

ADJUSTMENT BUDGET
MTERF FOR
2014/15-16/17



ADJUSTMET BUDGET OF

NTABANKULU LOCAL MUNICIPALITY

2014/15 TO 2016/17
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
MM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership

PTIS Public Transport Infrastructure System
RG Restructuring Grant
RSC Regional Services Council
SALGA South African Local Government Association
SAPS South African Police Service
SDBIP Service Delivery Budget Implementation Plan
SMME Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

1.2 Council Resolutions

On 30 Of January 2015 the Council of Ntabankulu Local Municipality met in Municipal Hall to consider the Adjustment budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

1. That the Revised SDBIP 2014/15 be approved;
2. That the Adjustment Budget 2014/15 be approved as per section 28 of the MFMA.
3. That the Council approves the Adjustment Budget of the Municipality for the financial year 2014/15; and indicative for the two projected outer years 2014/2015 and 2016/2017 be approved as set out in the following;
 - Operating Revenue by Source ...
 - Operating Expenditure by Source ...
 - Capital Expenditure by vote ...
 - Capital Funding by source
4. Council approves that the measurable performance objectives for each vote reflected in adopted budget are approved for the adjustment budget year 2014/15.

1.3 Executive Summary

METHOD OF PREPARATION

The Adjustment Budget was prepared based on projected income and expenditure whilst its adopted budget was in accordance to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The Strategic planning session was arranged by Municipal Manager on 12th to the 14th of January 2015, to solicit information which was expected to reach the Chief Financial Officer within that week. All departments gave input that was to be used to craft an adjustment SDBIP.

In terms of Section 28(5)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), hereafter called the MFMA, when an adjustments budget is tabled, it must be accompanied by an explanation how the adjustments budget affects the annual budget and (b), a motivation of any material changes to the annual budget. Ntabankulu Municipality

requested to prepare an early adjustment budget which was adopted on the 31st of October 2014. The following were some of the reasons for adjustment in January:

- Interest on Investment has increased by R1, 845,000, anticipated based on the DBSA loan amount.
- Refuse income based on the under collection
- Other income has decrease and as a result of poor collection reflected on the half year collection.
- The reserves have increased by R 6, 836,677 and it is cash-backed.
- There is an increase of R1, 500,142 on operational grants emanating from the previous financial year unspent funds on DEDEAT funding and DSRAC funding.
- INEP Grant allocation has increased by R4, 500,000
- The Municipality has obtained R40, 100,000, a DBSA loan for Electrification

Lastly, in order for the municipality to maintain positive cash flows on this budget, the municipality should consider implementing its credit and debt collection policy especially, lease rentals as it reflected poor performance in the last six month report, in this regard.

1.4 Operating Budget

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.:

Salaries and Wages, Repairs and Maintenance, Debt Servicing, Depreciation on Assets, Insurance, Electricity, Telephone, Subsistence and Travelling Allowances, Fuel etc.

The total budget amounts to R 209 399 032, the breakdown of which is operational budgeted revenue of R95 721 084, capital budget of R100 177 000, and internally generated funds (municipal reserves) of R9 836 677. Table 1 hereunder summarizes the budget per department. Senior Managers must manage their own budgets consulting with the Chairpersons of the Standing Committees and the Standing Committees where necessary.

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2014/15 Revised Medium Term Revenue Expenditure Forecast.

Table 1

	Early Adjustment Budget 2014/15	Revised Budget 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Total Revenue (excluding capital transfers and contributions)	95 528 802	105 557 761	108 813 325	108 740 031
Total Expenditure	93 229 138	99 756 428	93 866 843	98 951 397
Surplus/(Deficit) for the year	(2 299 664)	5 801 333	14 946 482	9 788 634
Total capital expenditure	61 498 150	109 642 603	56 214 950	55 949 384

Total Revenue by source

Revenue	Amount	Percentage
Property Rates	2 688 431	1.30%
Service Charges	100 000	0.04%
Rental of Facilities	1 024 139	0.49%
Interest earned – external	3 165 000	1.54%
Interest earned – internal	15 000	0.02%
Fines	1 011 632	0.49%
Government Grants	87 531 883	42%
Capital Grants	100 177 000	49%
Other	185 000	0.09
Internal Reserves	9 836 677	4.79%
Total	205 734 762	100%

Total Expenditure by type

Expenditure	Amount	Percentage
Employee Related Costs	39 150 730	39.25%
Remuneration of Councillors	9 747 910	9.77%
Provisions	500 000	0.50%
Depreciation	2 250 000	2.26%
Repairs and Maintenance	2 132 283	2.14%
Finance Charges	43 742	0.04%
General Expenses	45 931 763	46.04%
Sub-total	99 756 428	100%
Capital	109 642 603	
TOTAL	209 399 031	

Revised Budget per Department

Department	Expenditure	Income	Capital
Executive & Council	18 150 473	117 755 653	105 035 746
Budget & Finance	30 274 265	32 809 860	2 535 595
Corporate Services	16 505 619	16 505 619	0
Community Services	18 413 836	19 721 201	0
Economic & Environmental Services	14 617 914	16 689 177	2 071 263
Trading services	811 837	811 837	0
Deficit		3 621 486	
TOTAL	99 756 429	205 734 761	109 642 603

Capital Budget

Capital expenditure is the expenditure incurred on items used over a period of time longer than 12 months to generate future income.

Capital projects amounting to R61 498 150 has been included in this budget. The municipality's internally generated funds available to fund these projects amount to R3 000 000. All projects presented in this report are the priorities as per the approved Integrated Development Plan which was reviewed in October 2014 during the strategic planning session held recently by the municipality. .

Funding of Capital Budget

DOE	34 500 000
MIG	28 498 150
DBSA LOAN	40 100 000
<i>Sub Total</i>	103 098 000
CRR	9 836 677
TOTAL	112 934 827

TARIFFS

All charges excluding property rates were calculated to increase by 5%, for the 2014/2015 financial year, starting 1 July 2014 and this was based on the Consumer Price Index as at 5.78%.

Property Rates

The new Property Valuation Roll came into effect the 1 July 2013 and this will come to expire at the end of 2016/17 financial year ending 30 June 2017. The new General Valuation Roll has been prepared and draft available of which notifications are done to Rate Payers through letters to each Ratepayer and notices on notice boards and print media circulating provincially and

locally. This is to give Ratepayers aggrieved by new General Valuation Values of their Properties to lodge objections as per requirements of Local Government: Municipal Property Rates Act. The final General Valuation Roll was available before the implementation of the budget which was July 2014 and final rates revenue were calculated on the new values of the Valuation Roll. Based on the Final Valuation Roll, there was a decrease in this financial year's tariffs.

Refuse Removal and Other Tariff of Charges

Refuse tariffs were based on increase of 5% and all other tariffs were kept to increase at same level. The municipality utilises trucks for refuse removal

ACCUMULATED DEFICIT

The revised budget has resulted in a deficit of R3 664 270. It should also be noted that the non-cash expense which are both depreciation and debt impairment have taken care-off which then makes this budget a balanced budget.

1.5 Operating Revenue Framework

For Ntabankulu Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

EC444 Ntabankulu - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 2014/11/15

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	2,688	-	-	-	-	-	-	-	2,688	2,836	2,992
Property rates - penalties & collection charges										-		
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	100	-	-	-	-	-	-	-	100	279	295
Service charges - other										-		
Rental of facilities and equipment		1,024								1,024	1,080	1,140
Interest earned - external investments		1,320						1,845	1,845	3,165	1,393	1,393
Interest earned - outstanding debtors		10						5	5	15	11	11
Dividends received										-		
Fines		1,000						12	12	1,012	1,067	1,126
Licences and permits										-		
Agency services										-		
Transfers recognised - operating		85,992						1,540	1,540	87,532	101,917	101,541
Other revenue	2	218	-	-	-	-	-	(33)	(33)	185	230	243
Gains on disposal of PPE										-		
Total Revenue (excluding capital transfers and contributions)		92,353	-	-	-	-	-	3,369	3,369	95,721	108,813	108,740

1.6.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R40 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy i.e. the market value less R 55 000.00;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

- For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:
 - Income not exceeding an amount equivalent to 2 old age pension income

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work,
Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Table 3 Operating Transfers and Grant Receipts

