012/2013

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.

The Local Government Municipal Finance Management, Act 56 of 2003.

24 (1) The council of a municipality 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)
- (c) Must be approved together with the adoption of resolutions as may be necessary.

4.1.2 Key assumptions

4.1.2.a National Treasury provided guidance in MFMA Circular No. 58 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal year	2010 Actual	2011 Estimate	2011/12	2012/13 Forecast	2013/14
Headline CPI Inflation	3.3%	5.0%	5.4%	5.6%	5.4%

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

The period of the salary and Wage Collective Agreement 2009/10 to 2011/2012 has come to an end. In the absence of other information from the South African Local Government Bargaining Council, we have utilised the previous year National Treasury benchmarking to calculate the salary adjustment which is 6.08%

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 included in the above mentioned calculation in which 6.08% has been utilised.

4.1.2.c For the period 1 July 2012 to 30 June 2013, Eskom will increase the municipal tariff rates for bulk electricity by 27.06 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

EC444 Ntabankulu - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands										
Financial Performance										
Property rates	1,800	1,120	1,184	1,241	-	1,241	1,489	1,479	1,569	1,715
Service charges	144	153	162	89	(22)	66	186	98	104	110
Investment revenue	400	-	-	-	-	-	648	-	-	-
Transfers recognised - operational	38,540	34,959	44,947	58,788	(453)	58,335	48,201	66,509	71,288	74,258
Other own revenue	455	788	1,458	1,620	-	1,620	1,189	1,718	1,849	1,989
Total Revenue (excluding capital transfers and contributions)	41,347	37,020	47,751	61,737	(475)	61,262	51,712	69,804	74,809	78,072
Employee costs	13,467	12,151	15,736	22,501	-	22,501	19,714	38,067	40,381	42,837
Remuneration of councillors	5,522	5,545	5,755	7,759	-	7,759	6,697	-	-	-
Depreciation & asset impairment	-	-	304	304	-	304	(3,415)	500	530	563
Finance charges	80	50	50	52	-	52	325	290	215	232
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	11,652	16,419	21,113	31,061	3,976	35,037	23,456	30,837	32,719	34,718
Total Expenditure	30,721	34,164	42,958	61,677	3,976	65,653	46,777	69,693	73,847	78,349
Surplus/(Deficit)	10,626	2,856	4,793	60	(4,451)	(4,391)	4,935	111	963	(276)
Transfers recognised - capital	14,544	12,601	35,350	34,664	-	34,664	20,662	28,964	45,809	37,796
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	25,170	15,457	40,143	34,724	(4,451)	30,273	25,597	29,074	46,771	37,520
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	25,170	15,457	40,143	34,724	(4,451)	30,273	25,597	29,074	46,771	37,520
Capital expenditure & funds sources										
Capital expenditure	13,619	30,291	36,901	36,729	800	35,929	-	30,064	36,993	29,072
Transfers recognised - capital	10,956	30,291	37,201	34,664	-	34,664	-	28,853	45,163	36,618
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	10,956	30,291	37,201	34,664	-	34,664	-	28,853	45,163	36,618
Financial position										
Total current assets	-	11,462	17,146	9,496	-	2,081	-	1,744	1,878	2,023
Total non current assets	400	31,907	68,803	14,266	-	-	-	-	-	-
Total current liabilities	-	6,398	6,398	4,729	-	-	-	-	-	-
Total non current liabilities	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	13,618	31,229	37,858	37,460	(702)	36,758	-	28,964	45,847	37,797
Net cash from (used) investing	(13,619)	(30,291)	(37,201)	(36,229)	800	(35,429)	-	(28,964)	(45,809)	(37,796)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(1)	937	1,595	1,231	98	1,329	-	0	38	40
Cash backing/surplus reconciliation										
Cash and investments available	400	4,789	5,445	2,081	-	2,081	-	-	-	-
Application of cash and investments	-	(14,431)	(1,441)	(2,686)	-	-	-	(1,744)	(1,893)	(2,027)
Balance - surplus (shortfall)	400	19,220	6,886	4,767	-	2,081	-	1,744	1,893	2,027
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	-	-	304	304	-	304	500	500	530	563
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
Free services										
Cost of Free Basic Services provided	1,226	2,913	2,800	800	1,700	-	3,535	3,535	3,807	4,101
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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