Description	Ref	Budget Year 2014/15						Budget Year	Budget Year	
		Original	Prior	Multi-year	Nat. or	Other	Total	Adjusted	Adjusted	
		Budget	Adjusted	capital	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	
R thousands		7	8	9	10	11	12			
		A	A1	B	C	D	E	F		
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		85,462	85,462	-	-	658	658	86,120	101,917	101,541
Local Government Equitable Share	3	79,930	79,930			-	-	79,930	99,000	98,423
Finance Management		1,800	1,800			-	-	1,800	1,950	2,100
Municipal Systems Improvement Grant		934	934			-	-	934	967	1,018
EPWP		1,298	1,298			-	-	1,298	-	-
EPWP Community Services		1,500	1,500			-	-	1,500	-	-
DEDEAT						658	658	658		
Provincial Government:		-	-	-	-	40	40	40	-	-
	4									
	5					40	40	40		
District Municipality:		200	200	-	-	-	-	200	-	-
<i>Alfred Nzo</i>		200	200			-	-	200	-	-
Other grant providers:		330	330	-	-	842	842	1,172	-	-
<i>Vuna Award</i>		80	80			-	-	80	-	-
<i>DSRAC</i>		250	250			842	842	1,092	-	-
Total Operating Transfers and Grants	6	85,992	85,992	-	-	1,540	1,540	87,532	101,917	101,541

Tariff-setting is a vital and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

Table 4 Comparison of proposed rated levies for the 2014/15 financial year

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
Property Rates	Domestic	R0.008	None	R0.004
	Business	R0.0125	None	R0.004
	Government	R0.03	None	R0.015
Senior citizens with property valued less than R200.000.00		R1600.00 per annum	None	R1600.00 per annum

Waste Removal and Impact of Tariff Increases

Generally, in most municipalities, solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A nil increase in the waste tariff was proposed and has not changed on the revised budget. Higher increases will not be violable in 2014/2015 owing to significant increases implemented in previous financial years as well as the overall impact of higher inflation increases of other services. Any increase higher than 10 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 11 Comparison between current waste removal fees and increases

Refuse Removal	Domestic	R60.00	None	R60.00
	Government	R90.00	None	R90.00
	Business	R90.00	None	R90.00

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the revised 2014/15 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Expenditure By Type													
Employee related costs	39,151	-	-	-	-	-	-	-	-	39,151	41,512	43,795	
Remuneration of councillors	9,748	-	-	-	-	-	-	-	-	9,748	10,284	10,850	
Debt impairment	500	-	-	-	-	-	-	-	-	500	527	556	
Depreciation & asset impairment	3,000	-	-	-	-	-	(750)	(750)	2,250	3,165	3,339		
Finance charges	50	-	-	-	-	-	(6)	(6)	44	53	56		
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials	3,450	-	-	-	-	-	(1,318)	(1,318)	2,132	3,450	3,450		
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	36,563	-	-	-	-	-	9,369	9,369	45,932	39,870	41,985		
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure	92,462	-	-	-	-	-	7,295	7,295	99,756	98,861	104,031		

The budgeted allocation for employee related costs for the 2014/15 financial year totals R39.151 million, which equals 39 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2014/15 financial year. An average annual increase of around 5.7 per cent has been included in the two outer years of the MTREF

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R500 000 and escalates to R527 000 by 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R2 250 000 for the 2014/15 financial and equates to 5.5 per cent of the total operating expenditure.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the

Municipality's infrastructure. The expenditure for other materials is expected to be constant over the MTREF period..

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth is expected to increase by 24 per cent in 2015/16.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.

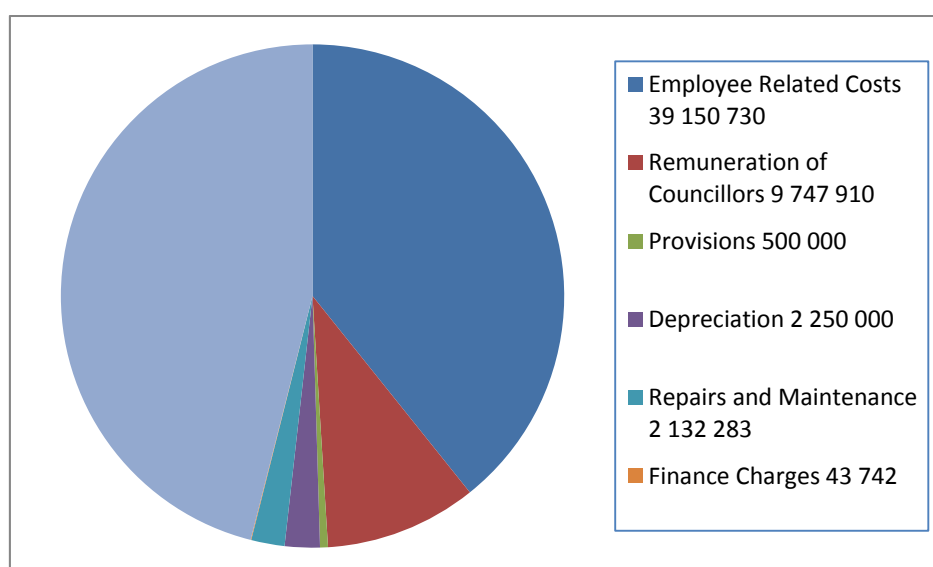


Figure 1 Main operational expenditure categories for the 2014/15 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration and purchases of materials

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 14 Repairs and maintenance per asset class

EC444 Ntabankulu - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class - 2014/11/15

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Repairs and maintenance expenditure by Asset Class/Sub-class												
Infrastructure		2,150	-	-	-	-	-	(940)	(940)	1,210	2,268	2,393
Infrastructure - Road transport		2,000	-	-	-	-	-	(945)	(945)	1,055	2,110	2,226
<i>Roads, Pavements & Bridges</i>												
<i>Storm water</i>		2,000						(945)	(945)	1,055	2,110	2,226
Infrastructure - Electricity		150	-	-	-	-	-	5	5	155	158	167
<i>Generation</i>												
<i>Transmission & Reticulation</i>												
<i>Street Lighting</i>		150						5	5	155	158	167
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>												
<i>Water purification</i>												
<i>Reticulation</i>												
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>												
<i>Sewerage purification</i>												
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
<i>Refuse</i>												
<i>Transportation</i>	2											
<i>Gas</i>												
<i>Other</i>	3											
Community		-	-	-	-	-	-	-	-	-	-	-
Parks & gardens												
Sports Fields & stadia												
Swimming pools												
Community halls												
Libraries												
Recreational facilities												
Fire, safety & emergency												
Security and policing												
Buses												
Clinics												
Museums & Art Galleries												
Cemeteries												
Social rental housing												
Other												
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Buildings												
Other												
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Housing development												
Other												
Other assets		1,300	-	-	-	-	-	(277)	(277)	1,023	1,371	1,446
General v ehicles		200						(22)	(22)	178	211	222
Specialised vehicles												
Plant & equipment												
Computers - hardware/equipment		150						(128)	(128)	22	158	167
Furniture and other office equipment		100								100	105	111
Abattoirs												
Markets												
Civic Land and Buildings												
Other Buildings		800						(81)	(81)	719	844	890
Other Land												
Surplus Assets - (Investment or Inventory)												
Other		50						(46)	(46)	4	53	56
Agricultural assets		-	-	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>												
Biological assets		-	-	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>												
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Computers - software & programming												
Other (list sub-class)												
Total Repairs and Maintenance Expenditure to be adjusted	1	3,450	-	-	-	-	-	(1,218)	(1,218)	2,232	3,639	3,839

For the 2014/15 financial year R2 132 million of total repairs and maintenance will be spent on infrastructure assets.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The registering of households as indigents is a process that is reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement) on page 39.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 5 2014/15 Medium-term capital budget per vote

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Capital Expenditure - Standard												
<i>Governance and administration</i>		5,200	-	-	-	-	-	(3,000)	(3,000)	2,200	2,319	2,446
Executive and council								-	-	-	-	-
Budget and treasury office		5,200						(3,000)	(3,000)	2,200	2,319	2,446
Corporate services										-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	2,000	2,000	2,000	779	843
Community and social services								2,000	2,000	2,000	779	843
Sport and recreation										-	-	-
Public safety										-	-	-
Housing										-	-	-
Health										-	-	-
<i>Economic and environmental services</i>		55,660	-	-	-	-	-	(28,362)	(28,362)	27,298	26,617	27,660
Planning and development										-	-	-
Road transport		55,660						(28,362)	(28,362)	27,298	26,617	27,660
Environmental protection										-	-	-
<i>Trading services</i>		-	-	-	-	-	-	30,000	30,000	30,000	26,500	25,000
Electricity								30,000	30,000	30,000	26,500	25,000
Water								-	-	-	-	-
Waste water management										-	-	-
Waste management										-	-	-
<i>Other</i>										-	-	-
Total Capital Expenditure - Standard	3	60,860	-	-	-	-	-	638	638	61,498	56,215	55,949

For 2014/15 an amount of R105 036 million has been appropriated for the development of infrastructure. This represents 96% of the total capital budget.

New assets total represents 100 per cent or R109 643 million of the total capital. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR B9 (Assets Management) on page 27. In addition to the B9 MBBR, SB 18c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to page 95). Some of the salient project to be undertaken over the medium term includes, amongst others.

Furthermore page 97 contains a detail breakdown of the capital per project over the MTRF.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

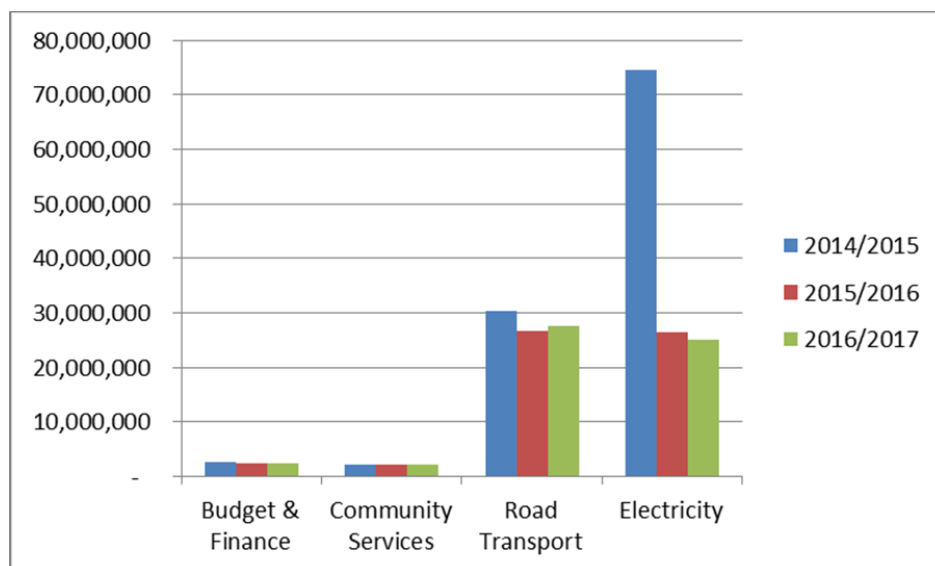


Figure 2 Capital Infrastructure Programme

1.7 Revised Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

Table 17 MBRR Table B1 - Budget Summary

EC444 Ntabankulu - Table B1 Adjustments Budget Summary - 2014/11/15

Description	Budget Year 2014/15									Budget Year	Budget Year	
	Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted	
	Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget	
R thousands	A	A1	B	C	D	E	F	G	H			
Financial Performance												
Property rates	2,688	-	-	-	-	-	-	-	2,688	2,836	2,992	
Service charges	100	-	-	-	-	-	-	-	100	279	295	
Investment revenue	1,320	-	-	-	-	-	1,845	1,845	3,165	1,393	1,393	
Transfers recognised - operational	85,992	-	-	-	-	-	1,540	1,540	87,532	101,917	101,541	
Other own revenue	2,252	-	-	-	-	-	(16)	(16)	2,236	2,388	2,520	
Total Revenue (excluding capital transfers and contributions)	92,353	-	-	-	-	-	3,369	3,369	95,721	108,813	108,740	
Employee costs	39,151	-	-	-	-	-	-	-	39,151	41,512	43,795	
Remuneration of councillors	9,748	-	-	-	-	-	-	-	9,748	10,284	10,850	
Depreciation & asset impairment	3,000	-	-	-	-	-	(750)	(750)	2,250	3,165	3,339	
Finance charges	50	-	-	-	-	-	(6)	(6)	44	53	56	
Materials and bulk purchases	3,450	-	-	-	-	-	(1,318)	(1,318)	2,132	3,450	3,450	
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	37,063	-	-	-	-	-	9,369	9,369	46,432	40,397	42,541	
Total Expenditure	92,462	-	-	-	-	-	7,295	7,295	99,756	98,861	104,031	
Surplus/(Deficit)	(109)	-	-	-	-	-	(3,926)	(3,926)	(4,035)	9,952	4,709	
Transfers recognised - capital	55,577	-	-	-	-	-	44,600	44,600	100,177	53,117	52,660	
Contributions recognised - capital & contributed a	(61,498)	-	-	-	-	-	(48,144)	(48,144)	(109,643)	(56,215)	(55,949)	
Surplus/(Deficit) after capital transfers & contributions	(6,030)	-	-	-	-	-	(7,471)	(7,471)	(13,501)	6,854	1,420	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year	(6,030)	-	-	-	-	-	(7,471)	(7,471)	(13,501)	6,854	1,420	
Capital expenditure & funds sources												
Capital expenditure	61,498	-	-	-	-	-	48,144	48,144	109,643	56,215	55,949	
Transfers recognised - capital	55,660	-	-	-	-	-	4,046	4,046	59,706	56,215	55,949	
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	
Borrowing	-	-	-	-	-	-	40,100	40,100	40,100	-	-	
Internally generated funds	3,000	-	-	-	-	-	6,837	6,837	9,837	-	-	
Total sources of capital funds	58,660	-	-	-	-	-	50,983	50,983	109,643	56,215	55,949	
Financial position												
Total current assets	43,960	-	-	-	-	-	(11,754)	(11,754)	32,206	41,350	37,332	
Total non current assets	253,570	-	-	-	-	-	(38,647)	(38,647)	214,924	267,974	320,584	
Total current liabilities	3,450	-	-	-	-	-	3,404	3,404	6,854	6,946	7,044	
Total non current liabilities	-	-	-	-	-	-	1,318	1,318	1,318	1,558	1,644	
Community wealth/Equity	417,074	-	-	-	-	-	(178,116)	(178,116)	238,958	300,819	349,229	
Cash flows												
Net cash from (used) operating	66,649	-	-	-	-	-	30,493	30,493	97,142	66,519	60,819	
Net cash from (used) investing	(60,860)	-	-	-	-	-	(638)	(638)	(61,498)	(56,215)	(55,949)	
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-	
Cash/cash equivalents at the year end	29,776	-	-	-	-	-	15,186	15,186	44,962	13,002	17,871	
Cash backing/surplus reconciliation												
Cash and investments available	26,522	-	-	-	-	-	(23,825)	(23,825)	2,697	10,304	4,870	
Application of cash and investments	247,018	-	-	-	-	-	(257,440)	(257,440)	(10,422)	(12,801)	(14,307)	
Balance - surplus (shortfall)	(220,496)	-	-	-	-	-	233,616	233,616	13,120	23,105	19,177	
Asset Management												
Asset register summary (WDV)	63,779	-	-	-	-	-	150,513	150,513	214,292	270,517	326,467	
Depreciation & asset impairment	3,000	-	-	-	-	-	(750)	(750)	2,250	3,165	3,339	
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance	3,450	-	-	-	-	-	(1,218)	(1,218)	2,232	3,639	3,839	
Free services												
Cost of Free Basic Services provided	180	180	-	-	-	-	-	-	180	192	204	
Revenue cost of free services provided	6,000	-	-	-	-	-	2,085	2,085	8,085	6,330	6,678	
Households below minimum service level												
Water:	-	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-	
Energy:	6	-	-	-	-	-	-	-	6	6	56	
Refuse:	-	-	-	-	-	-	-	-	-	-	-	

Explanatory notes to MBRR Table B1 - Budget Summary

1. Table B1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the two outer years of the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC444 Ntabankulu - Table B2 Adjustments Budget Financial Performance (standard classification) - 2014/11/15