EC444 Ntabankulu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		45,996	67,999	84,511	96,401	3,274	99,675	98,657	120,000	117,398
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		45,996	67,999	84,511	96,401	3,274	99,675	98,657	120,000	117,398
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	45,996	67,999	84,511	96,401	3,274	99,675	98,657	120,000	117,398
Expenditure - Standard										
<i>Governance and administration</i>		19,377	28,176	33,054	36,275	1,233	37,508	44,928	48,484	50,036
Executive and council		7,195	8,666	8,384	10,638	2,599	13,237	12,246	13,164	13,880
Budget and treasury office		6,014	7,437	10,387	12,399	50	12,449	17,414	18,890	18,460
Corporate services		6,168	12,073	14,283	13,238	(1,416)	11,822	15,268	16,431	17,696
<i>Community and public safety</i>		1,036	5,418	7,938	9,910	-	9,910	11,785	12,692	13,669
Community and social services		1,036	4,042	6,196	7,737	-	7,737	11,785	12,692	13,669
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	1,376	1,742	2,173	-	2,173	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9,682	3,227	4,610	48,124	-	49,657	41,236	58,883	52,983
Planning and development		9,682	2,758	3,610	46,737	-	48,270	39,764	57,299	51,277
Road transport		-	469	1,000	1,387	-	1,387	1,471	1,585	1,707
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	886	1,311	1,792	-	1,792	756	815	877
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	886	1,311	1,792	-	1,792	756	815	877
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	30,095	37,707	46,913	96,101	1,233	98,867	98,705	120,874	117,566
Surplus/(Deficit) for the year		15,901	30,292	37,598	301	2,041	808	(48)	(875)	(168)

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

EC444 Ntabankulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Revenue by Vote	1									
Vote 1 - Council		-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury		45,996	67,999	84,511	96,401	4,180	99,675	98,657	120,000	117,398
Vote 4 - Strategic		-	-	-	-	-	-	-	-	-
Vote 5 - HR		-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	-	-	-	-	-	-	-	-
Vote 7 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 8 - Traffic Equipments		-	-	-	-	-	-	-	-	-
Vote 9 - Refuse Departments		-	-	-	-	-	-	-	-	-
Vote 10 - Cemetery and Pound		-	-	-	-	-	-	-	-	-
Vote 11 - Community Services		-	-	-	-	-	-	-	-	-
Vote 12 - Corporate Administration		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	45,996	67,999	84,511	96,401	4,180	99,675	98,657	120,000	117,398
Expenditure by Vote to be appropriated	1									
Vote 1 - Council		5,835	6,122	6,516	8,209	376	8,585	8,305	8,945	9,337
Vote 2 - Office of the Municipal Manager		1,360	2,545	1,867	2,428	2,223	4,651	3,941	4,219	4,544
Vote 3 - Budget & Treasury		6,014	7,437	10,941	12,399	50	12,449	17,414	18,890	18,460
Vote 4 - Strategic		5,172	5,049	5,712	7,362	-	7,362	5,814	6,146	6,620
Vote 5 - HR		6,168	1,042	1,919	11,099	(1,275)	9,824	771	818	881
Vote 6 - Infrastructure		4,510	2,758	3,610	39,375	-	40,908	33,951	51,152	44,657
Vote 7 - Public Safety		-	1,376	1,742	2,173	-	2,173	1,200	1,292	1,392
Vote 8 - Traffic Equipments		-	469	1,000	1,387	-	1,387	224	241	259
Vote 9 - Refuse Departments		-	886	1,311	1,792	-	1,792	756	815	877
Vote 10 - Cemetery and Pound		-	423	756	824	-	824	-	-	-
Vote 11 - Community Services		1,036	3,619	5,440	6,913	-	6,913	11,785	12,692	13,669
Vote 12 - Corporate Administration		-	5,982	6,762	11,099	-	9,824	14,497	15,613	16,815
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	30,095	37,707	47,577	105,061	1,374	106,693	98,657	120,823	117,511
Surplus/(Deficit) for the year	2	15,901	30,292	36,935	(8,660)	2,806	(7,018)	0	(823)	(113)