Standard Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2015/16	+2 2016/17
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
<i>Governance and administration</i>		112,995	-	-	-	-	-	55,518	55,518	168,513	124,933	122,734
Executive and council		72,470	-	-	-	-	-	45,285	45,285	117,756	67,774	68,122
Budget and treasury office		26,689	-	-	-	-	-	7,579	7,579	34,269	42,442	39,086
Corporate services		13,835	-	-	-	-	-	2,653	2,653	16,488	14,716	15,526
<i>Community and public safety</i>		19,108	-	-	-	-	-	494	494	19,602	16,944	17,574
Community and social services		17,658	-	-	-	-	-	792	792	18,451	15,414	15,968
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		1,450	-	-	-	-	-	(298)	(298)	1,152	1,530	1,606
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		17,953	-	-	-	-	-	(1,144)	(1,144)	16,808	18,946	19,979
Planning and development		8,923	-	-	-	-	-	(115)	(115)	8,808	9,414	9,931
Road transport		9,030	-	-	-	-	-	(1,029)	(1,029)	8,000	9,533	10,047
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,050	-	-	-	-	-	(238)	(238)	812	1,108	1,113
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1,050	-	-	-	-	-	(238)	(238)	812	1,108	1,113
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	151,106	-	-	-	-	-	54,629	54,629	205,735	161,930	161,400
Expenditure - Standard												
<i>Governance and administration</i>		116,616	-	-	-	-	-	55,868	55,868	172,484	113,372	116,227
Executive and council		73,670	-	-	-	-	-	49,516	49,516	123,186	67,774	68,122
Budget and treasury office		29,111	-	-	-	-	-	3,699	3,699	32,810	30,881	32,579
Corporate services		13,835	-	-	-	-	-	2,653	2,653	16,488	14,716	15,526
<i>Community and public safety</i>		19,108	-	-	-	-	-	187	187	19,295	16,665	17,582
Community and social services		17,658	-	-	-	-	-	485	485	18,143	15,135	15,968
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		1,450	-	-	-	-	-	(298)	(298)	1,152	1,530	1,614
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		17,953	-	-	-	-	-	(1,144)	(1,144)	16,808	19,570	20,647
Planning and development		8,923	-	-	-	-	-	(115)	(115)	8,808	9,414	9,931
Road transport		9,030	-	-	-	-	-	(1,029)	(1,029)	8,000	10,157	10,715
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,050	-	-	-	-	-	(238)	(238)	812	1,108	1,113
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1,050	-	-	-	-	-	(238)	(238)	812	1,108	1,113
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	154,727	-	-	-	-	-	54,672	54,672	209,399	150,715	155,569
Surplus/ (Deficit) for the year		(3,621)	-	-	-	-	-	(43)	(43)	(3,664)	11,216	5,831

Explanatory notes to MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table B4.

EC444 Ntabankulu - Table B2 Adjustments Budget Financial Performance (standard classification) - 2014/11/15

Standard Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2015/16	+2 2016/17
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
<i>Governance and administration</i>		112,995	-	-	-	-	-	55,518	55,518	168,513	124,933	122,734
Executive and council		72,470	-	-	-	-	-	45,285	45,285	117,756	67,774	68,122
Budget and treasury office		26,689	-	-	-	-	-	7,579	7,579	34,269	42,442	39,086
Corporate services		13,835	-	-	-	-	-	2,653	2,653	16,488	14,716	15,526
<i>Community and public safety</i>		19,108	-	-	-	-	-	494	494	19,602	16,944	17,574
Community and social services		17,658	-	-	-	-	-	792	792	18,451	15,414	15,968
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		1,450	-	-	-	-	-	(298)	(298)	1,152	1,530	1,606
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		17,953	-	-	-	-	-	(1,144)	(1,144)	16,808	18,946	19,979
Planning and development		8,923	-	-	-	-	-	(115)	(115)	8,808	9,414	9,931
Road transport		9,030	-	-	-	-	-	(1,029)	(1,029)	8,000	9,533	10,047
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,050	-	-	-	-	-	(238)	(238)	812	1,108	1,113
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1,050	-	-	-	-	-	(238)	(238)	812	1,108	1,113
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	151,106	-	-	-	-	-	54,629	54,629	205,735	161,930	161,400
Expenditure - Standard												
<i>Governance and administration</i>		116,616	-	-	-	-	-	55,868	55,868	172,484	113,372	116,227
Executive and council		73,670	-	-	-	-	-	49,516	49,516	123,186	67,774	68,122
Budget and treasury office		29,111	-	-	-	-	-	3,699	3,699	32,810	30,881	32,579
Corporate services		13,835	-	-	-	-	-	2,653	2,653	16,488	14,716	15,526
<i>Community and public safety</i>		19,108	-	-	-	-	-	187	187	19,295	16,665	17,582
Community and social services		17,658	-	-	-	-	-	485	485	18,143	15,135	15,968
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		1,450	-	-	-	-	-	(298)	(298)	1,152	1,530	1,614
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		17,953	-	-	-	-	-	(1,144)	(1,144)	16,808	19,570	20,647
Planning and development		8,923	-	-	-	-	-	(115)	(115)	8,808	9,414	9,931
Road transport		9,030	-	-	-	-	-	(1,029)	(1,029)	8,000	10,157	10,715
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,050	-	-	-	-	-	(238)	(238)	812	1,108	1,113
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1,050	-	-	-	-	-	(238)	(238)	812	1,108	1,113
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	154,727	-	-	-	-	-	54,672	54,672	209,399	150,715	155,569
Surplus/ (Deficit) for the year		(3,621)	-	-	-	-	-	(43)	(43)	(3,664)	11,216	5,831

Table 6 MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Explanatory notes to MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 21MBRRTable B4 - Budgeted Financial Performance (revenue and expenditure)

EC444 Ntabankulu - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 2014/11/15

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year	
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted	
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget	
R thousands	1	A	A1	B	C	D	E	F	G	H	10	11	12
Revenue By Source													
Property rates	2	2,688	-	-	-	-	-	-	-	2,688	-	2,836	2,992
Property rates - penalties & collection charges													
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	100	-	-	-	-	-	-	-	100	-	279	295
Service charges - other													
Rental of facilities and equipment		1,024								1,024		1,080	1,140
Interest earned - external investments		1,320						1,845	1,845	3,165		1,393	1,393
Interest earned - outstanding debtors		10						5	5	15		11	11
Dividends received													
Fines		1,000						12	12	1,012		1,067	1,126
Licences and permits													
Agency services													
Transfers recognised - operating		85,992						1,540	1,540	87,532		101,917	101,541
Other revenue	2	218	-	-	-	-	-	9,804	9,804	10,022		230	243
Gains on disposal of PPE													
Total Revenue (excluding capital transfers and contributions)		92,353						13,205	13,205	105,558		108,813	108,740
Expenditure By Type													
Employee related costs		39,151	-	-	-	-	-	-	-	39,151		41,512	43,795
Remuneration of councillors		9,748								9,748		10,284	10,850
Debt impairment		500								500		527	556
Depreciation & asset impairment		3,000	-	-	-	-	-	(750)	(750)	2,250		3,165	3,339
Finance charges		50						(6)	(6)	44		53	56
Bulk purchases		-	-	-	-	-	-	-	-	-		-	-
Other materials		3,450						(1,318)	(1,318)	2,132		3,450	3,450
Contracted services		-	-	-	-	-	-	-	-	-		-	-
Transfers and grants		-						-	-	-		-	-
Other expenditure		36,563	-	-	-	-	-	9,369	9,369	45,932		39,870	41,985
Loss on disposal of PPE													
Total Expenditure		92,462						7,295	7,295	99,756		98,861	104,031
Surplus/(Deficit)		(109)						5,910	5,910	5,801		9,952	4,709
Transfers recognised - capital		55,577						44,600	44,600	100,177		53,117	52,660
Contributions		(61,498)						(48,144)	(48,144)	(109,643)		(56,215)	(55,949)
Contributed assets													
Surplus/(Deficit) before taxation		(6,030)						2,366	2,366	(3,664)		6,854	1,420
Taxation													
Surplus/(Deficit) after taxation		(6,030)						2,366	2,366	(3,664)		6,854	1,420
Attributable to minorities													
Surplus/(Deficit) attributable to municipality		(6,030)						2,366	2,366	(3,664)		6,854	1,420
Share of surplus/ (deficit) of associate													
Surplus/ (Deficit) for the year		(6,030)						2,366	2,366	(3,664)		6,854	1,420

Explanatory notes to Table B4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R95 721 million in 2014/15 and escalates to R108.7 million by 2016/17.
2. Revenue to be generated from property rates is R2.6 million in the 2014/15 financial year and increases to R2.9 million by 2016/17 which represents 11 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to refuse removal is also critical to the revenue basket of the Municipality totalling R100 000 for the 2014/15 financial year and increasing to R295 000 by 2016/17.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases.
5. Employee related costs and general expenses are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and general expenses (other costs) in future years

Table 7 MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Standard													
<i>Governance and administration</i>		2,200	-	-	-	-	336	336	2,536	2,319	2,446		
Executive and council							-	-	-	-	-		
Budget and treasury office		2,200					336	336	2,536	2,319	2,446		
Corporate services							-	-	-	-	-		
<i>Community and public safety</i>		2,000	-	-	-	-	71	71	2,071	2,110	2,226		
Community and social services		2,000					71	71	2,071	2,110	2,226		
Sport and recreation							-	-	-	-	-		
Public safety							-	-	-	-	-		
Housing							-	-	-	-	-		
Health							-	-	-	-	-		
<i>Economic and environmental services</i>		27,298	-	-	-	-	3,138	3,138	30,436	26,617	27,660		
Planning and development							-	-	-	-	-		
Road transport		27,298					3,138	3,138	30,436	26,617	27,660		
Environmental protection							-	-	-	-	-		
<i>Trading services</i>		30,000	-	-	-	-	44,600	44,600	74,600	26,500	25,000		
Electricity		30,000					44,600	44,600	74,600	26,500	25,000		
Water							-	-	-	-	-		
Waste water management							-	-	-	-	-		
Waste management							-	-	-	-	-		
<i>Other</i>							-	-	-	-	-		
Total Capital Expenditure - Standard	3	61,498	-	-	-	-	48,144	48,144	109,643	57,546	57,332		
Funded by:													
National Government		55,660					3,138	3,138	58,798	51,786	51,277		
Provincial Government							-	-	-	-	-		
District Municipality							-	-	-	-	-		
Other transfers and grants		-					908	908	908	4,429	4,672		
Total Capital transfers recognised	4	55,660	-	-	-	-	4,046	4,046	59,706	56,215	55,949		
Public contributions & donations							-	-	-	-	-		
Borrowing							40,100	40,100	40,100				
Internally generated funds		3,000					6,837	6,837	9,837				
Total Capital Funding		58,660	-	-	-	-	50,983	50,983	109,643	56,215	55,949		

Explanatory notes to Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 MBRR Table A6 -Budgeted Financial Position

Explanatory notes to Table B6 - Budgeted Financial Position

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
ASSETS												
Current assets												
Cash		26,522					(23,825)	(23,825)	2,697	10,304	4,870	
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-	
Consumer debtors	1	-	-	-	-	-	3,615	3,615	3,615	5,465	6,954	
Other debtors		1,024					5,453	5,453	6,477	6,164	6,091	
Current portion of long-term receivables												
Inventory		16,414					3,003	3,003	19,417	19,417	19,417	
Total current assets		43,960	-	-	-	-	(11,754)	(11,754)	32,206	41,350	37,332	
Non current assets												
Long-term receivables												
Investments												
Investment property		8,120					3,538	3,538	11,658	11,658	11,658	
Investment in Associate												
Property, plant and equipment	1	245,451	-	-	-	-	(42,278)	(42,278)	203,173	256,222	308,833	
Agricultural												
Biological												
Intangible							93	93	93	93	93	
Other non-current assets												
Total non current assets		253,570	-	-	-	-	(38,647)	(38,647)	214,924	267,974	320,584	
TOTAL ASSETS		297,531	-	-	-	-	(50,401)	(50,401)	247,130	309,324	357,916	
LIABILITIES												
Current liabilities												
Bank overdraft												
Borrowing		-	-	-	-	-	-	-	-	-	-	
Consumer deposits												
Trade and other payables							1,678	1,678	1,678	1,770	1,868	
Provisions		3,450					1,726	1,726	5,176	5,176	5,176	
Total current liabilities		3,450	-	-	-	-	3,404	3,404	6,854	6,946	7,044	
Non current liabilities												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	
Provisions	1						1,318	1,318	1,318	1,558	1,644	
Total non current liabilities		-	-	-	-	-	1,318	1,318	1,318	1,558	1,644	
TOTAL LIABILITIES		3,450	-	-	-	-	4,722	4,722	8,172	8,505	8,688	
NET ASSETS	2	294,081	-	-	-	-	(55,122)	(55,122)	238,958	300,819	349,229	
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		168,728					70,230	70,230	238,958	300,819	349,229	
Reserves		248,346					(248,346)	(248,346)				
TOTAL COMMUNITY WEALTH/EQUITY		417,074	-	-	-	-	(178,116)	(178,116)	238,958	300,819	349,229	

1. Table B6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table B6 is supported by an extensive table of notes (Sb2 and B7) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;

- Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24MBRRTable B7 - Budgeted Cash Flow Statement

EC444 Ntabankulu - Table B7 Adjustments Budget Cash Flows - 2014/11/15

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2015/16	+2 2016/17
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other		6,537						(513)	(513)	6,024	6,896	7,199
Government - operating	1	85,992						1,540	1,540	87,532	101,917	101,541
Government - capital	1	55,577						44,600	44,600	100,177	53,117	52,660
Interest		1,320						1,845	1,845	3,165		
Dividends												
Payments												
Suppliers and employees		(82,727)						(16,986)	(16,986)	(99,713)	(95,358)	(100,525)
Finance charges		(50)						6	6	(44)	(53)	(56)
Transfers and Grants	1											
NET CASH FROM/(USED) OPERATING ACTIVITIES		66,649	-	-	-	-	-	30,493	30,493	97,142	66,519	60,819
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		(60,860)						(638)	(638)	(61,498)	(56,215)	(55,949)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(60,860)	-	-	-	-	-	(638)	(638)	(61,498)	(56,215)	(55,949)
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		5,789	-	-	-	-	-	29,854	29,854	35,644	10,304	4,870
Cash/cash equivalents at the year begin:	2	23,987						(14,668)	(14,668)	9,319	2,697	13,002
Cash/cash equivalents at the year end:	2	29,776						15,186	2,697	44,962	13,002	17,871

Explanatory notes to Table B7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R2.697 million as at the end of the 2014/15.

Table 25MBRRTable B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	A1	B	C	D	E	F	G	H			
Cash and investments available												
Cash/cash equivalents at the year end	1	29,776	-	-	-	-	-	15,186	15,186	44,962	13,002	17,871
Other current investments > 90 days		(3,254)	-	-	-	-	-	(39,011)	(39,011)	(42,265)	(2,697)	(13,002)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		26,522	-	-	-	-	-	(23,825)	(23,825)	2,697	10,304	4,870
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	(1,328)	-	-	-	-	-	(1,085)	(1,085)	(2,413)	(12,801)	(14,307)
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		248,346	-	-	-	-	-	(248,346)	(248,346)	-	-	-
Total Application of cash and investments:		247,018	-	-	-	-	-	(249,431)	(249,431)	(2,413)	(12,801)	(14,307)
Surplus(shortfall)		(220,496)	-	-	-	-	-	225,606	225,606	5,110	23,105	19,177

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the revised 2014/15 MTREF budget is funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 26 MBRR Table B9 - Asset Management