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

EC444 Ntabankulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Revenue By Source											
Property rates	2	1,800	1,120	1,184	1,241	-	1,241	1,489	1,479	1,569	1,715
Property rates - penalties & collection charges						-					
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	20	21	22	(22)	-	32	-	-	-
Service charges - refuse revenue	2	100	60	63	66	-	66	153	98	104	110
Service charges - other		44	73	77							
Rental of facilities and equipment		305	653	858	880	-	880	743	934	1,006	1,083
Interest earned - external investments		400						648			
Interest earned - outstanding debtors			110					0			
Dividends received											
Fines		150	25	600	629		629	69	667	716	774
Licences and permits											
Agency services											
Transfers recognised - operational		38,548	34,959	44,947	58,788	(453)	58,335	48,201	66,509	71,288	74,258
Other revenue	2	-	-	-	111	-	111	377	117	125	132
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		41,347	37,020	47,751	61,737	(475)	61,262	51,712	69,804	74,809	78,072
Expenditure By Type											
Employee related costs	2	13,467	12,151	15,736	22,501	-	22,501	19,714	38,067	40,381	42,837
Remuneration of councillors		5,522	5,545	5,755	7,759	-	7,759	6,697	-	-	-
Debt impairment	3	100	500	800	800	-	800	500	539	580	
Depreciation & asset impairment	2	-	-	304	304	-	304	(3,415)	500	530	563
Finance charges		80	50	50	52	-	52	325	290	215	232
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	1,180	1,283	2,463	1,355	2,672	2,834	3,007
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	11,552	15,919	20,313	29,081	2,693	31,774	22,102	27,665	29,347	31,131
Loss on disposal of PPE											
Total Expenditure		30,721	34,164	42,958	61,677	3,976	65,653	46,777	69,693	73,847	78,349
Surplus/(Deficit)											
Transfers recognised - capital		10,626	2,856	4,793	60	(4,451)	(4,391)	4,935	111	963	(276)
Contributions recognised - capital		14,544	12,601	35,350	34,664	-	34,664	20,662	28,964	45,809	37,796
Contributed assets	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		25,170	15,457	40,143	34,724	(4,451)	30,273	25,597	29,074	46,771	37,520
Taxation											
Surplus/(Deficit) after taxation		25,170	15,457	40,143	34,724	(4,451)	30,273	25,597	29,074	46,771	37,520
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		25,170	15,457	40,143	34,724	(4,451)	30,273	25,597	29,074	46,771	37,520
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		25,170	15,457	40,143	34,724	(4,451)	30,273	25,597	29,074	46,771	37,520

4.2.5 Table A5 : Budgeted capital expenditure by vote and funding

EC444 Ntabankulu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-
Vote 4 - Strategic		-	-	-	-	-	-	-	-	-	-
Vote 5 - HR		-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		12,644	27,151	35,751	34,689	-	34,689	-	88,522	-	-
Vote 7 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 8 - Traffic Equipments		-	-	-	-	-	-	-	-	-	-
Vote 9 - Refuse Departments		-	-	-	-	-	-	-	-	-	-
Vote 10 - Cemetery and Pound		-	-	-	-	-	-	-	-	-	-
Vote 11 - Community Services		974	2,500	-	-	-	-	-	-	-	-
Vote 12 - Corporate Administration		-	640	650	2,040	(800)	1,240	-	7,607	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	13,619	30,291	36,401	36,729	(800)	35,929	-	96,129	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury		-	-	500	-	-	-	-	-	-	-
Vote 4 - Strategic		-	-	-	-	-	-	-	-	-	-
Vote 5 - HR		-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		12,644	27,151	35,751	34,689	-	34,689	-	2,350	2,531	2,726
Vote 7 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 8 - Traffic Equipments		-	-	-	-	-	-	-	-	-	-
Vote 9 - Refuse Departments		-	-	-	-	-	-	-	-	-	-
Vote 10 - Cemetery and Pound		-	-	-	-	-	-	-	-	-	-
Vote 11 - Community Services		974	2,500	-	-	-	-	-	-	-	-
Vote 12 - Corporate Administration		-	640	650	2,040	(800)	1,240	-	2,350	2,531	2,726
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		13,619	30,291	36,901	36,729	(800)	35,929	-	4,700	5,062	5,452
Total Capital Expenditure - Vote		27,238	60,583	73,301	73,458	(1,600)	71,858	-	100,829	5,062	5,452
Capital Expenditure - Standard											
Governance and administration		974	640	650	2,040	800	1,240	-	2,350	2,531	2,726
Executive and council		-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-
Corporate services		974	640	650	2,040	800	1,240	-	2,350	2,531	2,726
Community and public safety		-	2,500	-	-	-	-	-	-	-	-
Community and social services		-	2,500	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		12,644	27,151	35,751	34,689	-	34,689	-	27,714	34,462	26,346
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		12,644	27,151	35,751	34,689	-	34,689	-	27,714	34,462	26,346
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	500	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	13,619	30,291	36,901	36,729	800	35,929	-	30,064	36,993	29,072
Funded by:											
National Government		10,956	30,291	37,201	34,664	-	34,664	-	28,853	45,163	36,618
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	10,956	30,291	37,201	34,664	-	34,664	-	28,853	45,163	36,618
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	10,956	30,291	37,201	34,664	-	34,664	-	28,853	45,163	36,618

4.2.6 Table A6 : Budgeted financial position

EC444 Ntabankulu - Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
Current assets											
Cash			2,563	3,220							
Call investment deposits	1	-	2,156	2,156	2,081	-	2,081	-	-	-	-
Consumer debtors	1	-	2,946	7,974	7,415	-	-	-	1,744	1,878	2,023
Other debtors			3,797	3,797							
Current portion of long-term receivables											
Inventory	2										
Total current assets		-	11,462	17,146	9,496	-	2,081	-	1,744	1,878	2,023
Non current assets											
Long-term receivables											
Investments		400	70	70							
Investment property											
Investment in Associate											
Property, plant and equipment	3	-	31,837	68,734	14,266	-	-	-	-	-	-
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		400	31,907	68,803	14,266	-	-	-	-	-	-
TOTAL ASSETS		400	43,370	85,950	23,761	-	2,081	-	1,744	1,878	2,023
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	311	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	-	6,087	6,398	4,729	-	-	-	-	-	-
Provisions											
Total current liabilities		-	6,398	6,398	4,729	-	-	-	-	-	-
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		-	6,398	6,398	4,729	-	-	-	-	-	-
NET ASSETS	5	400	36,971	79,552	19,033	-	2,081	-	1,744	1,878	2,023
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)											
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	-	-	-