Ntabankulu Local Municipality
Budget for MTREF 2014/2015

Adjustment

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	A1	B	C	D	E	F	G	H			
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	58,860	61,498	-	-	-	-	47,316	47,316	108,814	56,215	55,949
Infrastructure - Road transport		56,660	27,298	-	-	-	-	2,309	2,309	29,607	25,286	26,277
Infrastructure - Electricity		-	30,000	-	-	-	-	44,600	44,600	74,600	26,500	25,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	2,000	-	-	-	-	71	71	2,071	2,110	2,226
Infrastructure		56,660	59,298	-	-	-	-	46,980	46,980	106,278	53,896	53,503
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		2,200	2,200	-	-	-	-	336	336	2,536	2,319	2,446
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	58,860	61,498	-	-	-	-	47,316	47,316	108,814	56,215	55,949
Infrastructure - Road transport		56,660	27,298	-	-	-	-	2,309	2,309	29,607	25,286	26,277
Infrastructure - Electricity		-	30,000	-	-	-	-	44,600	44,600	74,600	26,500	25,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	2,000	-	-	-	-	71	71	2,071	2,110	2,226
Infrastructure		56,660	59,298	-	-	-	-	46,980	46,980	106,278	53,896	53,503
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		2,200	2,200	-	-	-	-	336	336	2,536	2,319	2,446
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	2	58,860	61,498	-	-	-	-	47,316	47,316	108,814	56,215	55,949
ASSET REGISTER SUMMARY - PPE (WDV)												
Infrastructure - Road transport	5	55,660	-	-	-	-	-	45,850	45,850	101,509	126,795	153,072
Infrastructure - Electricity		-	-	-	-	-	-	34,748	34,748	34,748	61,258	86,258
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	61,432	61,432	61,432	61,432	61,432
Infrastructure		55,660	-	-	-	-	-	142,030	142,030	197,689	249,486	300,763
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		8,120	-	-	-	-	-	-	-	8,120	8,120	8,120
Other assets		-	-	-	-	-	-	8,483	8,483	8,483	12,912	17,584
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	63,779	-	-	-	-	-	150,513	150,513	214,292	270,517	326,467
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment	3	3,000	-	-	-	-	-	(750)	(750)	2,250	3,165	3,339
Repairs and Maintenance by asset class		3,450	-	-	-	-	-	(1,218)	(1,218)	2,232	3,639	3,839
Infrastructure - Road transport		2,000	-	-	-	-	-	(945)	(945)	1,055	2,110	2,226
Infrastructure - Electricity		150	-	-	-	-	-	5	5	155	158	167
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		2,150	-	-	-	-	-	(940)	(940)	1,210	2,268	2,393
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		1,300	-	-	-	-	-	(277)	(277)	1,023	1,371	1,446
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	6	6,450	-	-	-	-	-	(1,968)	(1,968)	4,482	6,804	7,178
% of capital exp on renewal of assets		0.0%	0.0%	-	-	-	-	-	-	0.0%	0.0%	0.0%
Renewal of existing assets as % of deprecn		0.0%	0.0%	-	-	-	-	-	-	0.0%	0.0%	0.0%
R&M as a % of PPE		5.4%	0.0%	-	-	-	-	-	-	1.0%	1.3%	1.2%
Renewal and R&M as a % of PPE		5.4%	0.0%	-	-	-	-	-	-	1.0%	1.3%	1.2%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality has not met both these recommendations due to funds constraints.

Table 9 MBRR Table B10 - Basic Service Delivery Measurement

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		A	7	8	9	10	11	12	13	14	Budget	Budget
		A1	B	C	D	E	F	G	H			
Household service targets	1											
Water:												
Piped water inside dwelling												
Piped water inside yard (but not in dwelling)												
Using public tap (at least min.service level)	2											
Other water supply (at least min.service level)												
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3											
Other water supply (< min.service level)	3,4											
No water supply												
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5											
Sanitation/sewerage:												
Flush toilet (connected to sewerage)												
Flush toilet (with septic tank)												
Chemical toilet												
Pit toilet (ventilated)												
Other toilet provisions (> min.service level)												
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Bucket toilet												
Other toilet provisions (< min.service level)												
No toilet provisions												
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5											
Energy:												
Electricity (at least min. service level)												
Electricity - prepaid (> min.service level)		365						0		365	365	365
<i>Minimum Service Level and Above sub-total</i>		365								365	365	365
Electricity (< min.service level)												
Electricity - prepaid (< min. service level)												
Other energy sources		5581						0		5,581	5581	55581
<i>Below Minimum Service Level sub-total</i>		5,581								5,581	5,581	55,581
Total number of households	5	5,946								5,946	5,946	55,946
Refuse:												
Removed at least once a week (min.service)												
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week												
Using communal refuse dump												
Using own refuse dump												
Other rubbish disposal												
No rubbish disposal												
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5											
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)												
Sanitation (free minimum level service)												
Electricity/other energy (50kwh per household per month)		365	365					0		365	365	365
Refuse (removed at least once a week)												
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per household per month)												
Sanitation (free sanitation service)												
Electricity/other energy (50kwh per household per month)		180	180							180	192	204
Refuse (removed once a week)												
Total cost of FBS provided (minimum social package)		180	180							180	192	204
Highest level of free service provided												
Property rates (R'000 value threshold)												
Water (kilolitres per household per month)												
Sanitation (kilolitres per household per month)												
Sanitation (Rand per household per month)												
Electricity (kw per household per month)		50	50					0		50	50	50
Refuse (average litres per week)												
Revenue cost of free services provided (R'000)	17											
Property rates (R15 000 threshold rebate)												
Property rates (other exemptions, reductions and rebates)												
Water												
Sanitation												
Electricity/other energy		6,000						2,085	2,085	8,085	6,330	6,678
Refuse												
Municipal Housing - rental rebates												
Housing - top structure subsidies	6											
Other												
Total revenue cost of free services provided (total services)		6,000						2,085	2,085	8,085	6,330	6,678

Explanatory notes to Table B10 - Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 365 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is expected to be constant given although in real terms is supposed to increase due to the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R8 million in 2014/15, and R6.3 million in 2015/16. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the budget process

This was covered during the preparation of the budget that was adopted in May this year

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2013-2018 and the 2014/2015 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2014/2015 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's Details of the Budgets allocated to the various departments that were reflected in schedules SA4-6 of the original budget

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide

vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with Nation and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National 2014 Vision;
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/2015 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2013/2014 Financial Year		2014/2015MTREF	
1	The Provision of quality Basic Services and Infrastructure	1	Provision of quality Basic Services and Infrastructure
2	Acceleration of higher and shared economic growth and development	2	Economic growth and development that leads to sustainable job creation
3	Fighting of Poverty, building clean, healthy, safe and sustainable communities	3.1	Fighting of Poverty, building clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4	Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5	Good governance, Financial viability and institutional governance	5.1	Promote sound governance
		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. This was done during consultative budget processes during preparatory process for the budget that was adopted in May hence the revised budget is also informed by the adopted budget.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water; and
 - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 -
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure (EPWP)
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
- 3.1 Integrated Social Services for empowered and sustained communities
 - Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above..

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building Social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the revised IDP, including;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



Figure 5 Planning, Budgeting and Reporting Cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

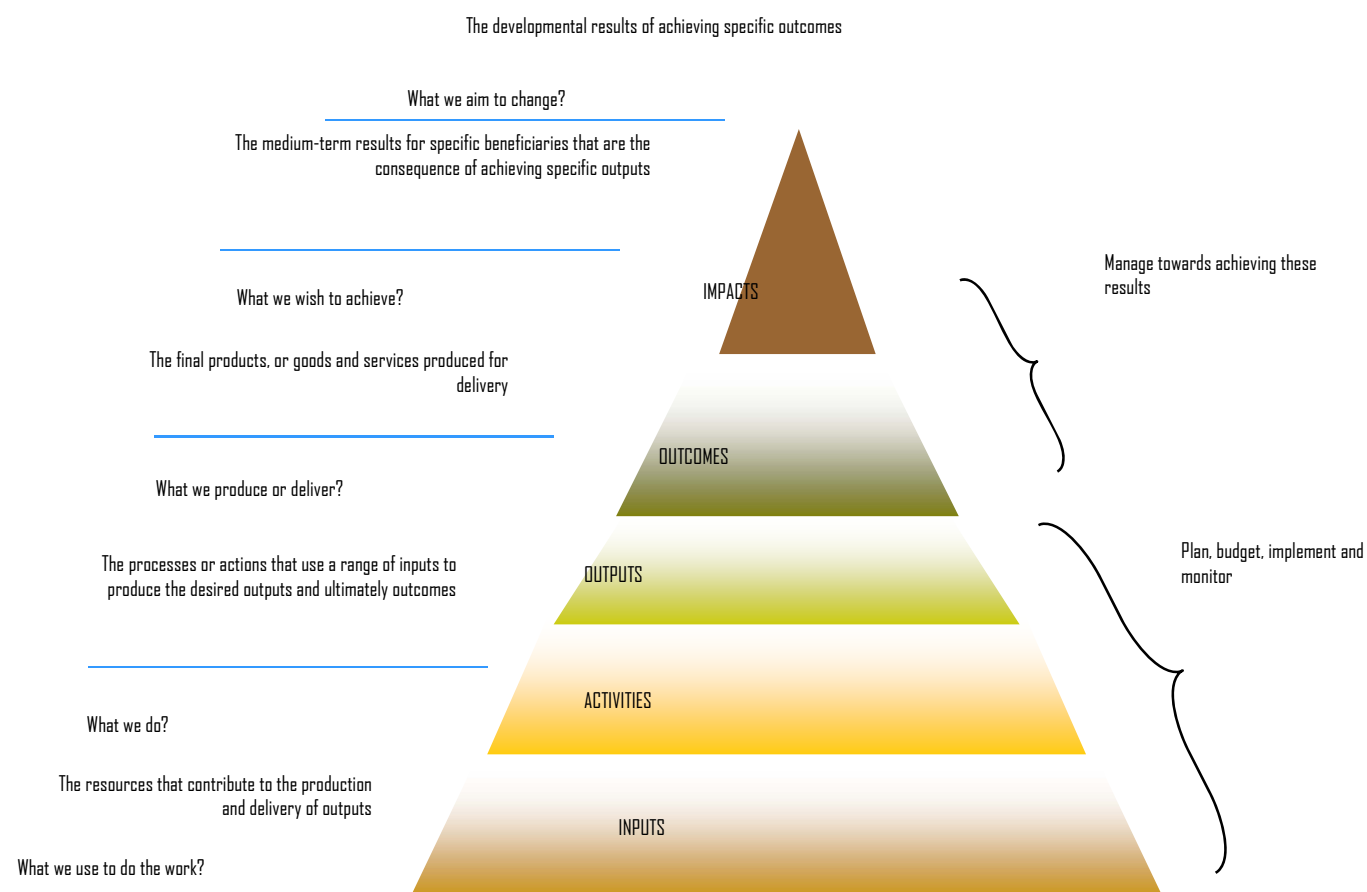
- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);
- Measurement (indicators of success)

- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (marking changes where necessary)

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.



The revised SBDIP provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

2.3.1 Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.

The gearing ratio is a measure of the total long term borrowings over funds and reserves. Currently, the municipality does not have borrowings

2.3.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/15 MTREF the current ratio is 1.4 in the 2014/15 financial year and 1.5 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure that municipality is working towards 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year 5 946 registered household indigents have been provided for in the budget with this figure hoping to maintain by 2016/17.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement) on page 31.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

As listed hereunder are all the policies that are current adopted by

Matatiele Local Municipality. All these policies can be viewed on the official municipal website www.matatiele.org.za

Approved Policies

- 1 Credit Control & Debt Collection Policy
- 2 Fixed Asset Management Policy & Implementation Guide
- 3 Property Rates Policy
- 4 Tariff Policy
- 5 Supply Chain Management Policy & Code of Conduct
- 6 Indigent Policy
- 7 GRAP Framework Policy
- 8 Risk Management Policy
- 9 Data Backup Policy
- 10 Cash Management Policy
- 11 Payment Policy
- 12 Virement Policy
- 13 Cash-Up Policy
- 14 Cash Shortage Policy
- 15 Customer Care Policy
- 16 Fraud Prevention & Response Plan Policy
- 17 Borrowing Policy
- 18 Funding & Reserves Policy

2.5 Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2014/15 budget:

✚ Estimate Salary Increases

- 2014/15 – 6.5%
- 2015/16 – 6%
- 2016/17 – 5.5%

✚ Debt Impairment: the overall collection levels are estimate around 95% overall for the NLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates 95% in 2014 / 2015)
- Refuse 95% in 2014 / 2015)

✚ Indigent Support to increase from 1% to 30% of all registered indigents;

✚ Ntabankulu Local Municipality will continue with its current powers and functions;

✚ Government grants for the years 2014/2015to 2016/2017 are as per the Division of Revenue Act, assuming that all allocations will be received;

✚ The inflation rate has been estimated at 6,5% per annum;

✚ Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

TARIFFS, OTHER THAN PROPERTY RATES AND REFUSE

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/ Decrease	New Tariffs 2014-2015
Property Rates	Domestic	R0.008	None	R0.004
	Business	R0.0125	None	R0.004
	Government	R0.03	None	R0.015
Senior citizens with property valued less than R200.000.00		R1600.00 per annum	None	R1600.00 per annum

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
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	R130.00
	Double grave once off	R190.00	None	R250.00
	Renewal fee for Double grave & Single grave	R50.00	None	R100.00
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	R60.00 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

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
	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
Town Planning	S.G. Diagram	New		R80.00
	General Plan	New		R100.00
	Zoning Certificate	New		R50.00
Zoning and Rezoning of Land	Amendments to scheme clauses	New		R2,080.00
	Less than 5000sqm (including minor and inconsequential)	New		R2,080.00
	5000sqm-5ha	New		R7,398.00
	>5ha - 10ha	New		R18,475.00
	>10ha	New		
	Basic			R27,164.00
	1ha in excess of 10ha			R2,174.00
	Material change to the application	New		50% of the applicable rezoning fee as indicated above

SCHEDULE OF MUNICIPAL TARIFFS					
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015	
	Applicable Appeals (MSA sec. 62)	New			R967
Subdivision of Land/Consolidation	Basic application fee	New			R1,025.00
	Plus where the number of portions to be created is:				
	Less than 6 subs per portion	New			R500 per sub
	6 - 10 subs per portion	New			R400 per sub
	11-20 subs per portion	New			R300 per sub
	More than 21 subs per portion	New			R200 per sub
	Applicants appeals	New			R967.00
	Consolidation	New			R1,000.00
	All instances where the conditions are removed via a PDA process	New			R3,695.00
Consent	Consent & change of use of land or building	New			R3,695.00
	Bed & Breakfast/Guest house applications	New			R3,695.00
	Sand mining & any other mining application	New			R3,695.00
	Applicant appeals	New			R967.00

SCHEDULE OF MUNICIPAL TARIFFS					
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015	
	HOME BUSINESS				
	On a property <300sqm in extent	New		R1,000.00	
	On a property between 300 and 1000sqm in extent	New		R2,500.00	
	On a property >1000sqm	New		R4,000.00	
	Tuckshop	New			
	RELAXATION				
	For residential sites	New		R300	
	Non-residential sites	New		R4,000.00	
	Relaxation of height of boundary walls in excess of 3m (Residential & Non Residential)	New		R930.00	
Trading Tariffs	Hawkers		None		
	<ul style="list-style-type: none"> • Fruit & Vegetables • Clothing 	R70.00 per annum Renewal R20.00 per annum R100.00 per annum		R50.00 per annum Renewal per annum R70.00 per annum	

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
		Renewal R50.00 per annum		Renewal R50.00 per annum
	Business Licences , General dealers & Taverns	R1000.00 per annum Renewal R500.00 per annum	None	R1000.00 per annum Renewal R500.00 per annum
	Shebbens, Public Phones, Bookshops & Tuck shops	R1000.00 per annum Renewal R500.00 per annum	None	R1000.00 per annum Renewal R500.00 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
Pound Fees	Livestock small and Large	R45.00 per head for entering (add)R25.00 for	R10.00	R55.00 per head for entering (add)R25.00 for

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
		12hrs per head		12hrs per head
Clearance certificate		R10.00	None	R10.00
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
Tender Fees		R300.00	None	R400.00
Services Rendered by Traffic				
Removal per motor vehicle	Drivers, vehicle owners and Companies	R 440.00	None	R 440.00
Removal per Heavy motor vehicle	Drivers, vehicle owners and Companies	R1000.00	None	R1000.00
Tracing of vehicle owner	Drivers, vehicle owners and Companies	R130.00	None	R130.00

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
Call out fee	Drivers, vehicle owners and Companies	R 60.00	None	R 60.00
Impounding fee per vehicle (Storage)	Drivers, vehicle owners and Companies	R100.00 per Day	None	R100.00 per Day
Impounding fee per vehicle recovered for causing intentional obstruction on any public road.	Drivers, vehicle owners and Companies	R330.00 per Day	None	R330.00 per Day
Escorting services: for Sporting events and other gatherings	Businesses, Departments and Community	R 100.00 per office per hour	None	R 100.00 per office per hour
Escorting services: Abnormal vehicles and Loads	Businesses, Departments and Community	R100.00 per office per hour	None	R100.00 per office per hour
Temporary closure of Public Road or part thereof pertaining to Street Parties and other gatherings.	Businesses, Departments and Community	R100.00 per officer per hour	None	R100.00 per officer per hour
No person may drive motor vehicle on public	Unlicensed drivers, Drivers, Vehicle owners,	R 1500.00	None	R 1500.00

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
Road without a valid Driver's Licence in his/her possession.	leaner drivers			
No person may drive unlicensed motor vehicle on public Road.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 1500.00	None	R 1500.00
Failure to display valid clearance certificate on motor vehicle driven on public road.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 300.00	None	R 300.00
Impounding fee for motor vehicle per day.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 100.00	None	R 100.00
Stopping a public Transport motor vehicle Bus/Taxi on area that is not designated for picking up or dropping off passengers.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 700.00	None	R 700.00
Allowing unlicensed driver to drive motor vehicle on a public road without a	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 1000.00	None	R 1000.00

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
valid driver's licence.				