4.2.7 Table A7 : Budgeted cash flows

EC444 Ntabankulu - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		7,448	6,271	1,867	2,949	3,727	6,676		3,295	3,549	3,822
Government - operating	1	25,947	34,959	44,947	58,788	(453)	58,335		66,509	71,288	76,958
Government - capital	1	12,601	26,769	35,350	34,664	-	34,664		28,853	45,163	36,618
Interest											
Dividends											
Payments											
Suppliers and employees		(32,298)	(36,720)	(44,256)	(58,889)	(3,976)	(62,865)		(69,493)	(73,937)	(79,368)
Finance charges		(80)	(50)	(50)	(52)	-	(52)		(200)	(215)	(232)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		13,618	31,229	37,858	37,460	(702)	36,758	-	28,964	45,847	37,797
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		(13,619)	(30,291)	(37,201)	(36,229)	800	(35,429)		(28,964)	(45,809)	(37,796)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(13,619)	(30,291)	(37,201)	(36,229)	800	(35,429)	-	(28,964)	(45,809)	(37,796)
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		(1)	938	657	1,231	98	1,329	-	0	38	1
Cash/cash equivalents at the year begin:	2		(1)	937						0	38
Cash/cash equivalents at the year end:	2	(1)	937	1,595	1,231	98	1,329	-	0	38	40

4.2.8 Table A8 : Cash backed reserves / accumulate surplus reconciliation

EC444 Ntabankulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
Cash and investments available											
Cash/cash equivalents at the year end	1	(1)	937	1,595	1,231	98	1,329	-	0	38	40
Other current investments > 90 days	1	3,781	3,781	850	850	(98)	752	-	(0)	(38)	(40)
Non current assets - Investments	1	400	70	70	-	-	-	-	-	-	-
Cash and investments available:		400	4,789	5,445	2,081	-	2,081	-	-	-	-
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	(14,431)	(1,441)	(2,686)	-	-	-	(1,744)	(1,893)	(2,027)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	(14,431)	(1,441)	(2,686)	-	-	-	(1,744)	(1,893)	(2,027)
Surplus(shortfall)		400	19,220	6,666	4,767	-	2,061	-	1,744	1,893	2,027

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	-	-	-	-	-	-	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 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	
R thousand	5														
Parent municipality: List all capital projects grouped by Municipal Vote															
Corporate and Administration					Examples Other Assets	Examples Other Assets				2,346	1,948	2,073			New
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.

DEVELOPMENT OF THE INTEGRATED DEVELOPMENT PLAN

Guiding Principles

The development 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 2012-2017 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 draft SDBIP.

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

The deadlines in the process plan for the Development of the 2012/2017 IDP and preparation of the Multi-Year Budget for the 2012/13 year is reflected below:

NO	PRIORITY AREA	ACTIVITY	PURPOSE	RESPONSIBLE PERSON	TARGET DATE
Phase 0: Preparation: July – Aug 2011					
1	IDP, Budget, SDBIP and PMS	Obtain District Framework	Alignment of plans with the district municipality	IDP and PMS Coordinator	15 Jul 11
2	IDP, Budget, SDBIP and PMS	Prepare IDP, Budget, SDBIP and PMS Process Plan	To guide planning, drafting and adoption of reviewed IDP, Budget, SDBIP and PMS	IDP and PMS Coordinator	29 Jul 11
3	IDP, Budget, SDBIP and PMS	Present Draft Process Plan to Council Strategic Session/IDP Steering Committee	To set platform to determine objectives, roles and responsibilities for all role players for 2012/2017 IDP, Budget, SDBIP and PMS process	IDP and PMS Coordinator/ Strategic Manager	2 -5 Aug 11
4	IDP, Budget, SDBIP and PMS	Present Process plan to EXCO and Council	Approval of the process plan by Council	Council/MM	29 Aug 11
Phase 1 Analysis: Sept – Oct 2011					
5	IDP, Budget, SDBIP and PMS	Submission of IDP Process plan to the district	Alignment of plans and uphold cooperative governance	Strategic Manager	05 Sep 11
6	IDP, Budget, SDBIP and PMS	Submission of IDP Process plan to the DLGTA.	Alignment of IDP and Budgeting processes with the Provincial and National Budgeting processes.	Strategic Manager	05 Sept 11

7	IDP, Budget, SDBIP and PMS	Advertise IDP Process Plan to public	Solicit Public input on the IDP process plan	IDP and PMS Coordinator	5 Sep 11
8	Community Based Planning	Community Based Planning	Conduct Workshop on Community Based Planning: Ward Committees, Ward Councillors, Traditional Leaders and all other major role players	Strategic Manager	8 Sept 11
9	IDP, Budget, SDBIP and PMS	Community Based Planning	Conduct community based planning to collect data from ward 1 - 18	IDP and PMS Coordinator	12-30 Sep 11
10	PMS	Management Meeting: PMS Progress Reporting 11/12 Quarter 1	Evaluate Achievement of targets of identity service delivery gaps	MM/Managers	3-4 Oct 11
11	PMS	Standing Committee Meeting: PMS Progress Reporting 11/12 Quarter 1	Evaluate Achievement of targets of identity service delivery gaps	Managers/ Portfolio Heads	5-7 Oct 11
12	PMS	EXCO Meeting: PMS Progress Reporting 10/11 Quarter 1	Evaluate Achievement of targets of identity service delivery gaps	MM/EXCO	11 Oct 11
13	PMS	Council Meeting: PMS Progress Reporting 10/11 Quarter 1	Evaluate Achievement of targets of identity service delivery gaps	MM/COUNCIL	21 Oct 11
14	IDP and IGR	Coordinate 1 st IDP Steering Committee/Intersectoral Forum	Presentation 1 st and 2 nd Quarter 11/12 Progress Reports Reports by Departments, and 1 st 11/12 Quarterly report by NLM	MM/Sub-sector Forum	28 Oct 11

Phase 2: Objectives and Strategies: Nov – Dec 2011					
15	IDP	Consolidate reports from departments and NLM	To inform situational analysis	IDP and PMS Coordinator	3 Nov 11
16	IDP	Review situational analysis (sector and spatial planning)	To inform 2012/17 IDP objectives and strategies and projects	IDP and PMS Coordinator and Strategic Manager	7 Nov 11
17	IDP	IDP Representative Forum	Sector department engagement	IDP and PMS Coordinator	15 Nov 11
18	Budget	Coordinate Workshop on review budget policies, tariff by-laws	Budget policy guidelines and tariff policy to and approval by council	MM/CFO/Council	17 Nov 11
19	IDP	2 nd IDP Steering Committee/Intersectoral forum	Situational Analysis Draft 2012/13 Plan and Budget	MM/Sub-sector forum	9 Dec 11
Jan – Mar 2012					
20	Budget and PMS	Management Legotla	2010/11 Annual Report, 2011/12 Half year report and Adjustment Budget, SDBIP Turnaround Presentation and adoption of audit findings and action plan	MM, CFO, Council	11 - 13 Jan 12
21	SDBIP and PMS	Standing committee meeting: PMS Reporting Quarter 1 and 2, and SDBIP Turnaround	Six months progress reports and 2011/12 SDBIP Turnaround	Managers, Portfolio Heads	16 -19 Jan 12

22	Budget and PMS	Extended EXCO Legotla	2010/11 Annual Report, 2011/12 Half year report and adjustment budget, SDBIP Turnaround	MM, CFO, EXCO	23 - 24 Jan 12
20	SDBIP and PMS	Council Meeting	Adoption of 2010/11 Annual Report, 2011/12 Six months PMS Reporting, SDBIP Turnaround and Adjustment Budget	MM, IDP and PMS Coordinator, Strategic Manager	2 Feb 12
22	IDP and Budget	Extended IDP Steering Committee/Intersectoral forum	Progress Reports by Departments, final plans and budgets from Departments, review objectives and strategies	MM, Intersectoral forum	21-24 Feb 12
23	IDP and Budget	1 st Council Strategic Session	Prepare Draft IDP and Budget	MM, CFO, Council	29 Feb - 2 Mar12
24	IDP, Budget and PMS	Council Meeting	Tabling and Adoption of Draft IDP and Budget, Quarter 3 PMS Reporting	MM, Council	28 Mar 12
Phase 3: Projects: April 2012					
25	PMS	Management Meeting: PMS Progress Reporting 2011/12 Quarter 3	Evaluate achievement of targets and identify service delivery gaps	MM, Managers	2-3 Apr 12
26	IDP and Budget	Advertise Draft IDP and Budget for public comment, and public consultation	Solicit public comments on the draft IDP and Budget	IDP and PMS Coordinator and Strategic Manager	5-20 Apr 12
27	IDP and Budget	Send copies of IDP and Budget to relevant stakeholders	Furnish the MEC for local government with copies of the IDP and Budget for assessment and comments	IDP and PMS Coordinator	5 Apr 12