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new services and obtain cost recovery levels.

2.6 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. It gives information on what months is municipality expecting to receive revenue and which months it is also expecting to incur expenditure. This information influence investment decisions. The following cash flow management information is contained in some of schedules on the municipal revised budget and is as follows:

Supporting Table SB12 - monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands																	
Revenue by Vote																	
Vote 1 - [COUNCIL]		880	880	880	880	880	880	880	880	880	880	880	880	880	10,556	10,411	10,983
Vote 2 - [OFFICE OF THE MUNICIPAL MAN]		8,933	8,933	8,933	8,933	8,933	8,933	8,933	8,933	8,933	8,933	8,933	8,933	8,933	107,199	57,364	57,139
Vote 3 - [BUDGET & TREASURY]		2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	2,856	34,269	40,552	36,781	
Vote 4 - [STRATEGIC]		734	734	734	734	734	734	734	734	734	734	734	734	8,808	10,680	11,267	
Vote 5 - [HUMAN RESOURCES]		8	8	8	8	8	8	8	8	8	8	8	8	101	295	312	
Vote 6 - [INFRASTRUCTURE]		657	657	657	657	657	657	657	657	657	657	657	657	7,881	9,946	10,493	
Vote 7 - [PUBLIC SAFETY]		96	96	96	96	96	96	96	96	96	96	96	96	1,152	1,530	1,614	
Vote 8 - [TRAFFIC DEPARTMENT]		10	10	10	10	10	10	10	10	10	10	10	10	119	211	223	
Vote 9 - REFUSE DEPARTMENT]		68	68	68	68	68	68	68	68	68	68	68	68	812	1,108	1,113	
Vote 10 - [COMMUNITY SERVICES]		1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	18,451	15,414	16,262	
Vote 11 - [CORPORATE & ADMINISTRATIO		1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	16,387	14,421	15,214	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue by Vote		17,145	17,145	17,145	17,145	17,145	17,145	17,145	17,145	17,145	17,145	17,145	17,145	205,735	161,930	161,400	
Expenditure by Vote																	
Vote 1 - [COUNCIL]		880	880	880	880	880	880	880	880	880	880	880	880	10,556	10,411	10,983	
Vote 2 - [OFFICE OF THE MUNICIPAL MAN]		9,386	9,386	9,386	9,386	9,386	9,386	9,386	9,386	9,386	9,386	9,386	9,386	112,630	57,364	57,139	
Vote 3 - [BUDGET & TREASURY]		2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	32,810	30,248	31,911	
Vote 4 - [STRATEGIC]		734	734	734	734	734	734	734	734	734	734	734	734	8,808	10,680	11,267	
Vote 5 - [HUMAN RESOURCES]		8	8	8	8	8	8	8	8	8	8	8	8	101	295	312	
Vote 6 - [INFRASTRUCTURE]		657	657	657	657	657	657	657	657	657	657	657	657	7,881	9,946	10,493	
Vote 7 - [PUBLIC SAFETY]		96	96	96	96	96	96	96	96	96	96	96	96	1,152	1,530	1,614	
Vote 8 - [TRAFFIC DEPARTMENT]		10	10	10	10	10	10	10	10	10	10	10	10	119	211	223	
Vote 9 - REFUSE DEPARTMENT]		68	68	68	68	68	68	68	68	68	68	68	68	812	1,108	1,113	
Vote 10 - [COMMUNITY SERVICES]		1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	18,143	15,414	16,262	
Vote 11 - [CORPORATE & ADMINISTRATIO		1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366	16,387	14,421	15,214	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure by Vote		17,450	17,450	17,450	17,450	17,450	17,450	17,450	17,450	17,450	17,450	17,450	17,450	209,399	151,626	156,530	
Surplus/ (Deficit)		(305)	(305)	(305)	(305)	(305)	(305)	(305)	(305)	(305)	(305)	(305)	(305)	(3,664)	10,304	4,870	

Supporting Table SB15 Adjustments Budget - monthly cash flow

Monthly cash flows	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																
Cash Receipts By Source																
Property rates		224	224	224	224	224	224	224	224	224	224	224	224	2,688	2,836	2,992
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse		8	8	8	8	8	8	8	8	8	8	8	8	100	279	295
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		85	85	85	85	85	85	85	85	85	85	85	85	1,024	1,080	1,140
Interest earned - external investments		264	264	264	264	264	264	264	264	264	264	264	264	3,165	1,393	1,393
Interest earned - outstanding debtors		1	1	1	1	1	1	1	1	1	1	1	1	15	11	11
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		84	84	84	84	84	84	84	84	84	84	84	84	1,012	1,067	1,126
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational		7,294	7,294	7,294	7,294	7,294	7,294	7,294	7,294	7,294	7,294	7,294	7,294	87,532	101,917	101,541
Other revenue		15	15	15	15	15	15	15	15	15	15	15	15	185	230	243
Cash Receipts by Source		7,977	7,977	7,977	7,977	7,977	7,977	7,977	7,977	7,977	7,977	7,977	7,977	95,721	108,813	108,740
Other Cash Flows by Source																
Transfers receipts - capital		8,348	8,348	8,348	8,348	8,348	8,348	8,348	8,348	8,348	8,348	8,348	8,348	100,177	53,117	52,660
Contributions & Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source		16,325	16,325	16,325	16,325	16,325	16,325	16,325	16,325	16,325	16,325	16,325	16,325	195,898	161,930	161,400
Cash Payments by Type																
Employee related costs		3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	39,151	41,512	43,795
Remuneration of councillors		812	812	812	812	812	812	812	812	812	812	812	812	9,748	10,284	10,850
Collection costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid		4	4	4	4	4	4	4	4	4	4	4	4	44	53	56
Bulk purchases - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		178	178	178	178	178	178	178	178	178	178	178	178	2,132	3,639	3,839
Contracted services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General expenses		3,828	3,828	3,828	3,828	3,828	3,828	3,828	3,828	3,828	3,828	3,828	3,828	45,932	39,923	42,041
Cash Payments by Type		8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	97,006	95,411	100,581
Other Cash Flows/Payments by Type																
Capital assets		9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	9,137	109,643	56,215	55,949
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type		17,221	17,221	17,221	17,221	17,221	17,221	17,221	17,221	17,221	17,221	17,221	17,221	206,649	151,626	156,530
NET INCREASE/(DECREASE) IN CASH HELD																
		(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(896)	(10,751)	10,304	4,870
Cash/cash equivalents at the monthly year beginning:		-	(896)	(1,792)	(2,688)	(3,584)	(4,480)	(5,375)	(6,271)	(7,167)	(8,063)	(8,959)	(9,855)	-	(10,751)	(447)
Cash/cash equivalents at the monthly year end:		(896)	(1,792)	(2,688)	(3,584)	(4,480)	(5,375)	(6,271)	(7,167)	(8,063)	(8,959)	(9,855)	(10,751)	(10,751)	(447)	4,423

2.7 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The Turnaround SDBIP document is in place and was finalised for the approval of the 2014/2015 MTREF in January 2015 directly aligned and informed by the 2014/15 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is on-going.

8. Policies

Most budget related policies are in place.

2.8 Municipal Manager's quality certificate

I, Sindiswa Manakahla, Municipal Manager of Ntabankulu Local Municipality, hereby certify that the Revised budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Ntabankulu Local Municipality (EC 444)

Signature _____

Date _____