28	PMS	Standing committee meeting: PMS Progress Reporting 2011/12 Quarter 3	Evaluate achievement of targets and identify service delivery gaps	MM, Portfolio Heads	10-13 Apr 12
29	PMS	EXCO: PMS Progress Reporting 2011/12 Quarter 3	Evaluate achievement of targets and identify service delivery gaps	MM, EXCO	20 Apr 12
30	IDP	IDP Rep. Forum	Report on revised objectives, strategies and draft budget	IDP and PMS Coordinator, Strategic Manager	26 Apr 12
31	IDP	Consolidate Inputs	To Inform 2012/2017 Priority Projects	IDP Coordinator	30 Apr 11
Phase 4: Integration: May 2012					
32	SDBIP	SDBIP Session	Strategic Planning for 2012/13, Risk register	MM, Managers	2-4 May 12
33	IDP, Budget, SDBIP and PMS	Council Strategic Session 2	Evaluate achievement of targets and identify service delivery gaps Quarter 1-3, alignment of IDP Objectives, strategies and projects with budget, policies and by-laws	MM, Council	8-11 May 12
34	IDP, Budget, SDBIP and PMS	Council Meeting	2012/17 IDP, Budget, SDBIP, PMS, Policies and By-laws	MM, Council	25 May 12
Phase 5: Approval: June 2012					
35	PMS	2012/13 Performance Management Contracts and Score cards	Performance Management	Corporate Services Management, IDP and PMS Coordinator	15 Jun 12

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

In pursuing the legislative mandate and its mission, Ntabankulu Local Municipality has vigorously engaged community members outlining the process plan to be followed in developing 2012/2017 Integrated Development Plan and 2012/2015 MTEF Budget.

The municipality embarked on programs that involved stakeholders in pre-planning, planning and implementation of the IDP, Budget, SDBIP and PMS Process Plan. On 05th August 2011 the IDP, Budget, SDBIP, PMS process plan was presented in the IDP Engagement Session, where organs of state, members from religious fraternity, business sector and Ntabankulu Councilors were represented. This was done to solicit inputs and commitment from all stakeholders in the implementation of the Process plan.

Ntabankulu Local Municipality Council adopted the IDP, Budget, SDBIP and PMS process plan on **29th August 2011**, after which it was submitted to the Department of Local Government and Traditional Affairs, Provincial Treasury and Alfred Nzo District Municipality. The process plan was further published on the Daily Dispatch and Kokstad Fever to solicit inputs from all stakeholders.

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 to be attached are as follows:

- Indigent Policy for 2012/2013
- Investment Policy for 2012/2013
- Property Rates Policy for 2012/2013
- Write Off Policy for 2012/2013
- Fraud Prevention policy for 2012/2013
- Asset Management Policy for 2012/2013
- Credit Control and Debt Collection Policy 2012/2013
- Supply Chain Management Policy 2012/2013

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 58 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal year	2010 Actual	2011 Estimate	2011/12	2012/13 Forecast	2013/14
Headline CPI Inflation	3.3%	5.0%	5.4%	5.6%	5.4%

8.2 The inflation rate to be used for calculating wage increases

The period of the salary and Wage Collective Agreement 2009/10 to 2011/2012 has come to an end. In the absence of other information from the South African Local Government Bargaining Council, we have utilised the previous year National Treasury benchmarking to calculate the salary adjustment which is 6.08%

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 included in the above mentioned calculation in which 6.08% has been utilised.

8.3 For the period 1 July 2012 to 30 June 2013, Eskom will increase the municipal tariff rates for bulk electricity by 27.06 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 2012/2013 capital budget amounts to R28.6 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 3,2 million for the 2012/2013 financial year and R 3.5 million for the 2013/2014 and R 3,8 million for the 2014/2015 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) funds the bulk of the externally funded projects meant for capital projects.

The grant funding for MIG has increased from R19.6 million to R23,8 million. The electrification programme funding is currently at an amount of R5 million. It has decreased from R15 million when compared to the previous year.

9.2 FUNDING OF THE OPERATING BUDGET

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 4% and from grants and subsidies received from the National and Provincial Governments 96%.

The Operating Budget is funded from the following main sources:

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

Assessment Rates. The Municipal Property Rates Act will be implemented on July 1 2012. 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 54 929 000 to R 62 559 000.

Other Grants are made of the Finance Management, Municipal Systems Improvement Grant, Integrated Development plan grant, EPWP , and DEDEAT at an amount of R3 950 000.

OPERATING EXPENDITURE

The annual budget is in the approved format outlined in National Treasury Circular No 58 & 59 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 R69,6 million, which funds the continued provision of services provided by the municipality.

The major expenditure items are staff costs 55%, repairs and maintenance 4% and general expenses 38%, and non-cash items such as depreciation, debt impairment, leave and landfill site at 3%.

The capital budget is balanced and totals R28,6 million funded through revenue from National Government grants i.e. MIG and Electrification.

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 2012 to 30 June 2013 (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 2012/2013 financial year will be approved by the Executive Mayor in June 2012 following approval of the Budget.

11 Municipal Manager's Quality Certification

I **Mr. S Tantsi**, 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. S Tantsi
Municipal Manager
Ntabankulu Local Municipality

Date

Annexure

Summary of key issues

National priorities – Creating Decent Employment Opportunities

1. In drafting 2012/2013 budgets and MTREFs municipalities are urged to continue to explore opportunities to main stream labour intensive approaches in delivering services, and more particularly to participate in the Extended Public Works Programme.
2. The municipality ought to focus on maximising its contribution to job creation by
 - ✓ Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate
 - ✓ Ensuring that service providers use labour intensive approaches
 - ✓ Supporting labour intensive LED projects
 - ✓ Participating fully in the Extended Public Works Programme
 - ✓ And implementing interns programme to provide young people with on-the-job-training

Headline inflation forecasts

3. The headline inflation forecast for 2012/13 is 5.4 per cent. Municipalities must take this into consideration when preparing their budgets.

Revising rates, tariffs and other charges

4. Municipalities should continue to explore appropriate ways of structuring the tariffs for utility services to encourage more efficient use of these services and to generate the resources required to fund the maintenance, renewal and expansion of the infrastructure required to provide the services

Funding choices and management issues

5. Municipal revenues and cash flows are expected to remain under pressure in 2012/13 and so municipalities should adopt a conservative approach when projecting their expected revenues and cash receipts
6. 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.
7. Municipalities must also ensure that their capital budgets reflect consistent efforts to address the backlogs in basic services.
8. Allocations to “Mayoral Discretionary Funds”, “Special Projects”, “Special Events” or similar discretionary type funds are discouraged.
9. Municipalities are urged to allocate all Ward Allocations in tabled and approved budgets.

Conditional transfers to municipalities

10. To bring legal certainty to the process of managing unspent conditional grant funds, section 20 of the 2012 Division of Revenue Bill regulates the process.
11. 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

12. All municipalities must prepare budgets, adjustments budgets and in-year reports for the 2012/13 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).
13. All municipalities must do a funding compliance assessment of their 2012/13 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 2012/13 MTREF

14. The deadline for the submission of approved budgets is ten working days after the council approves the annual budget.